

## **DELRAN TOWNSHIP BOARD OF EDUCATION**

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Date: November 10, 2014

To: Delran Community Members

From: Christopher J. Russo, Ed.D., RSBA/BS

Re: Budget update

As we start to work on the 2015-16 budget I decided to post a budget update to reflect on the current year's budget and to list the challenges contained in next year's budget.

The current 14-15 school year budget was very difficult to balance revenues to expenditures due to receiving only \$59,320 in additional State Aid while salaries and benefits increased by more than a million dollars. The budget was partially balanced by making difficult cuts to the operations area of the budget for the fifth year in a row. These areas can no longer sustain additional cutting as we enter into the 15-16 budget season. Spending Growth Limitation Adjustments were used to complete the balancing, one for the increase in student population and one for the increase in health care cost. Even with the use of the spending growth limitation adjustments The total General Fund Budget increased by only \$162,397 or .39% (less than 1/2 percent) even with the seven figure increases in fixed costs.

The 2015-16 school budget will offer the same challenges as this year's. The concern is that there will be no increase in State aid for the creation of this budget. The health benefit increase can be estimated at approximately \$700,000. Chapter 78 deductions from our employees should reduce that increase by approximately \$250,000. We recently shopped our health insurance program around to try to obtain better pricing. No carriers were interested in giving us a quote as our experience is 114%. For every dollar paid to the carrier in premium, they pay out one dollar and fourteen cents in claims. The District has seen a huge increase in utilization since the turnover in the staff a few years ago.

Salaries will increase by approximately \$650,000 due to the current negotiated agreements. The District, since the 2011-12 school year, has added 48 instructional or instructional support positions to the budget through either new or re-activated positions. Thirty-one of those positions were added to the Millbridge and Intermediate Schools. Remember, in the two years prior to those years we had cut 33 positions including administrators, support personnel and teachers due to a State Aid reduction.

On the revenue side of the equation for 2015-16 it is estimated that a 2% increase on the current levy will raise \$560,000. There is \$486,000 remaining in banked cap if the District chooses to use it. This is spending authority not used in prior years or the amount the District spent below the cap in previous years that is available to be used. The District should be eligible for a Spending Growth Limitation Adjustment for increase in enrollment of 72 students and for the increase in the cost of health benefits. The fund balance that will be available to be appropriated in the 2015-16 budget will be \$109,840 less than the amount available in the 2014-15 budget.

In recent years the energy line items have been cut because the district has used less energy through motion controlled, energy harvesting lighting. The maintenance lines have been cut to the bare minimum to support our current contracts. Needed repairs only have been scheduled for this year using General Funds. Remember, the referendum of 2008 allowed for the District to make many facility improvements. We have made significant roof repairs over the past several years to the Middle School and an entirely new roof to the Intermediate School through use of Capital Reserve funds. The transportation lines were cut in the current budget but will need to be increased as per the CPI as our contracts are renewed. We will put out to bid our HVAC, Custodial and Grounds contracts to see if we can gain any efficiencies for the next budget year.

The current budget has had to endure the addition of 5 unbudgeted teaching positions due to an increase in enrollment or special education compliance issues. Transfers have been made and line item expenditures restricted to accommodate these positions.

The current budget has been a challenge to manage and next year's will be a challenge to build so tune back in to see my new postings as progress is made.

Enjoy your weekend. If you have any questions please email me [crusso@delranschools.org](mailto:crusso@delranschools.org) or call 856-461-6800, ext. 1006

Christopher J. Russo