

WATCHUNG SCHOOLS

Board plans \$1 million budget revision

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EDITOR

WATCHUNG - The Board of Education is to allocate more than \$1 million to pay for unanticipated costs related to out-of-district placements for special education students, new staff hires and mold remediation at Bayberry School.

The board was to vote to adopt a revised 2018-2019 school year budget and submit it to the Somerset County Superintendent on Wednesday, Oct. 17.

Acting board secretary and business office consultant Ernest Turner went through the budget at length at a Tuesday, Oct. 9, board meeting to discuss the budget process and the changes being made, as well as to answer residents' questions.

The district faces unexpected costs of up to \$437,000 to pay for four additional children in the special education program to be placed out of district, roughly \$280,000 in mold remediation costs, and \$300,000 for additional staff, including salary and benefits.

The latter costs cover a variety of new special education hires, a new world language teacher and other instructors, as well as the salaries of new Bay-

berry School Principal Jill Dobrowansky and Interim Superintendent Stephanie Bilenker, Turner said.

The district will fund the \$1,017,500 total by pulling \$365,240 from its maintenance reserve, emptying the fund in the process; reconfiguring the adopted budget to reallocate \$350,260 to the new expenditures; and using \$302,000 of unassigned fund balance money.

Unassigned fund balance, board member James Rhyner explained, is budgeted annually as a cushion for any unexpected costs that may arise throughout the school year.

"You can be pretty good at planning," added Turner, "but something unanticipated is going to surprise you along the way. You can't predict everything, you really can't. So the idea is to prepare for that."

'A Real Challenge'

Having already voted to pull from the maintenance reserve at a prior meeting, the board voted unanimously on Oct. 9 to withdraw \$302,000 in unassigned fund balance. The board was to vote on the \$350,260 in budget transfers at Wednesday's meeting.

"I'm not going to paint a rosy picture on this," said

'It's not the way we want to go; it's the way we have to go.'

ERNEST TURNER

Acting Board Secretary

Turner. "This is going to be a real challenge, because how do you absorb these types of numbers in a budget that was already put in place that you didn't know were coming down the road? It's going to take a lot of discipline and it's going to take a lot of oversight and observation to be able to make sure that we bring this budget in without going into deficit."

Turner said he and Bilenker have been proactive in looking for cost savings, which resulted in the \$350,260 in pending budget transfers.

One of the transfers, he said, is from funding for teacher supply orders. Teachers were allowed to do their initial orders for classroom supplies, he said, and have received those supplies, but the orders will be pared back going forward.

"If there's a special request for something Mrs. Bilenker will certainly consider it, and if it's at all possible that we can accommodate it, we will, at this point in time," he

said. "But we basically had to put a freeze now after their initial orders for the year because the situation demands it, unfortunately.

"It's not the way we want to go; it's the way we have to go."

He said the full list of budget transfers would be addressed at Wednesday's meeting.

Out-Of-District Placements Rise

The district has a \$100,000 deductible in its insurance policy that covers mold remediation, but it is not yet known if the district will receive any relief.

In addition, though the district is estimating that four additional school-children will receive out-of-district placements, it is not yet a certainty. The board must budget for the likelihood either way, said Board President Margo Langer.

"It's a contingency, but we have to make sure that it's there to be financially responsible," she said. "It's the same thing

for the insurance for the mold. If we get the insurance back, that brings money back, but we have to assume that we're going to pay the most for everything."

The district could pay out-of-district tuition and transportation to meet the needs of up to eight students this year, Rhyner said, compared to three students last year and one student two years ago.

Langer said the new autism program and Pre-school Disabled Program should aid the district in providing education to students with special needs in the least restrictive environment.

Tax Hike On The Horizon

The new salaries and potential out-of-district placement costs aren't going to vanish after this school year.

Whereas using up the maintenance reserve and unassigned fund balance are "one-time fixes," Turner said, the district may have to employ another mechanism to meet its needs next year and beyond. The action would involve exceeding the state's 2 percent cap on tax levy increases.

The district is able to tack on an additional

\$362,000 on top of a 2 percent levy increase through the use of banked cap. As the district raised about \$11.1 million in taxes for this school year, utilizing the banked cap could amount to a more than 5 percent tax levy increase for borough residents for the 2019-2020 school year.

Banked cap funds become available to a school district when it does not tax residents to the full 2 percent in prior years. Banked cap funds from a particular school year remain available for three years before dropping off.

The waiver allows school districts to exceed the tax levy cap without going out for a referendum.

Rhyner emphasized through the waiver the district simply has the ability to raise an additional \$363,000 in taxes - "We don't have \$363,000 sitting in an account some place."

Utilizing banked cap would allow the district to cover these new costs in future budgets, not just next year's, said Turner.

"Once that \$363,000 is built into the budget it stays in there and it's reoccurring year after year after that," he said. "So we'll be able to address the needs now and going forward that the board has been hit with unexpectedly this year."