



November 22, 2024

Dear Flemington-Raritan Regional School District Parents, Staff, and Community Members,

My letter is lengthy; however, it is imperative that I inform our community of the projected 2025-2026 district budget. In addition, I invite our community to attend a Town Hall meeting on Thursday, December 12, from 6 to 7:30 PM at J.P. Case Middle School. The session offers a presentation and a question-and-answer discussion about the upcoming school year budget. To provide access to the meeting in multiple ways, community members may attend the session virtually with this [link](#) or join us in person. Click this [link](#) to view the event flyer.

This month, fiscal auditors completed their yearly review of our school district finances. Once again, our audit findings indicate that the District's financial practices and procedures are "clean," meaning we have no recommendations for accounting practices. However, the District did receive guidance to continue to focus on increasing the District's capital reserves. Capital reserves are funds saved to cover the cost to replace and repair property assets.

While the audit looks at past practice, our district continually monitors and adjusts our current budget to address anticipated, as well as unforeseen needs while developing next year's budget to prepare for the coming school year. Just like last year, the unfair state funding formula that is used to distribute aid to public schools across the state continues to challenge our budget planning for the 2025-2026 school year.

Over the last few weeks, I've met with the Executive County Superintendent, Board of Education committees, administrators, union leadership, Central Office staff, PTO members, and our newly formed Family Engagement Council to provide an update on the budget. This year, we are committed to sharing budget details early and often to keep everyone apprised throughout the process. You can listen to and read more about my earliest remarks on the 2025-2026 budget in my November Newsletter, [linked here](#).

It's important to keep in mind how our schools are funded. Approximately 85% of our district's revenue comes from local property taxes. We receive limited state aid, federal grants and other government funding. This combined revenue funds our district's expenses, which include employee salaries, benefits, classroom materials, facility upkeep, bussing, extracurricular activities, equipment, energy costs, insurances, and more.

The majority of our costs are fixed such as salary costs. Only about 4% of district funds are designated for discretionary funds, which are monies that are set aside and can be used at the discretion of a person or organization. These funds may be used for expenses such as supplies, activities, or professional development, depending on what a school needs most. We track spending, evaluate needs, and allocate funds carefully to support district goals, address mandates and provide for every student, every day at every opportunity.

Similarly to last Spring, we're facing another steep deficit for the 2025-2026 school year. Retaining current staff, maintaining all programs and services, as well as meeting all contract requirements will raise costs by above 2%. School districts are required to adhere to a 2% increase in tax levy for the district budget unless permission is received from the local community to go above the 2% cap. The Board of Education and I are having conversations about requesting permission from the community to exceed the 2% cap.

Strategic Goals:

Goal Area #1: The District will provide a comprehensive and rigorous educational experience that connects and expands students' knowledge while engaging and empowering all learners to synthesize and apply their skills and understandings in meaningful ways.

Goal Area #2: Develop a continuation of a multi-tiered system of support within the district to target the social, emotional, and mental health needs of students.

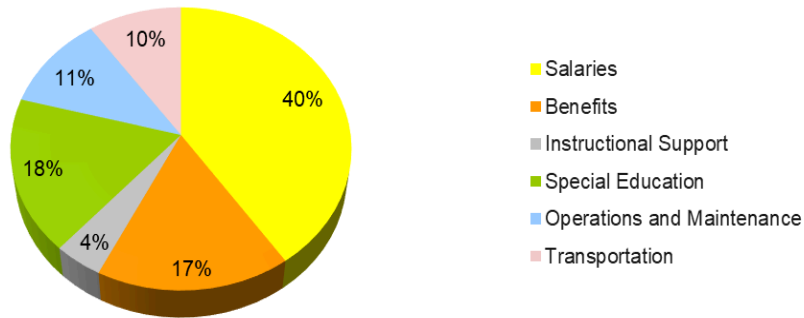
Goal Area #3: The district will create opportunities to foster unity between the community and the school district in order to strengthen partnerships and develop a shared responsibility for student success.

Goal Area #4: Create an enticing and competitive work environment to attract and retain high-quality candidates representative of students' diverse backgrounds in the Flemington Raritan Regional School District community.

Goal Area #5: Ensure the finance and facilities needs are budgeted to upkeep and meet the needs of the growing district.

Balancing the budget is a complex task and fiscal choices are often difficult. Every decision can impact the way we deliver instruction to our 3,300 students in PreK through Grade 8. To decrease the budget gap, the budget needs to be reduced by more than \$3 million. Once again, we have a tough task ahead of us as we aim to close the budget gap and maintain programming for students as much as possible. Below is a breakdown of the budget and how costs have risen in each category:

Expenditures



Salaries - 40% of the budget

We are a district made up of dedicated, skilled and nurturing faculty and staff members who care deeply about children. Our district employs nearly 675 teachers, administrators, teaching assistants, media specialists, maintenance crew, technicians, nurses, school counselors, secretaries, aides and contracted providers such as our custodians and food service workers. We also share costs for our bus drivers. District salary contracts for teachers and administrators increase each year, 3.25% and 3%, respectively, for the 2025-2026 school year. We planned for this increase with long-range budgeting.

Benefits - 17% of the budget

Our staff receive health benefits as part of their contract, with employees contributing a portion of the costs. To help curb expenses, the district switched health benefits plans effective July 1, 2024. This change resulted in over a million dollar savings for the 2024-25 school year. However, we anticipate a 12% increase in costs for the 2025-26 school year. Benefits include medical, dental, prescription, workers compensation, pension, social security, tuition reimbursement, and additional benefits.

Special Education (Includes Salaries) - 18% of the budget

Special education costs are rising too. This includes support for in-district students and tuition for students who attend school out-of-district for more specialized care and services. Flemington-Raritan is committed to providing the least restrictive learning environment for students who receive special education services.

Transportation - 10% of the budget

Transportation is a critical service that the District is required to provide to the majority of students. Costs include bussing for regular and special education students to and from school, athletics, and non-public student aid in lieu of transportation. In the 2025-26 school year, the district will assume full responsibility for bussing our students, as we will no longer be partnered with Hunterdon Central, a decision that was beyond our control. While this change will not significantly impact our budget, as it already accounts for the transportation of our students, the full effects of the dissolution of the jointure is uncertain at this time. My transportation letter from July is [linked here](#).

Other Expenses

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The budget includes additional costs such as instructional support (4%); operations and maintenance (11%); and other expenses such as pension liabilities, property insurance and workers' compensation, all of which are higher amounts than last year. Even the cost of keeping our exceptional Class III Officers has risen.

Grants, State Aid & Other Funding

The District applies for federal and state grants to assist in funding. These include the [Preschool Expansion Award](#); High Impact Tutoring; Sustainability; Science, Technology, Engineering, and Mathematics (STEM); and others. For the second year in a row, the District received funding to support high-quality preschool education. This funding can *only* be used to pay for preschool services and costs. The Preschool Expansion award not only fully funds our district preschool program, it provides additional financial support that helps offset other district expenses. For instance, funds have been used for improvements to school playgrounds where preschool students play, furniture in classrooms where preschool students visit, and portions of salaries that support preschoolers.

We also receive state aid. For the 2025-26 school year, our District is planning on our state aid to be flat with the hopes that it will not but cut. While grants and aid boost revenue and help offset costs, these monies fall short in balancing the budget. In addition, some funding our district has been receiving has ended, such as the Federal Elementary and Secondary School Emergency Relief portion of COVID-10 relief laws.

Priorities & Considerations

We use our district's five-year [strategic plan](#) and annual [district goals](#) as a framework for budget planning. We remain committed to fostering academic success; providing rigorous learning; supporting social, emotional and mental health; engaging the community; recruiting and retaining staff; and adhering to a long-range plan to maintain our facilities but we must do this in a fiscally responsible manner.

All of the programs, people and services we have in place for children are vital and valued. But they all come at a cost. Cuts need to be made and tough budget decisions may have a ripple effect. Cutting supplies and materials, subscriptions, apps, professional development, travel, and other software can make a dent, but these measures alone likely will not resolve the deficit.

We will be required to look at all programs including support services, extra curricular activities, security as well as additional reduction to the number of employees for the 2025-26 school year. We recognize the significance of eliminating positions and programs, a decision that will not be taken lightly. As we work to reduce the budget, every option for cost savings and its impact will be considered and evaluated.

Information & Feedback

Our District remains committed to communication, transparency, collaboration, and fiscal accountability. I look forward to sharing more details as the budget is finalized. There will be several opportunities to learn more. On December 12, a [Town Hall](#) budget meeting will be held at 6 p.m. at J.P. Case Middle School. In March, a preliminary budget will be presented at a Board meeting with a final public hearing taking place at a Board meeting in May. These spring dates will be determined when the Board of Education establishes the 2025 meeting schedule. All budget presentations will be linked on our website following both Board meetings.

Thank you for your unwavering support and dedication to our school district and student success.

Sincerely,
Kari McGann, Ed.D.
Superintendent of Schools

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