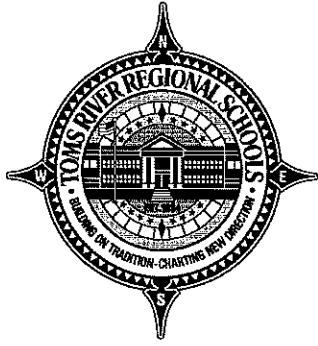




TOMS RIVER REGIONAL SCHOOLS

MICHAEL CITTA

SUPERINTENDENT OF SCHOOLS

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Dear Commissioner Allen-McMillan,

First, we want to thank you for the support, guidance and patience of your department and that of your Ocean County office. The 2023-24 budget process was the most difficult yet, but we were able to balance our already-lean budget for yet another year through the assistance of the legislature and Governor with S3732 as well as through our own efforts in partnering with the Township of Toms River to facilitate the sale of some of our property as open space. Unfortunately, our budgetary prognosis for 2024-25 is even worse, much worse, than 2023-24.

We are writing this letter because we do not believe our district will be able to provide a thorough and efficient education in school year 2024-25 for the 14,500+ children we service, given that we currently project having a \$26.5 million structural deficit in developing the 2024-25 budget. This large number is comprised of structural deficits on both the revenue and expenditure side of the budget, almost entirely the result of the legislation known as S2.

As we have indicated publicly and repeatedly over the past several years after S2 was approved, our district was going to inevitably face an impossible fiscal situation given that our 2% tax levy increase each year would not be able to make up for the significant reductions in state aid- and it is not even close. As of the 2023-24 budget, we currently have a structural revenue deficit of \$17.7 million and anticipate that growing to \$22.2 million in developing our 2024-25 budget given that we anticipate losing \$4.5 million more in state aid next year. Please note that the original estimate for our district was that the level of state aid would decrease over the life of S2 by \$19.9 mil (cumulative loss of \$83.3 million), but after the 6 th year of S2, we now expect our aid to decrease by \$41.9 million (cumulative loss of \$138.8 million). That is a dramatic difference.

In terms of structural deficits on the expenditure side, due to S2, we needed to move \$6 million in private school tuition for children with special needs to our American Rescue Plan grant to balance our budget. That \$6 million, which is equivalent to approximately 90 teaching staff positions, needs to be absorbed back into our 2024-25 general fund budget. It should be noted that we are among the lowest per pupil spending districts in the state already (per the Taxpayer Guide to Education Spending) and over the past number of years we have eliminated, or moved to temporary grant funding, 304 staff positions and we have cut supplies, textbook and miscellaneous accounts by 30% over that same period.

We believe that S2 has had unintended consequences, and that the intent of the law was not to decimate school districts. Unfortunately, that is exactly what is happening here and elsewhere. At this point we believe we have no choice but to ensure that the New Jersey Department of Education is explicitly aware that we anticipate a deficit of \$26.5 million with our 2024-25 budget. If legislative change to the funding formula is not effectuated in a timely manner, or if a change is made and it does not fill our funding gap, or allow for that gap to be filled through tax levy cap relief, we will need to request a state loan so that we have the resources necessary in 2024-25 to provide a thorough and efficient education for our students. Given that this is a

structural deficit, the unfortunate reality is that we will need these loans for the foreseeable future, until such time as we have the recurring revenue we need to operate our district.

Thank you for your time. We are eager to work with the New Jersey Department of Education, the New Jersey Legislature and our Governor to resolve this emergent problem. The 14,500+ students in Toms River Regional Schools are counting on all of us to do so.

Michael Citta



Superintendent

William Doering



Business Administrator

cc: Phil Murphy, Governor
Nicholas Scutari, Senate President
Vin Gopal, Senate Education Committee Chair
Paul Sarlo, Senate Budget and Appropriations Committee
Craig Coughlin, Assembly Speaker
Pamela Lampitt, Assembly Education Committee Chair
Eliana Pintor Marin, Assembly Budget Committee Chair
Senator Holzapfel, District 10
Assemblyman Catalano, District 10
Assemblyman McGuckin, District 10
Senator Connors, District 9
Assemblyman Rumpf, District 9
Assemblywoman Gove, District 9
Charlie Muller, Ocean County Executive Superintendent
Toms River Board of Education