

Questions/Responses to Town Council
4-25-16 Clinton Township Board of Education Meeting

INTRODUCTION:

Each year, the Clinton Township School Budget is presented to the public, approved and reviewed by the County Office Executive Superintendent, Business Administrator and Educational Specialist, as well as the State Department of Education. We also experience a detailed mid-year Budget review by the County Superintendent's Office annually. In fact this year, the County Educational Specialist visited every building to review programs and match them to our budget summary. This is not a budget done in isolation. There are many steps in the approval process, which is closely monitored by the County Office and the State Department of Education, as well as by our auditors.

Good schools are the heart of any good community. They bring young families, vibrancy and impact real estate values. Good schools make your community a desirable one to live in and to invest in a home. The Clinton Township Schools are highly rated and our test scores are above average. It is true we do not have a finalized contract today, but both sides are working to resolve that issue as soon as possible. The school administration and members of the Board of Education have always worked together with the staff and parents to balance fiscal responsibility with academic growth.

The Town Council is an elected body, charged with the management of the town business and budget. This is very different from managing a school budget, which is the responsibility of our Board of Education. Recently, the Town Council has publically asked us to respond to questions related to the budget and the feasibility of closing a school. As community stakeholders, the Town Council has always been informed on school matters including our budget, which we have offered to present to them. Unfortunately, they have not always taken advantage of that offer.

According to the School Board's Association, "Education is not a line item on the School Board's agenda, it is the only item." The Board is elected by the community to ensure their students receive the best education for the dollars spent. In that regard, the Board of Education has stayed within the 2% CAP and has not utilized any waivers available in a number of years. The Board of Education is a sovereign body and is to be removed from the politics surrounding a Town governing institution. Politics have no place in schools, although clearly education is of high interest and value to the entire community. The 2016/17 School budget is decreasing from last year. The tax impact based on an average assessed home value of \$397,088 will have a yearly decrease of \$23.24. It is a fiscally responsible budget.

We are also transparent. There are at least two public presentations on the budget process each year. In addition, they are posted on the district website. The User Friendly Budget is posted after the Preliminary Budget. We post it prior to the Public Hearing in order to facilitate an active discussion within our community. Our current Mayor and Council

member participated in the budget process as former Board of Education members. We encourage and facilitate participation in this open process.

The district will now respond to the questions. But before we begin, it must be noted that some of the dollar amounts quoted in the Council's questions do not correspond to the dollar amounts in our proposed budget. We will defer responding to those questions until the reference point utilized by the Council is defined. There is also a small math computation error in their chart that will be reviewed later. In order to respond to the essence of the question it has been corrected.

Overall some of these dates in the questions asked can be misleading and confusing. It is important to clarify some information regarding budget dates in the Council's letter. A school district has a July 1 to June 30 fiscal year as opposed to a town that has a January 1 to December 31 fiscal year. A school budget year crosses between two calendar years. In order to respond to a question asked by the council on one specific year, the district has defined the specific year referenced in order to be most accurate. Our school year does not coincide with the town's fiscal year. It may be confusing when they are presenting their budget at the same time, but a school district is required to have an approved budget in place before we start the school year in September.

1. Why has the capital reserve account increased from \$606,792 in the 2014 budget to over \$1,554,557 in the 2016 budget? What is the additional \$947,765 targeted towards specifically?

This first question refers to the Capital Reserve account. This account is maintained within the general fund and allows the district to accumulate funds for future capital projects. The Town also has a similar fund titled, Capital Improvement Fund that it can utilize for projects. So, by conserving funds throughout multiple years and cutting spending, we were able to fund a variety of necessary repairs that the district had been unable to address due to prior budget cuts. When previous budgets failed, in order not to impact instruction for the students and to meet contract obligations, building repairs suffered. This fund, when utilized correctly, actually helps the taxpayers maintain their investment in the district buildings and avoids having to go out for referendum to make necessary repairs and improvements to the facilities. For example, if we did not take care of the wastewater treatment plants, we would have to close a school indefinitely. This school would not be available to sell, rent or be utilized in any way until additional monies were allotted and repairs were made. So, this question refers to multiple years of savings. However, the \$1,554,557 number the Council notes, does not match our exact dollar amounts. The number we have is \$1,606,792, however we have not projected that total as you can view in the chart below. Projects targeted specifically are outlined in the following chart.

PROJECTS	COSTS
Paving – PMG/RVS	\$442,197.00
Engineer fees for above	45,000.00
WWTP Phase 1 upgrades – PMG/RVS	153,766.00
Engineer fees for above	35,000.00
Roof ladders – All Schools	37,100.00
Architect fees for above	3,750.00
Brick Repointing - RVS	224,100.00
Architect fees for above	14,300.00
Sidewalks – SRS/PMG	26,000.00
Sidewalks – RVS – Spring 15/Summer 16	5,700.00
Asbestos removal SRS - 8 rooms – Summer 16	35,800.00
Asbestos management fee – SRS – Summer 16	6,885.00
Retiling SRS - 11 Rooms – Summer 16	40,438.00
WWTP Phase II Upgrades – PMG/RVS – Summer ‘16	300,000.00
Engineer fees for above	66,000.00
Brick Repointing - PMG, SRS & CTMS – Fall 16/Spring 17	150,000.00
Engineer fees for above	13,550.00
Total	\$1,599,586.00

2. **The presentation we read was not clear on the total year over year increase in Capital Improvements—the other categories in the presentation appear to show the year-to-year data. Can you clarify that for us? Is the increase \$947,764?**

No, the increase you are citing does not match our dollar amounts. We are not sure what you are referencing specifically. The presentation was just showing the highlights, it does not show every line item. The increase in Capital Reserve is one million dollars to spend on specific planned facilities projects. Capital Reserve is like a savings account from previous years that funds were set aside to execute facilities projects. Fortunately, we have been able to make much needed facilities repairs with our capital reserves.

3. **Curriculum & Technology: the \$370,000 in the budget presentation represents an increase over the 2015/16 budgets, correct?**

The \$370,000 for technology and curriculum is not an increase over last year’s budget. It is a breakdown of the costs of all curriculum and technology related “unfunded mandates” in our budget such as Harassment, Intimidation Bullying and Dyslexia Laws, Changes to the Teacher and Principal Evaluation System NJ Achieve, PARCC, Common Core, etc.

- The actual technology portion of the budget has gone down from \$518,139 to \$513,509 and this includes the additional Chromebook purchase equaling a decrease of \$4,630. However, we do have a lease purchase for additional network infrastructure in all buildings at a cost of \$150,000 with a discounted E-rate of 40%. (A federal program where they reimburse schools and libraries for communication expenditures at different percentages.) The discount from E-rate is only being offered in the 2016/17 budget year and that is why we have to purchase it all this school year and pay it out over three years. This will cost the district \$90,000 over a three year period. There is also an increase in bandwidth for the buildings that will cost an additional \$24,000 with the discounted E rate of 40% equaling a cost of \$14,000. This represents an overall increase of about \$39,800 (\$90,000 divided by 3 years minus \$4,630 plus \$14,000)
- The Curriculum budget did increase overall by \$28,200. You will see that we spent an additional \$50,000 below, but reduced costs elsewhere in the department. Three items were added from last year:
 - \$20,000 was included for reading intervention materials (Wilson Reading Program) to support requirements in the new Dyslexia Law.
 - The other expense was for Next Generation Science materials in the amount of \$30,000 in grades two through eight.
 - There is also an increase in summer professional development hours. Twenty-five additional hours at an estimated amount of \$875.00 to support Next Generation Science Standards and aligning Go Math with the PARCC content frameworks - more unfunded mandates that increase our costs.

4. Curriculum & Technology: Of the \$370,000 in increased expenditures, is it expected that most or all of these will be onetime expenses (for example, the \$150K for Chromebooks), which will not recur in the 2017-18 budget?

The Chromebooks are a one-time expense, however the need for replacing them over time, is usually between four to five years. The lease purchase is recurring for three years and the bandwidth is also recurring at \$14,400.

- Recurring costs are software licenses such as Hibster. We are looking for a less expensive program than Teachscape, but have not determined one at this time.
- Professional development needs are ongoing, however they may change some from year-to-year in specifics due to changes in laws and curriculum.
- Hands on science materials will remain in place for years, but we will need to restock the kits from year-to-year in a recurring amount of approximately \$100 per grade level.

5. Can we see a breakdown of money received from the State per student per year for School Choice, and the expenses the District paid for any upgrades needed due to this, if any?

Yes, we have a breakdown of School Choice money received per year. School Choice monies are received from the state, which is one year behind the year they are incurred. The district estimates enrollment and then the state compensates the Board. Originally, the district was paid for estimated enrollment, whether the children were enrolled or not. Now, the district is compensated on actual numbers. I have attached a chart and it is here on the screen.

- As for expenses, there were no specific upgrades for school choice students in particular, however the district does incur the usual costs of education for each of those students including any required programs for special needs students. The district utilized any additional monies to support all of our students and programs in lieu of raising taxes above the 2% CAP.
- For the 16/17 School Year, the Board of Education determined we would not accept additional Choice students. It was determined that the State was not increasing the allotment per student, however the cost of educating a student was rising indicating that this program may not be a revenue source for the future. There were also concerns that the State may have difficulty in funding this in the future. The district is required to keep any Choice students that were previously accepted until they withdraw or graduate.

SCHOOL CHOICE FUNDING HISTORY 2011-2017
BASED ON STATE PER PUPIL COSTS
FUNDING RECEIVED AND ADJUSTED ACCORDING TO PREVIOUS
YEAR'S October 15th ENROLLMENT (as of 2014/15)

Year	Projected SC Students	Actual October 15th* SC Students	Approved Avg. District Tuition Cost	State Allotment – Per Pupil	Revenue Based on Prior Year's October 15th Enrollment – Actual Received from State
2011/12	45	56	\$11,362	\$11,647	\$524,115 (Based on Projected)
2012/13	102	89	\$11,362	\$12,580	\$1,333,480 (Based on Projected)
2013/14	112	97	\$11,371	\$13,016	\$1,457,792 (Based on Projected)
2014/15	99	85	\$15,485	\$13,016	\$1,288,584 (Based on Projected)
2015/16	76	68	\$13,607	\$9,494	\$806,990 (Adjusted from 14/15 enrollment of (\$182,224))
2016/17	47	TBD (on 10/15/16)	\$14,767 (Not finalized)	\$10,801 (Approx.)	\$507,624 (Adjusted from 15/16 enrollment of (\$104,128)) (Anticipated)
Total					\$5,868,267***

*October 15th is a State Reporting date.

**As you may note, the State's allotment per pupil has stayed flat as compared to the per pupil cost of the district, which is due to rising costs such as insurance, salaries, benefits and unfunded mandates, etc.

***This revenue has paid for additional support services, special education inclusion programs and keeping the budget within CAP, as well as student needs such as technology, texts, materials and teachers.

6. How many school choice students are there currently?

There are 66 current School Choice students in the 2015/16 school year.

7. How many school choice students are there per grade?

As of April 15, 2016, there will be 47 School Choice Students in 2016/17:

- K=0
- 1=1
- 2=0
- 3=5
- 4=8
- 5=9
- 6=11
- 7=9
- 8=4

8. What is the average number of students statewide per grade?

“According to the most recent New Jersey Department of Education Report Card, which is for 2009, the average class size statewide is 18.8 students for 1st grade; 20.6 students in 5th grade and 20.0 students in 9th grade “(Williams, M., www.CSINJ.org). The National Center for Education Statistics published a chart of average class size by state in 2007-08: New Jersey lists average class size as 19.9 in elementary schools. The Department of Education has not published these numbers in recent years.

9. At a time when student numbers are decreasing, state funding is decreasing, and the CPI is relatively low, it seems school expenses are rising disproportionately. Can you explain why that is the case?

The premise of the question is not completely correct. State funding is not decreasing. In fact, we received an additional amount of \$34,406 from the state for the 2016/17 Budget. The Consumer Price Index does not really set the tone for overall school budgets. School budgets are directed by Department of Education regulations, Administrative Code 6A and 18A, as well as by the legislature and recent laws passed and the teacher’s and other district contracts.

However, school costs are rising above that CPI. Considering 78% of the School budget (14-15) is salary and benefits, these are the driving factors in rising costs. An example of this would be that State health benefits are projected to rise this coming year alone, with prescription benefits rising an estimated 15%. In fact, we changed plans two years ago to renegotiate and cut prescription benefit costs. The district administration and Board of Education are continually bargaining to get the best prices for all purchases. We understand these increases are large, but we are constantly shopping plans and program costs, but are required to meet contractual obligations and fiscal responsibility.

In relationship to the remaining 22% of the budget, these numbers are impacted by State mandates that are unfunded. These include HIB and Dyslexia and NJ Achieve, which changed the Teacher and Principal evaluation system. When viewing our Curriculum and Technology costs answered in previous questions, you can see the impact of current legislation.

- 10. School Choice was represented as a source of funding for programs. With the BOE projecting a 50% decline in School Choice funding for the 2016/17 school year as compared to the 2014/15 school year, what additional programs are being cut as a loss of funding or do taxpayers make up the difference?**

Over time, the district has adjusted spending to support the necessary programs to support student needs. The Board has tried not to cut student programs, but to refinance bonds, bargain and reduce each expenditure that is not an absolute necessity. Overall, the district has been reducing the size of its staff. We did increase staff and programming in the 12/13 budget with a total staff of 275. However, in 13/14, we went down to 265, then 263 as of last year and now we are projecting 253. The inclusion program, as well as support for struggling students (such as literacy support and Basic Skills instruction) has helped retain in-district students, costing less to the taxpayer. There has been a decrease in out-of-district student placements from 13 students in 2012 to 9 students in 2016, at an average cost of approximately \$100,000 per out-of-district placement. Keeping students within district estimates a savings of approximately \$400,000, not inclusive of transportation.

- 11. What are the additional programs (if any) funded by School Choice and what is their associated costs?**

Additional programs funded by School Choice were primarily Inclusion Classes in Special Education. This was done to support the state requirement of least restrictive environment and begin to decrease out-of-district placements by providing programs in district, as well as legal issues surrounding appropriate programs. In 2012/13 we had 13 out-of-district placements and now in 16-17 we have 9. Since each out-of-district placement can cost upwards of \$100,000 plus transportation (which is not reimbursed by the state), this saves at least \$400K.

- Five teachers were added to this program in 12-13: 1 behaviorist and 1.5 basic skills support. Approximate cost of staff, plus benefits, inclusive of the .5 person below, was \$371,344.
- Basic Skills Math (.5) was added in the 2013/14 budget and Extra Curricular programs were again included in this budget.

- 12. What caused the Operations and Plant to increase from \$1,577,000 in the 2014 budget to over \$2,134,000 in the 2016 budget? What is the additional \$557,000 targeted towards?**

The question that is posed by Council, regarding the Operations and Plant does not match the User Friendly budget posted by the Board. Their question does not identify the source of its information, so it is not possible to formulate a useful answer. In the User Friendly Budget there is a difference of \$236,367 between the 14-15 and 16-17 budget years. This amount includes encumbrances for the prior years' contract settlement, general maintenance and repairs to the four buildings. As well as smaller items, such as playground repairs and cracked ceilings.

13. What caused the Operations and Maintenance Salaries and Benefits to increase in the 2014 budget from \$776,000 to over \$1,140,000 in the 2016 budget?

It is unclear where these numbers are coming from in the question. In the User Friendly Budget there is only one line for Operations and Plant.

14. What caused total Support Services to increase by 30% from 2014 to 2016, from \$3,069,000 to \$3,991,000?

The district added a specialized behavioral support program to help retain and support students in need and expenses from the related services line were moved to this account line by the suggestion of the auditor. Although our dollar amounts differ, the percentage increase compared in the User Friendly Budget is approximately 29%, but there is a decrease in the Speech and Related services line above of approximately 12% for a net effect that is less than the 30% stated in the question.

What the Council's questions do not take into account, is that within a budgeting process you may increase one line, but balance spending by decreasing another line item. The numbers and percentages utilized by the Town Council do not reflect that process.

15. Total student population is declining by 6%, and State revenues are declining by 7%, yet budget general expenses are rising by 12% (\$24,301,985 to \$27,330,179). We would like to discuss this in particular.

According to the table you attached to your questions, your numbers in the question are incorrect. The table also has a minor calculation error.

- If we are using your table and starting from 2013/14, enrollment was 1,550 as of June 1, 2014. The projected enrollment for 2016/17 is 1,368. This is a decrease of 11.7% not 6%.
- However, state revenues are not declining by 7%, they have been actually flat for several years and then increased this year by \$34,406.
- The premise of your question confuses us. If you are generally saying that enrollment is declining and the budget expenditures are increasing from those years on your attached table, then yes by less than 1% (.7% to be exact) in 3 years. This is well under the 2% cap without any waivers.

- The district has decreased staff and other costs by refinancing bonds, efficiencies in transportation and routing, bringing more revenue with special education tuition programs and reductions in out-of-district placements with innovative programming in order to keep pace with the rising costs of health care, salaries and insurance.
- Let me also quote the Town Business Administrator from the March 11, 2015 Clinton Township Council Meeting Minutes when discussing their budget, “ Mr. Joss said it was impossible to have reduced budgets every year, and this year it will be necessary to increase the budget. There are various fixed costs that are in the budget that continue to rise, which will lead to an overall larger budget than last year”.

16. How much savings from the reduction of staff (salary and benefits) is part of this budget? Why is there no decline in administrative staff even with the decreased enrollment?

The savings from a reduction in staff is approximately \$746,007, including salaries and benefits savings.

- Why is there no decline in administrative staff? Actually, we have reduced the Director of Curriculum position to an Interim for only three days per week in anticipation of future reductions. We have also not filled the Director of Technology position. Please note in the Ad Hoc presentation the review of State Mandates impacting Administrative staff. This describes the “unfunded mandates” and their impact on administrative time. It is clear that as enrollment decreases, reductions in administration will have to be considered.

17. What efforts are being made to reduce Administrative costs?

Some items in this line include postage, professional services, insurance and phones. The County Business Administrator reviews this line in particular to check if we have gone above the state average for our region. We have not. The attorney and architectural firms have not increased their fees in multiple years. The Superintendent’s salary will decrease as per enrollment dictates by \$10,000.

18. How many students were there per grade in 2006 versus 2016?

As of June 1, 2006 and April 1, 2016, the number of students per grade level is as follows:

	<u>2006 / 2016</u>
• Prek	64/30
• Grade K	126/109
• Grade 1	182/122
• Grade 2	196/112
• Grade 3	210/146
• Grade 4	195/151

- Grade 5 200/152
- Grade 6 189/165
- Grade 7 219/196
- Grade 8 241/220

19. How many teachers were there per grade in 2006 versus 2016?

The number of Teachers/Homerooms per grade 2006/2016, as of June 1, 2006 and April 1, 2016, (this does not include support staff or special education), is as follows:

- | | <u>2006/2016</u> |
|-----------|----------------------------------|
| • PreK | 2/2 |
| • Grade K | 4/6 (change to full day program) |
| • Grade 1 | 9/6 |
| • Grade 2 | 9/6 |
| • Grade 3 | 9/7 |
| • Grade 4 | 9/8 |
| • Grade 5 | 9/8 |
| • Grade 6 | 10/8 |
| • Grade 7 | 10/8 |
| • Grade 8 | 10/8 |

20. How many classrooms were there per grade in 2006 versus 2016?

Same as answer #19. A homeroom is the same as a classroom per grade.

Average class size compared – 2006/2016 below - As of June 1, 2006 and April 1, 2016:

- | | <u>2006/2016</u> |
|-----------|------------------------------------|
| • PreK | 16/10 |
| • Grade K | 18/18 (change to full day program) |
| • Grade 1 | 21/20 |
| • Grade 2 | 21/19 |
| • Grade 3 | 23/21 |
| • Grade 4 | 22/19 |
| • Grade 5 | 22/19 |
| • Grade 6 | 19/21 |
| • Grade 7 | 22/25 |
| • Grade 8 | 24/28 |

Town Council's Original 4.14.16 Chart*

Spending is up, students are down, cost per student is up 14%					
	2013/14	2014/15	2015/16	2016/17	2013/14- 2016/17
Total budget expenditures (a)	\$26,263,835	\$26,410,186	\$26,543,304	\$26,439,730	
% change		0.6%	0.5%	-0.4%	0.7%
Total enrollment (b)	1,550	1,471	1,408	1,368	
% change		-5.1%	-4.3%	-2.8%	-11.7%
Expenditure/Student (a/b)	\$16,944	\$17,954	\$18,552	\$19,327	
% change		6.0%	5.0%	2.5%	14.1%

***Please note this is not the way the State calculates per pupil costs. This is the Town's calculation.**

Town Council's Corrected 4.14.16 Chart*

Spending is up, students are down, cost per student is up 14%					
	2013/14	2014/15	2015/16	2016/17	2013/14- 2016/17
Total budget expenditures (a)	\$26,263,835	\$26,410,186	\$26,543,304	\$26,439,730	
% change		0.6%	0.5%	-04%	0.7%
Total enrollment (b)	1,550	1,471	1,408	1,368	
% change		-5.1%	-4.3%	-2.8%	-11.7%
Expenditure/Student (a/b)	\$16,944	\$17,954	\$18,852	\$19,327	
% change		6.0%	5.0%	2.5%	14.1%

***Please note this is not the way the State calculates per pupil costs. This is the Town's calculation.**

Closing of a School

- 1. How much is budgeted in the 2016-17 budget to investigate a school building closing?**

At this time, there is no determined amount. It is anticipated that a cost benefit analysis will be undertaken once a course of action has been decided.

- 2. Why was the option to rent out a building not seriously entertained? If you received rental revenue for a certain amount of years, why can't some of it be allocated for upgrades if there is a possibility of increased enrollment?**

The option to rent was seriously entertained and investigated and we continue to explore it as an option in the future. The discussion also included ideas to utilize our facilities by expanding revenue that was monitored and executed by our own staff, as this might give us more options for the future and actual revenue production positively impacting taxes. Concerns existed based on how declining enrollment in our township and the surrounding townships in the future would also impact the stability of something like a preschool rental. It is not totally off the table, but would have to work within our parameters.

- 3. Wouldn't a rental option address the concerns of those who insist enrollment will be going up due to "millennials" and COAH?**

The building being a revenue source would ensure that the district is utilizing the space and receiving fair compensation, while still maintaining the district's ownership and flexibility to reclaim the space in the event enrollment starts to rise. This may be possible with a rental, but there may also be less flexibility. The district is aware of numerous spaces in the town available for rent that are currently vacant. Rental may not be a viable long-term option. The district does not want to speculate on whether or not it will address the concerns of those who insist enrollment will be going up.

- 4. Why was there mention of not having property to build a new school if needed in the future?**

The discussion of finding property for the future was brought up in the initial review because the district has to consider all potential issues that may arise. If we sell our current property and there is a rise in enrollment, then the district would be in a difficult position. Everyone is aware that useable land is not easy to find and environmental issues can easily arise. A current example of this is the discovery of artifacts on the Windy Acres property, making it no longer an option for COAH. Anything can happen. It may not be wise to get rid of property for future Boards and generations.

- 5. Why did the closing of school presentation not have cost comparisons with each option? Are costs available for council review?**

The closing of a school presentation did not have any cost comparisons since the district is in the initial stages of investigating all options with the goal of selecting and investigating the most feasible one.

6. Is it possible for the next presentation to be disseminated prior to a public meeting? This would enable the public to have their questions ready?

Budget information was posted on the district website on March 22, 2016 over four weeks prior to the Public Hearing on April 25, 2016. The 2016/17 Budget was also published in the Hunterdon County Democrat on Thursday, April 21, 2016 by law, for the public to review and access at its convenience. There are many options to review and engage in open discussion regarding our school budget. We remain committed to providing the best possible education for our children while working within a well- balanced budget that demonstrates fiscal responsibility.

If you are referring to the Ad Hoc Committee presentations, the Board will consider a number of communication options for the next public discussion on this subject.