

Government That Works!

NEW JERSEY DEPARTMENT OF THE TREASURY

LOCAL GOVERNMENT BUDGET REVIEW

DELAWARE TOWNSHIP SCHOOL DISTRICT

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GOVERNMENT THAT WORKS

OPPORTUNITIES FOR CHANGE

The Report of the Delaware Township School District

New Jerseyans deserve the best government their tax dollars can provide. Governor Whitman is committed to making state government leaner, smarter and more responsive by bringing a common sense approach to the way government does business. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board. Government on all levels must stop thinking that money is the solution to their problems and start examining how they spend the money they now have. It is time for government to do something different.

Of major concern is the rising cost of local government. There is no doubt that local government costs and the property taxes that pay for them have been rising steadily over the past decade. Prior to Governor Whitman's taking office in 1994, the state had never worked as closely with towns to examine what is behind those costs. That is why she created the Local Government Budget Review (LGBR) program. Its mission is simple: to help local governments and school boards find savings and efficiencies without compromising the delivery of services to the public.

The LGBR program utilizes an innovative approach combining the expertise of professionals, primarily from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a comprehensive management review and consulting service by the state at no cost to them. To find those "cost drivers" in local government, teams review all aspects of local government operation, looking for ways to improve efficiency and reduce costs.

In addition, teams also document those state regulations and mandates which place burdens on local governments without value-added benefits and suggest, on behalf of local officials, which ones should be modified or eliminated. Teams also look for "best practices" and innovative ideas that deserve recognition and that other communities may want to emulate.

Based upon the dramatic success of the program and the number of requests for review services, in July, 1997, Governor Whitman ordered the expansion of the program, tripling its number of teams in an effort to reach more communities and school districts. The ultimate goal is to provide assistance to local government that results in meaningful property tax relief to the citizens of New Jersey.

THE REVIEW PROCESS

In order for a town, county or school district to participate in the Local Government Budget Review program, a majority of the elected officials must request the help of the review team through a resolution. There is a practical reason for this. To participate, the governing body must agree to make all personnel and records available to the review team, and agree to an open public presentation and discussion of the review team's findings and recommendations.

As part of each review, team members interview each elected official, as well as employees, appointees, members of the public, contractors and any other appropriate individuals. The review teams examine current collective bargaining agreements, audit reports, public offering statements, annual financial statements, the municipal code and independent reports and recommendations previously developed for the governmental entities, and other relative information. The review team physically visits and observes the work procedures and operations throughout the governmental entity to observe employees in the performance of their duties.

In general, the review team received the full cooperation and assistance of all employees and elected officials. That cooperation and assistance was testament to the willingness, on the part of most, to embrace recommendations for change. Those officials and employees who remain skeptical of the need for change or improvement will present a significant challenge for those committed to embracing the recommendations outlined in this report.

Where possible, the potential financial impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget or the tax rate. In particular, the productivity enhancement values identified in this report do not necessarily reflect actual cash dollars to the district but do represent the cost of the school system's current operations and an opportunity to define the value of improving upon such operations. The estimates have been developed in an effort to provide an indication of the potential magnitude of each issue and the savings, productivity enhancement, or cost. We recognize that all of these recommendations cannot be accomplished immediately and that some of the savings will occur only in the first year. Many of these suggestions will require negotiations through the collective negotiation process. We believe, however, that these estimates are conservative and achievable.

**LOCAL GOVERNMENT BUDGET REVIEW
EXECUTIVE SUMMARY
DELAWARE TOWNSHIP SCHOOL DISTRICT**

The Local Government Budget Review (LGBR) unit of the New Jersey Department of Treasury conducted an extensive study of the Delaware Township School District in response to a request of the board of education. Some 27 areas were reviewed resulting in cost savings and/or managerial reform. Seven areas were recognized as best practices along with other commendations cited in the findings. The following is an executive summary of the findings and recommendations and dollar savings, as appropriate:

Instruction

With full implementation, the SEMI program would provide the district with \$2,000 in net revenue enhancement. The district could save an additional \$8,000 by reducing some coaching positions and related expenses in its athletic program.

Technology

The district should consider installing air conditioning to extend the expected life of the computer servers for an expense of \$700. District officials should also consider sharing the expense of \$32,000 for employing a full-time technology employee with another nearby school district.

The district could yield an additional savings of \$750 by reducing communication costs.

Business Office Operation

District officials should consider utilizing the state's cost-per-copy contract, which would result in annual savings of \$3,700.

The team recommends the district negotiate with its bank to increase interest earnings for an additional revenue enhancement of \$5,000.

Food Service

The district should consider raising lunch prices to reflect the current state guidelines for an annual revenue enhancement of \$6,610. The district should also consider placing vending machines with non-carbonated drinks and snacks in the school for an estimated annual revenue enhancement of \$7,680.

Facilities & Operations

District officials should evaluate the need for an additional charge for kitchen privileges and increases in the building hourly rental rate to \$30 an hour for a revenue enhancement of \$3,210.

District officials should consider implementing a custodial task/cleaning schedule and a computer maintenance work order system at a one-time expense of \$1,500.

The district should enter into an arrangement to use the township's 16-foot mower to mow its lawns and fields. Rather than purchase a new lawn tractor and deck mower, such an arrangement would save \$16,500. In addition, the district should consider purchasing commercial grade lawn equipment at a one-time expense of \$3,000.

Once job responsibilities are clearly defined for the current building and grounds positions, the district should consider eliminating one full-time position for savings of \$31,965.

Collective Bargaining Issues

The district should consider negotiating: a) 20% premium sharing for health care insurance for potential savings of \$56,738; b) dental premium sharing for savings of \$2,803; and c) a co-pay prescription plan for savings of \$16,100.

In addition, district officials should develop a marketing strategy to encourage 10 or more employees voluntarily to join managed care programs for a potential savings of \$14,224.

<u>Areas Involving Monetary Savings</u>	<u>One-time Savings/ Expense</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
Instruction				
Implement Special Education Medicare Initiative (SEMI)			\$2,000	
Reduce coaching positions in athletics program			\$8,000	
				\$10,000
Technology				
Install air conditioning for servers and routers	(\$700)			
Share technology employee with another district			(\$32,000)	
Install directory assistance software, etc., to reduce costs			\$750	
				(\$31,950)
Business Office Operation				
Utilize state cost-per-copy contract			\$3,700	
Negotiate with bank to increase interest payments			\$5,000	
				\$8,700
Food Services				
Raise lunch prices to state guidelines			\$6,610	
Place vending machines in schools			\$7,680	
				\$14,290
Facilities & Operations				
Increase building hourly rental rate			\$3,210	
Purchase computer work order system	(\$1,500)			
Use township's 16-foot mower			\$16,500	
Purchase commercial grade lawn equipment	(\$3,000)			
Eliminate one position from buildings & grounds			\$31,965	
				\$47,175
Collective Bargaining Issues				

Negotiate 20% premium sharing for health insurance				\$56,738
Negotiate dental premium sharing				\$2,803
Promote use of managed care plans				\$14,224
Negotiate a co-pay prescription plan				\$16,100
Total Recommended Savings	(\$5,200)	\$53,415	\$89,865	\$48,215

*\$89,865 not included in savings of \$48,215

Total Amount Raised for School Tax (1997-98) **\$3,242,023**
Savings as a % of School Tax **1.5%**

Total Budget (1997-98) **\$4,253,557**
Savings as a % of Budget **1.1%**

Total State Aid (1997-98) **\$1,388,748**
Savings as a % of State Aid **3.5%**

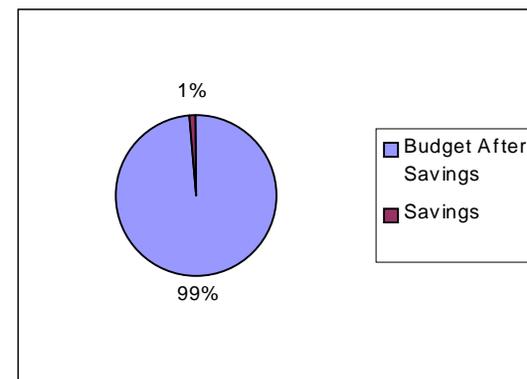
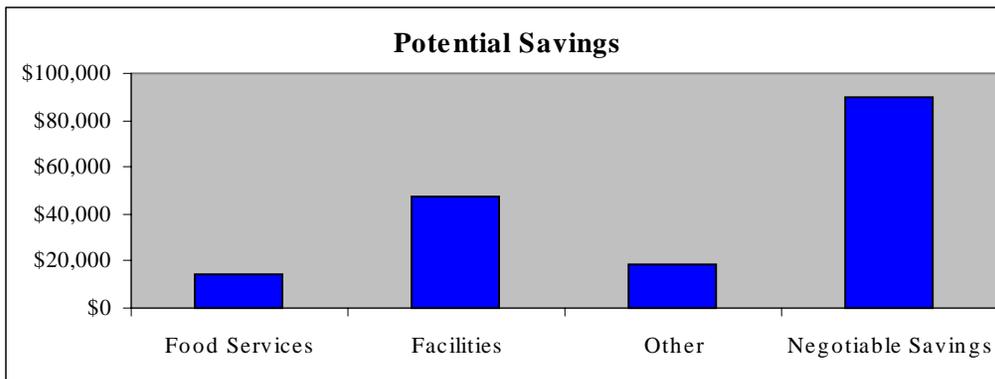


TABLE OF CONTENTS

Preface – Government That Works/Opportunities for Change
The Review Process
Executive Summary
Comparison of Cost/Tax Rate with Recommended Savings

<u>CONTENTS</u>	<u>PAGE</u>
COMMUNITY OVERVIEW.....	1
I. BEST PRACTICES.....	3
II. OPPORTUNITIES FOR CHANGE/FINDINGS AND RECOMMENDATIONS	5
COMPARATIVE ANALYSES.....	5
BOARD OF EDUCATION.....	12
ADMINISTRATION.....	14
INSTRUCTION.....	18
TECHNOLOGY.....	28
BUSINESS OFFICE OPERATION.....	38
FOOD SERVICE.....	49
FACILITIES & OPERATIONS.....	52
TRANSPORTATION.....	63
III. COLLECTIVE BARGAINING ISSUES	65
EDUCATION ASSOCIATION AGREEMENT.....	65
BUS DRIVERS ASSOCIATION.....	70
SUPPORT STAFF HANDBOOK.....	71
IV. SHARED SERVICES.....	75
V. STATUTORY AND REGULATORY REFORM.....	77

COMMUNITY OVERVIEW

Delaware Township is located in the southern part of Hunterdon County about 25 miles northwest of the State Capital in Trenton. Delaware Township, which lies along the Delaware River forming the southwestern boundary to Hunterdon County, was created in 1838 from old Amwell Township. Delaware Township is bounded to the north and east by Raritan and East Amwell Townships, on the south by West Amwell Township on the northwest by Kingwood and Franklin Townships and on the west by the Borough of Stockton. The Delaware Township village of Sergeantsville, which is surrounded by picturesque farmland, was first settled in 1700 and later named for Charles Sergeant, a revolutionary soldier. The sole remaining covered bridge in New Jersey spans the Wichecheoke Creek between Sergeantsville and Rosemont in the Township.

Hunterdon County is located about halfway between New York and Philadelphia. It is bisected east to west by Interstate 78 and north to south by Route 31, a major connection with the State Capital in Trenton. Hunterdon County's population has increased from 69,718 in 1970 to an estimated 122,842 in 1998. Following the national trend from blue to white collar employment, the agricultural and industrial base is being supplemented by a white collar and professional economy. During the past two decades, a number of corporate centers, including Exxon, Foster Wheeler, and Merck, were constructed in the county. While still one of the least densely populated areas in New Jersey, the recent rate of population growth has exceeded most other counties.

The Delaware Township Master Plan describes the township as a sprawling rural community located in the western part of New Jersey across the Delaware River from Pennsylvania. Delaware Township has a land area of 36.52 square miles and a density of 123.6 persons per square mile. According to the New Jersey Municipal Data Book, the township had an estimated population in 1996 of 5,009. The 1990 ethnic composition of the township was identified as 4,451 Whites, 26 Blacks, three American Indians, 30 Asian/Pacific Islanders, and two others, with 52 persons of Hispanic origin. The per capita income in 1989 was \$24,360, the median family income was \$59,094, and there were 90 persons in poverty. The median rent was \$601 and the median value of a single family home was \$213,700.

The school district has a 1998-99 enrollment of 550 students in grades K-8 in one school building and is organized for grade plans K-5 and 6-8. The school building has a capacity for 572 students, and based on an estimated average of 24 new single-family dwellings per year, the K-8 student enrollment is projected to exceed 600 by the year 2003. The township has both district elementary school and regional high school property tax rates, as high school students from the township attend Hunterdon Central Regional School District, which is located in Flemington, NJ.

The Delaware Township School is situated on a 25.6 acre site in Sergeantsville. The district constructed the original K-8 building in 1950 and added the first addition in 1954. In 1968, the district added another addition and self-contained modular classrooms. In order to meet

increasing student enrollments, a separate building to house intermediate students was constructed on the property in 1970. The original structure was converted into a grammar school. There was cross-utilization as students walked back and forth for athletic, art and cafeteria services until 1995, when the two buildings were joined by the most recent addition.

I. BEST PRACTICES

A very important part of each Local Government Budget Review report is the Best Practices section. During the course of every review, each review team identifies procedures, programs and practices that are noteworthy and deserving of recognition. Best practices are presented to encourage replication in communities and schools throughout the state. By implementing these practices, municipalities and school districts can benefit from the Local Government Budget Review process and possibly save considerable expense on their own.

Just as we are not able to identify every area of potential cost savings, the review team cannot cite every area of effective effort. The following are those best practices recognized by the team for cost and/or service delivery effectiveness.

Foundation

The Delaware Township Community Education Foundation, Inc. (DTCEF) was organized in October, 1994 as a nonprofit corporation with a 22 member board of trustees whose purpose was to promote, through financial support and community involvement, an enriched educational experience for local students. Through an annual auction and other fundraising activities, DTCEF had income and expenditures in its 1998 budget of \$29,950. Current priorities reflect a multi-year commitment to the multimedia, arts and science programs at Delaware Township School. More specifically, DTCEF provides a biannual after-school student enrichment program for two days per week and a mini-grant program for teachers. In the past, over 600 books have been purchased, 13 computers have been acquired for the multimedia lab and a long distance learning project has been funded for the new middle school lab. In addition, there has been funding provided for summer training for teachers to incorporate science and technology into the curriculum and “The Arts” have been enhanced through sponsorship of dance, theatre and mural projects.

Efficient Operation

The board and administration have demonstrated a continuing effort to provide a quality education at a reasonable cost. The district employs a leadership team concept, which is cost effective and involves and empowers teachers in the areas of budget management, curriculum and staff development. The district participates in joint purchases of paper, school supplies, diesel fuel, heating oil, etc., as a part of the Hunterdon County Educational Services Commission. The district is a member of the School Alliance Insurance Fund (SAIF) with a \$15,000 savings within the first year. The district established a preschool handicapped program to educate its own children and to provide a program on a tuition basis for other school districts. With the introduction of administrative software for special education, district officials were able to reduce the secretarial staff by one employee. The district has obtained monitoring without charge from the Hunterdon County 911 dispatch for its new fire and security alarm systems. These efficiencies are indicative of the district’s continuing success in staying within the range of per pupil expenditure consistent with the Department of Education guidelines.

Community Center

The district, as a community school, has been quite effective in securing the active participation of parents and community members in support of school activities. The school building is used extensively throughout the school year and summer months for after-school and evening school extracurricular activities, township recreational programs and the community sports schedules. The school has achieved an identity as a community center and an asset to the residents of Delaware Township. The school has a very active Parent Teachers Association (PTA), which raises about \$22,000 per year in various fundraising activities, such as flower, clothing and book sales. The PTA funds the summer reading program and the artists in residence program, which addresses themes within the classrooms.

Communications

The district negotiated an agreement for reimbursement of personal phone calls and takes advantage of discounts offered by the long distance carrier. In the 1996-97 school year, the district saved \$1,020 from personal phone call reimbursements and \$1,278 in long distance discounts.

Energy Management

The district retrofitted the lighting system with an energy efficient T-8 lighting, achieving an estimated annual reduction of electric use of \$12,600. A seven-year finance package with annual payments of \$11,016 created yearly savings of approximately \$1,500.

Technology

The LGBR team commends the DTCEF and PTA for their active role in fundraising for the district contributing over \$85,000 for technology purchases and \$13,448 for staff development in technology. School officials also have obtained Internet access and e-mail services through the donation of a local resident, which are estimated as savings of \$4,200 or more per year.

Transportation

In keeping with the board and administration's commitment to providing quality education at a reasonable cost, the transportation operation in the district is highly efficient, driven not only by safety but by economic operations and district staff who continually seek new methods to expand cost-cutting. From joint purchasing of vehicle fuels with the municipality, to soliciting maintenance repair fees that fall far below the state averages, district staff members have followed the majority of recommended practices for efficiency. Delaware Township has been able to limit benefits, increase productivity, and share services within the custodial and transportation departments by negotiation with the association. With an average route cost of just over \$14,000, and state aid numbers at 78% for transportation (the average in the county is approximately 41.5%), Delaware Township is commended for its efforts in this area.

II. OPPORTUNITIES FOR CHANGE/FINDINGS AND RECOMMENDATIONS

The purpose of this section of the review report is to identify opportunities for change and to make recommendations that will result in more efficient operations in the district, and/or which will provide local resources for enhancing educational offerings to meet student needs.

From the outset of this study it was apparent that the district has made a concerted effort through community and institutional partnerships to leverage the maximum amount of different resources to meet the special needs of Delaware Township children and youth. A number of these cooperative arrangements are recognized in the best practices section of this report and others are cited in the findings. The district is to be commended for the steps it has taken on its own and for the cooperation generally given to the review team during the course of the study. A number of areas were found where additional savings could be generated and recommendations are included in this section which would effect these savings.

In some areas specific dollar savings are calculated for the recommendations to illustrate cost savings. The time it will take to implement the savings recommendations will depend on their priority and, therefore, will vary. Nevertheless, the total savings and revenue enhancements should be viewed as attainable goals. It is recognized that a number of the recommendations will be subject to collective bargaining, which will effect the timing of their implementation. Some of these will result in one-time savings, while others will provide ongoing benefits. The strategies contained in these recommendations will lead to opportunities for additional needed educational services as a result of improvements in budgeting, cash management and cost control.

Comparative Analyses

LGBR uses various methods to analyze school districts. One method is to compare districts to one another using information from the NJ Department of Education and from the 1997-98 Comprehensive Annual Financial Report (CAFR). Districts may be compared to appropriate statewide averages or medians. At other times a comparison is made among districts that are similar in type (e.g., K-12), size and socioeconomic characteristics. The most recent comparative data used in this report was compiled in school year 1997-98, which was the most current available. Other methods used by LGBR include reviewing district documents and identifying benchmarks or related information from various state agencies, state education associations, publications and private industry.

The school districts that were used for detailed comparison with Delaware include Lebanon and Union Townships in Hunterdon County and Washington Township in Mercer County. LGBR selected these districts because they are similar in terms of type, size and socioeconomic characteristics. The first comparison among these four districts is shown in the table below that shows revenues. The information being reported represents actual amounts and not budgeted amounts in the 1997-98 Comprehensive Annual Financial Report (CAFR):

Revenue Comparisons 1997-98

	<u>Delaware</u>		<u>Lebanon</u>		<u>Union</u>		<u>Washington*</u>	
General Fund								
Local Tax Levy	\$3,043,585	64.7%	\$5,578,364	72.9%	\$3,483,765	77.3%	\$6,316,328	70.9%
State Aid	\$1,295,427	27.5%	\$1,599,322	20.9%	\$572,081	12.7%	\$1,287,768	14.5%
Federal Aid	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Tuition	\$20,951	0.4%	\$8,040	0.1%	\$43,026	1.0%	\$0	0.0%
Miscellaneous	\$45,284	1.0%	\$119,930	1.6%	\$39,853	0.9%	\$119,229	1.3%
Total General Fund	\$4,405,247	93.6%	\$7,305,656	95.5%	\$4,138,725	91.9%	\$7,723,325	86.7%
Special Revenue Fund								
State Aid	\$21,050	0.4%	\$6,440	0.1%	\$19,513	0.4%	\$54,102	0.6%
Federal Aid	\$58,512	1.2%	\$64,195	0.8%	\$52,641	1.2%	\$118,035	1.3%
Other	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Total Revenue Fund	\$79,562	1.7%	\$70,635	0.9%	\$72,154	1.6%	\$172,137	1.9%
Debt Service Fund								
Local Tax Levy	\$198,438	4.2%	\$239,940	3.1%	\$293,652	6.5%	\$964,057	10.8%
State Aid	\$22,271	0.5%	\$31,614	0.4%	\$0	0.0%	\$0	0.0%
Total Debt Service Fund	\$220,709	4.7%	\$271,554	3.6%	\$293,652	6.5%	\$964,057	10.8%
Fiduciary Fund Type								
State Aid	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Federal Aid	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Other	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$130	0.0%
Total Fiduciary Fund Type	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$130	0.0%
Capital Projects								
Other	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$47,628	0.5%
Total Capital Projects	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$47,628	0.5%
Total Revenues (All Funds)	\$4,705,518	100%	\$7,647,845	100%	\$4,504,531	100%	\$8,907,277	100%

Source: School districts' 1997-98 CAFR.

*Unlike the other districts Washington pays tuition for its high school students. In order to make proper comparisons this amount was removed from Washington's revenues and expenses.

The data indicate that in terms of revenues, the districts are similar to one another. The large majority (from 70% to 80%) of revenue received by the districts comes from the local tax levy. The next highest amount of revenue (from 12% to 27%) comes from state aid. Only about 1% comes from the federal government.

The table below compares general fund expenditures among the four districts, based upon the 1997-98 Comprehensive Annual Financial Reports (CAFR):

Expenditure Comparisons 1997-98

Actual	Delaware		Lebanon		Union		Washington*	
Regular Program - Inst.	\$1,811,948	42.6%	\$2,558,643	35.8%	\$1,622,961	37.6%	\$2,558,629	33.4%
Special Education	\$301,891	7.1%	\$458,978	6.4%	\$338,167	7.8%	\$322,801	4.2%
Basic Skills-Remedial	\$10,312	0.2%	\$25,682	0.4%	\$41,082	1.0%	\$55,547	0.7%
Bilingual Education	\$0	0.0%	\$14,754	0.2%	\$0	0.0%	\$32	0.0%
Sponsored Cocurr Activities	\$14,086	0.3%	\$46,067	0.6%	\$6,492	0.2%	\$46,622	0.6%
Sponsored Athletics	\$43,244	1.0%	\$0	0.0%	\$25,404	0.6%	\$0	0.0%
Other Instruction Program	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Community Services Program	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Total Instructional Cost	\$2,181,481	51.3%	\$3,104,124	43.5%	\$2,034,106	47.1%	\$2,983,631	38.9%
Undistributed Exp. - Ins.	\$74,594	1.8%	\$111,593	1.6%	\$41,983	1.0%	\$770,665	10.1%
General Administration	\$174,572	4.1%	\$248,016	3.5%	\$263,644	6.1%	\$269,902	3.5%
School Administration	\$123,514	2.9%	\$259,239	3.6%	\$127,626	3.0%	\$305,441	4.0%
Total Administrative Cost	\$298,086	7.0%	\$507,255	7.1%	\$391,270	9.1%	\$575,343	7.5%
Food Service	\$14,000	0.3%	\$0	0.0%	\$12,041	0.3%	\$0	0.0%
Health Service	\$32,921	0.8%	\$65,208	0.9%	\$46,557	1.1%	\$80,357	1.0%
Attendance & Social Work Service	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Students Related & Extra Service	\$70,586	1.7%	\$0	0.0%	\$0	0.0%	\$91,675	1.2%
Other Support Service	\$94,517	2.2%	\$478,914	6.7%	\$319,137	7.4%	\$351,028	4.6%
Other - Imp. of Inst. Service	\$43,916	1.0%	\$14,548	0.2%	\$5,358	0.1%	\$19,228	0.3%
Media Serv./School Library	\$67,231	1.6%	\$141,145	2.0%	\$98,544	2.3%	\$90,610	1.2%
Instructional Staff Training	\$6,220	0.1%	\$0	0.0%	\$4,934	0.1%	\$0	0.0%
Operation of Plant	\$326,357	7.7%	\$537,781	7.5%	\$311,119	7.2%	\$684,643	8.9%
Business & Other Support Services	\$484,211	11.4%	\$963,738	13.5%	\$474,259	11.0%	\$740,071	9.7%
Total Support Services	\$1,139,959	26.8%	\$2,201,334	30.8%	\$1,271,949	29.5%	\$2,057,612	26.8%
TPAF Pension & Reimb. SS	\$41,767	1.0%	\$43,285	0.6%	\$20,884	0.5%	\$15,796	0.2%
Reimb. TPAF SS Contrib.	\$183,314	4.3%	\$266,148	3.7%	\$168,164	3.9%	\$255,370	3.3%
Transportation	\$210,951	5.0%	\$595,098	8.3%	\$197,921	4.6%	\$757,941	9.9%
Capital Outlay	\$123,405	2.9%	\$314,688	4.4%	\$192,511	4.5%	\$247,277	3.2%
Special Schools	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Total General Fund Expenditures	\$4,253,557	100%	\$7,143,525	100%	\$4,318,788	100%	\$7,663,635	100%
Avg. Daily Enrollment	557		818		510		887	

Source: School districts' 1997-98 CAFR and N. J. Department of Education [Comparative Spending Guide](#), March 1999

*Unlike the other districts, which are members of a high school regional school district, Washington pays tuition for its high school students. In order to make proper comparisons, this amount was removed from Washington's revenues and expenses.

In addition to the total dollar amounts, the table above provides information about the percent of expenditures for line items in relation to total expenditures. This data indicates that the districts are roughly similar both in terms of expenditure amounts and as a percent of expenditures on specific line items. However, Delaware spends the highest percentage of funds on instruction (51.3%) compared to an average of 43.2% for the comparison districts. And, it spends the lowest percentage on administration (7.0%) compared to an average of 7.9% for the comparison districts. Delaware also is tied for the lowest amount spent on support services (26.8%), in comparison to an average of 29.0% for the three other districts.

The next table indicates the comparative per pupil costs for selected cost factors for the 1997-98 school year. The information on Delaware and the three comparison districts came from the NJDOE Comparative Spending Guide, March, 1999.

Analysis of Similar Districts Using Per Pupil Expenditures or Staffing Data*

	Delaware	Lebanon	Union	Washington	3-District Average
Total Cost Per Pupil	\$6,902	\$7,481	\$7,625	\$6,660	\$7,255
Total Classroom Instruction	\$4,165	\$4,437	\$4,467	\$3,794	\$4,233
Classroom Salaries & Benefits	\$3,962	\$4,186	\$4,186	\$3,500	\$3,957
Classroom General Supplies & Textbooks	\$172	\$197	\$243	\$278	\$239
Classroom Purchased Services & Other	\$30	\$53	\$37	\$16	\$35
Total Support Services	\$695	\$986	\$1,027	\$781	\$931
Support Services Salaries & Benefits	\$629	\$891	\$901	\$636	\$809
Total Administrative Cost	\$839	\$889	\$1,017	\$899	\$935
Salaries & Benefits for Administration	\$657	\$735	\$681	\$614	\$677
Operations & Maintenance of Plant	\$628	\$728	\$646	\$815	\$730
Salaries & Benefits for Oper./Maint. of Plant	\$340	\$424	\$278	\$319	\$340
Food Service	\$25	\$0	\$24	\$0	\$8
Extracurricular Cost	\$115	\$66	\$70	\$57	\$64
Equipment	\$78	\$101	\$332	\$319	\$251
Student/Teacher Ratio	14.0	11.7	16.6	13.7	14.0
Median Teacher Salary	\$50,878	\$50,615	\$43,671	\$36,000	\$43,429
Student/Support Service Ratio	100.9	82.1	98.4	98.9	93.0
Median Support Service Salary	\$50,763	\$44,916	\$55,272	\$36,175	\$45,454
Student/Administrator Ratio	181.7	205.3	128.7	176.0	170.0
Median Administrator Salary	\$70,125	\$77,735	\$67,036	\$74,672	\$73,148
Faculty/Administrator Ratio	14.7	16.4	10.8	14.6	14.0
Personal Service-Employee Benefits	14.2%	16.4%	14.8%	15.5%	15.6%

*The total cost per student in this table is not comparable with the previous table. The total cost per pupil here is calculated as the total current expense budget plus certain special revenue funds, particularly early childhood programs, demonstrably effective programs, distance learning network costs and instructional supplement costs. The calculation excludes the local contribution to special revenue, tuition expenditures, interest payments on the lease-purchase of buildings, transportation costs, residential costs and judgments against the school district. Also excluded from this per pupil calculation are equipment purchases, facilities acquisition and construction services, expenditures funded by restricted local, state and federal grants, and debt service expenditures.

A comparison of Delaware's per pupil costs with those of Lebanon, Union, and Washington Townships indicates that Delaware's cost per pupil is \$6,902. This is \$353 or 4.9% lower than the \$7,255 average per pupil cost for the comparable districts. Multiplying the \$353 lower costs per pupil at Delaware by the number of students at Delaware (557) indicates that the total dollar impact on Delaware's budget is \$196,000. In other words, if Delaware's costs equaled the average of the comparison districts, its costs would be \$196,000 higher.

A more detailed analysis of the data indicates that almost all of Delaware's costs are lower than the comparison districts. However, three areas are contrary to this trend and are higher than the comparison districts. Extracurricular, which is discussed in that section of this report, is \$51 or 78.8% higher than the comparison districts. Median teacher salary is \$7,449 or 17.2% higher

than the other districts and median support service salary is \$5,309 or 11.7% higher than the comparison districts. Both salary amounts are discussed in the collective negotiations section of this report.

The prior tables compared Delaware to three districts that were similar in terms of type, size and socioeconomic factors. The next comparison looks at Delaware in relation to the 70 other school districts in the state that are the same type (K-8) and size (401-750). Food Service was excluded from the analysis because most of the 71 districts did not provide data on this function. The districts are ranked from “1” to “71” with “1” being the lowest cost per student and “71” the highest cost per student. A ranking of 35 indicates that a district is about average, i.e., about half of the districts have higher and half have lower costs.

**Comparison of Delaware to 70 School Districts
Ranked from “1” (Low Costs) to “71” (High Costs) ***

	1996-97		1997-98		1998-99	
	Actual	Ranking	Actual	Ranking	Budget	Ranking
Cost Per Pupil	\$6,542	19	\$6,902	15	\$7,011	23
Classroom Instruction	\$4,263	23	\$4,165	19	\$4,500	31
Classroom Salaries & Benefits	\$4,050	25	\$3,962	23	\$4,268	32
General Supplies & Textbook	\$164	21	\$172	19	\$184	20
Purchased Services & Other	\$50	29	\$30	30	\$47	37
Support Services	\$560	26	\$695	23	\$755	22
Support Service Salaries & Benefits	\$529	30	\$629	34	\$670	30
Total Administrative Cost	\$837	8	\$839	6	\$897	13
Salaries & Benefits for Admin.	\$663	11	\$657	13	\$702	18
Operations & Maintenance	\$661	24	\$628	19	\$668	16
Salary & Benefits for Operation/Maint.	\$328	28	\$340	38	\$352	38
Food Service	\$24	20	\$25	17	\$24	24
Extracurricular Cost	\$144	66	\$115	64	\$128	66
Median Teacher Salary	\$47,992	48	\$50,878	56	\$53,400	62
Median Support Service Salary	\$43,155	46	\$50,763	62	\$52,900	63
Median Administrator Salary	\$66,900	29	\$70,125	28	\$72,750	35
Ranked High Ratio to Low						
Student/Administrator Ratio	178	17	182	17	182	19
Faculty/Administrator Ratio	15	21	15	22	15	23

Source: 1999 NJDOE Comparative Spending Guide

Total of 71 School Districts

*All districts did not respond to each function. Therefore, functions sometimes have less than 71 responses. Percentages in the analysis are based on the number of respondents.

The analysis of this comparison data again indicates that Delaware is outstanding in terms of cost effectiveness. A comparison of 18 functional areas for the two most recent school years indicates that the district ranks in the top half in 15 of 18, or 83% of the functional areas. In fact, in eight of the 18, or 44%, the district is ranked in the top one-third among the 71 districts. This pattern holds for the 1998-99 budget year although budget data is a planned expenditure that is therefore subject to change.

However, in each of the three years reviewed the district is below average in three areas, as noted earlier, extracurricular cost, median teacher salary, and median support service salary. In terms of extracurricular costs, the district's ranking ranged from 64 to 66 in all three years. The ranking for the median teacher salary ranged from 48 to 62 and the ranking for median support salary ranged from 46 to 63. As noted earlier these areas are discussed in other sections of this report. Recently, the district received a lower than average ranking in salaries and benefits for operation and maintenance of plant. From 1996-97 to 1997-98, the district's ranking went down from 28 to 38 and it again was ranked at 38 in the 1998-99-budget year. This is discussed in the facilities section of this report.

In the table below Delaware is again compared to the three select districts using more general data from the NJ School Report Card and the Comprehensive Annual Financial Report (CAFR).

Comparisons among Select Districts on General Characteristics

<u>Description</u>	<u>Delaware</u>	<u>Lebanon</u>	<u>Union</u>	<u>Washington</u>
County	Hunterdon	Hunterdon	Hunterdon	Mercer
District Type	II	II	II	II
Grades	K-8	K-8	K-8	K-8
District Factor Group	GH	GH	GH	GH
Certificated Employees	47	67	52	85
Other Employees	23	38	23	19
Total Employees	70	105	75	104
Square Miles	37	32	20	21
Number of Schools:				
Elementary	1	2	1	1
Middle				1
Total Schools	1	2	1	2
Average Daily Enrollment	557	818	510	887
Teacher/Student Ratio:				
Elementary	1:12.4	1:12.2	1:12	1:14.1
Middle School				1:10.2
Administrative Personnel 1997-98:				
Number of Administrators	3	4	4	5
Administrator per Students	1:183	1:205	1:125	1:176
Administrator/Faculty Ratio	1:14.7	1:16.4	1:10.8	1:14.6
Median Salary:				
Faculty	\$50,878	\$48,358	\$44,119	\$36,000
Administrators	\$70,125	\$77,735	\$67,036	\$74,672
Median Years of Experience:				
Faculty	16	16	16	9
Administrators	12	26	21	20
Instructional Time	5:30	6/6:10	5:10	5:50/5:28
Student Mobility Rate	4.9	7.3/3.8	2.1	5.2/6

Source: 1997-98 school report cards, 1997-98 CAFRs and 1999 NJ Department of Education Comparative Spending Guide.

This data indicates that, with one exception, Delaware compares favorably to the three districts. The district has the highest cost in terms of median faculty salary at \$50,878. Delaware has the lowest number of administrators. And, when adjusting the number of administrators to account

for the number of pupils, the district has the second best rating at one administrator per 183 students. It also has the second best ranking on the number of administrators per faculty with a rating of one administrator per 14.7 faculty members.

District Overview

The Delaware Township School District has one elementary school building with a current enrollment of about 550 students in grades K-8. The school is located on a 26 acre site in the village of Sergeantsville. The district is a constituent member of the Hunterdon Central High School District, Flemington, NJ, that serves township students in grades 9-12. Hunterdon Central also serves four other township or borough elementary school districts, including East Amwell, Readington, Flemington and Raritan.

The district operates two distinct educational programs in one building using a “school within a school” concept. The grade K-5 elementary wing houses about 365 students while the departmentalized middle school wing houses about 190 students in grades 6-8. An annex building that formerly housed the district’s kindergarten classes is now utilized for an after school program for over 30 students. District officials are currently conducting a study of school facility needs.

In the 1997-98 school year, the district employed approximately 48 certified and 22 non-certified employees. Excluding part-time personnel and plant & maintenance staff, working hours are 8:30 a.m. - 4:30 p.m. for instruction and 8:00 a.m. - 4:00 p.m. for office staff. Plant and maintenance staff work flex shifts providing coverage from 6:45 a.m. to 11 p.m. All employee title and job descriptions are available in the main administrative office and are incorporated into a recently updated personnel section of the board policy manual. Job descriptions are reviewed and updated periodically to meet district needs.

The district had an approximate salary cost of \$3,347,770 or 78.7% of 1997-98 general fund expenditures. This salary cost includes health benefits, longevity, extra payment stipends and overtime payments.

According to the NJEA research publication Basic Statistical Data, Bulletin A98-1, February, 1999, Delaware Township had an equalized valuation per pupil of \$544,547 in 1998. This placed the district in the range of the 55th to 60th percentile among 70 other K-8 districts with enrollments of 400 to 750 students. The professional staff per 1,000 students was 80.8 compared with an 84.1 staff ratio for the comparison group of districts. The staffing ratio is described as the total professional staff members divided by the average daily enrollment in the district, expressed as thousands. The equalized school tax rate was \$1.40 in 1998, with \$0.82 for the elementary school district and \$0.58 for the regional high school district. The Delaware Township 1998 school tax was 68.5% of the total property tax rate of \$2.04, compared to a Hunterdon County average of 68.6%.

BOARD OF EDUCATION

The Delaware Board of Education consists of nine members who are elected to serve overlapping three-year terms. Three members are elected each year, plus occasionally there is the replacement for any member who does not complete the three-year term. The board normally meets once per month and designates three other evenings for committee meetings. The superintendent, in consultation with the board president, the board secretary and any or all board members, and incorporating the committee report items, establishes the agendas for monthly board meetings. The agendas, with supporting materials, are distributed prior to board meetings with sufficient time for board members to give the items of business careful consideration. The agenda also allows time during the meeting for remarks by citizens, staff members or students who wish to speak briefly before the board.

Board standing committees include education, finance, operations, personnel/negotiations, policy and public relations. Committees are established through action by the board and the board president appoints the chairperson and members. The board president and the superintendent of schools are ex-officio members of all standing committees and are notified of the time and place of all meetings. These committee meetings that do not constitute a quorum of the board are held in closed session, as allowed by law. With the aid of the administration, committees develop goals and objectives for the year for board approval at the second meeting after reorganization. At the next regular board meeting following a committee meeting, the chairperson submits a summary of the topics discussed, the conclusions reached and pertinent recommendations. Standing committees are dissolved each year at the annual organization meeting. In addition, special committees may be created for special assignments and they are dissolved during the year upon completion of the specified function. The board also has individual members who serve as liaisons to the Township, Planning Board, Recreation Department, New Jersey School Boards Association, Educational Service Commission, Parent Teacher Association, etc.

Board policy indicates that the board exercises its powers through the legislation of bylaws and policies for the organization and operation of the school district. While pertinent state statutes, court decisions, etc., define the general powers and duties of the board, board policy acknowledges that individual board members have authority only when acting as a board legally in session and delegates the administration of the district to the superintendent.

At the time of the review, there were only eight members of the school board, as one member had moved out of district and consequently resigned. The review team interviewed seven of the remaining eight board members, the superintendent and the business administrator/board secretary. Board members expressed commitment to provide good educational experiences for students in a cost-effective manner. There has been a recent history of cooperative working relationships among the board of education and the two central office administrators, with all parties respecting the roles and functions of the others. As the membership of the board changes with a new board president and four new members within the current year, new member orientation and in-service training assume renewed importance.

Recommendation:

In addition to orientation sessions for new members, the board should continue to hold annual retreats with the guidance of an outside consultant (perhaps the New Jersey School Boards Association) to discuss board/administrator roles, functions and relationships, to identify achievements and prioritize needs, and to agree on goals and objectives for the near future.

Within the limits set by statute, state regulation, and code of ethics considerations, the method of operation of a local board of education is a matter for local determination. However, the review team has observed that the Delaware Township board relies heavily on a standing committee system where practically all matters, which come before the board, must be “filtered” through a board committee. The board agenda is organized on a committee chairperson report basis, with agenda items grouped under committee headings.

Standing committee meeting dates are scheduled monthly as follows:

- First Tuesday: 6:30 p.m. - Policy Committee
7:30 p.m. - Education Committee
- Second Tuesday: 6:30 p.m. - Finance Committee
7:30 p.m. - Operations Committee
- Third Tuesday: 6:30 p.m. - Public Relations Committee
7:30 p.m. - Personnel/Negotiations
- Fourth Tuesday: 7:30 p.m. - Monthly Board of Education Meeting

Standing committees obviously have advantages and disadvantages both for the board and the administration. Committees provide a mechanism for dividing board functions and concerns into categories and for board members to devote time and talent to specific studies and reports on school matters. The superintendent is present at most committee meetings, as lay committee members rely on the superintendent for communication, professional advice and information.

As indicated in the following table, the various board standing committees are well-organized with specific functions or goals:

Education Committee	Finance Committee
Oversee curriculum cycle	Structure building referendum debt
Increase communication with staff	Recommend bond counsel
Technology plan (goals)	Alternative funding sources
Professional development academy	2000-2001 budget
Personnel Committee	Policy Committee
Staffing plan	Policy audit and revision
Evaluation criteria	Board bylaws
Peer coaching	Legal mandates
Operations Committee	Public Relations Committee
Building specifications	Public information for building project
Weekly job site meetings	Citizen committees re: building project
Five-year facility plan update	Newsletter - Voice
Technology plan (implementation)	Web site
Shared services	Local press
Emergency management plan	
Crisis management plan	

Delaware Township has a very knowledgeable, personable and devoted superintendent and a committed and capable board of education, which serves without financial remuneration. However, frequent and numerous standing committee meetings, with the necessary preparations, data collections and follow-up activities, consume significant amounts of administrative time and energy, which could otherwise be directed toward daily school administration, supervision and instructional leadership.

Recommendation:

Delaware Township has a 550-pupil school building and limited administrative and supervisory personnel. The board should evaluate the necessity for the number of standing committees, the frequency of meetings and the proportion of administrative time needed for board activities, as contrasted to the amount of time needed for daily school leadership, curriculum development, staff selection and supervision, student activities, community relations, etc. It should be apparent the review team is referring to a matter of balance in allocating limited administrative resources between board and school functions, as both are clearly important and indeed related.

ADMINISTRATION

Upon the retirement of the district’s superintendent in 1995, the traditional model of superintendent and principal was changed to superintendent, supervisor, lead teacher and four unit leaders for grades K-2, 3-5, 6-8, and special areas. The former principal’s duties were divided among a supervisor, a lead teacher and four unit leaders. The part-time supervisor

primarily is responsible for the supervision of the teaching staff and the part-time lead teacher coordinates students activities and any discipline issues. The district organization chart shows that the business administrator/board secretary, K-8 supervisor, the lead teacher and the support staff report directly to the superintendent of schools. The four unit leaders report directly to the K-8 supervisor.

This reorganization was viewed as cost-effective and a professional model rather than a bureaucratic model of administration. All members of the leadership team, with the exceptions of the superintendent and business administrator, have teaching assignments. This model for shared decision-making is designed so that those closest to the delivery of instruction to students are empowered to make key decisions about instruction methodology. In addition, team members meet regularly with the superintendent to discuss district-wide developments.

The unit leaders report that there is more connectivity and communication among staff at the various grade levels. There is greater articulation and coordination of curriculum and programs among the grade levels and, equally as important, among regular classrooms and special education. Teachers now budget and plan their own instructional purchases and staff development activities that are tied to the district's stated goals.

After the administrative reorganization was implemented, a strategic planning council was formed for long-range planning and a process of continuous growth and improvement. Twenty-two people, representing the board, staff, parents, students and community met to express their beliefs about the education of students, to formulate a mission statement and to develop numerous goals. The leadership team was charged with the development of action plans for the support of the attainment of the goals. These action plans were reviewed by the strategic planning council and then presented for adoption by the board of education. The action plans were designed to meet the educational (academic) and social needs of students.

The review team observes that the supervisor, in particular, appears to have a heavy workload in performing most of the functions normally performed by a principal, except for student activities and discipline. The supervisor's job description includes management of the school, development, evaluation and revision of curriculum, observations and evaluations of teaching staff members, developing the master teaching schedule and classroom assignments, responsibility for school reports, records and other paperwork, etc. Implementation of state core curriculum requirements within relatively brief timelines has also added to the work responsibilities of the supervisor.

In evaluating the district's administrative costs, the review team utilized the data for K-8 school districts with enrollments of 401 to 750 students as reported in the Comparative Spending Guide, which was published by the New Jersey Department of Education in 1999. Per pupil costs for salaries and benefits for administration in 1996-97 were \$663, which ranked 11 of 71 school districts, and decreased to \$657 in 1997-98, or a ranking of 13 out of 71, or well below average in cost. The total administrative cost in the Delaware Township School District, in 1996-97, was \$837 per pupil, with a ranking of 8 out of the 71 K-8 school districts with a student enrollment of 401 to 750. Ranked low cost to high cost, the lower ranking indicates below average costs. The

1997-98 total administrative cost was \$839 per pupil with a ranking of 6 out of 71 school districts. The district's ranking on this indicator means that the district is grouped within the top 8% of those districts who have the lowest total administrative costs.

The number of administrators employed by the district was verified as below average with a student/administrator ratio of 181.7 and a ranking of 17 in 1997-98. Correspondingly, the student/administrator ratio in 1998-99 was 182.0 with a ranking of 19 out of 71 school districts. The faculty/administrator ratio was 14.7 in 1997-98 and 14.9 in 1998-99, or rankings of 22 and 23 respectively. These rankings place the district among the one-third of the districts with the lowest number of full-time equivalent administrators per faculty member.

The Delaware Township median administrative salary was \$70,125 in 1997-98, which ranked 28th. In 1998-99, the median administrative salary was \$72,750, or a ranking of 35th among 71 K-8 school districts, which falls within the mid-range of district median salaries.

Recommendation:

The district is commended for its cost-effective administrative reorganization, numerical staffing and administrative salary levels.

In the near future as the district increases in student enrollment, district officials should evaluate the adequacy of providing a part-time supervisor for 44 teaching staff members. As indicated in the technology section, the need for in-house technology support staff may make it feasible to relieve the supervisor of some of the technical functions regarding software and increase the amount of available supervisory time.

General Administrative Costs

The review team compared the district's 1997/98 costs for general administration (program 230) with the comparison districts (see table below). Delaware's total cost per student is \$313. This is \$62 or 16.5% less per student than the \$375 average for the three comparison districts. Multiplying the \$62 less per student to the total number of students at Delaware indicates that administrative costs are nearly \$35,000 below the average of the comparison districts.

Comparison of General Administrative Costs-School Year 1997-98 (1)

	Delaware Township	Lebanon Township	Union Township	Washington Township	3-District Average
# of Students	557	818	510	887	738
Salaries	\$93,000	\$146,000	\$127,245	\$122,365	\$131,870
Legal Services	\$2,475	\$9,556	\$13,806	\$27,022	\$16,975
Subtotal	\$95,475	\$155,556	\$141,051	\$149,387	\$148,665
Cost/Student	\$171	\$190	\$277	\$168	\$212
Purchased Prof./Tech. Service	\$18,057	\$30,716	\$27,841	\$28,631	\$29,063
Cost/Student	\$32	\$38	\$55	\$32	\$41
Communication Telephone	\$10,912	\$22,632	\$23,197	\$28,283	\$24,704
Cost/Student	\$20	\$28	\$45	\$32	\$35
Other Purchased Service	\$21,518	\$29,235	\$60,340	\$48,277	\$45,951
Cost/Student	\$39	\$36	\$118	\$54	\$69
Supplies/Materials	\$8,435	\$1,729	\$2,346	\$5,810	\$3,295
Cost/Student	\$15	\$2	\$5	\$7	\$4
Misc. Expenditures	\$19,970	\$8,167	\$8,869	\$9,511	\$8,849
Cost/Student	\$36	\$10	\$17	\$11	\$13
Total Expenditures	\$174,569	\$248,035	\$263,644	\$269,899	\$260,526
Costs/Student	\$313	\$303	\$517	\$304	\$375

(1) The actual expenditures were abstracted from the 1997-98 CAFR. For space purposes a line item in Delaware for \$202 for travel was excluded.

The review team completed a more detailed analysis to determine which of the various components of general administrative costs explained the \$62 per student difference. The analysis indicated that many components were below average, but two were above average.

The areas that explain most of Delaware’s somewhat lower costs are the two categories “salaries” and “legal services.” As the table shows, the cost per student for these two categories is \$171, or \$40 per student less than the \$212 average. This explains about \$22,000 or 64.5% of the lower costs at Delaware. These costs are low for two reasons. First, about one-half of this lower cost occurs due to that portion of the superintendent’s time when acting as principal, which is charged to support services, school administration rather than general administration. Districts with a full-time superintendent charge all of that time to general administration.

Second, the other half of the lower costs is due to modest legal service costs. The district keeps this cost low by not having an attorney on retainer. Instead, it pays a flat fee of \$110 per hour for legal services. This service usually involves reviewing contracts and providing legal advice regarding school operations. School officials keep this rate low by informally comparing it to rates paid by comparably sized districts.

The next area that explains why Delaware’s general administrative costs are lower than average is “purchased professional/technical services.” The cost per student is \$32 or \$9 lower than the \$41 average. This explains about \$5,000 of lower costs. These costs are low for several reasons. First, auditor fees of about \$8,500 in 1997-98 were relatively low. The business administrator

(BA), who stays in touch with the fees paid by comparably sized districts, knows that this is a good rate. Secondly, when district officials hire a professional service these services are used in a focused way. For example, the district hired a company to provide negotiation services. But they were requested to attend only specific meetings when the district was prepared to use their input, which was critical at that time.

“Communications/telephone” is another component of the district’s total general administrative costs that is relatively low. The expenditures in this category are almost all for telephone costs, with only a minor portion for postage. The district’s cost per student is \$20, which is \$15 lower than the \$35 average for all districts. This explains about \$8,600 of the lower costs at Delaware.

The category “other purchased services” is also low. The cost per student is \$39, or \$31 lower than the \$69 average. This explains about \$17,000 of the lower costs at Delaware; however, unlike the other categories reviewed, this is due to the wide variation of expenditures that occur in this category rather than anything done by the district. The team usually looks at two years of data to ensure that single year anomalies are identified. This occurred in this category as indicated by the fact that the average for these same three districts in the prior year was \$41 or 40.6% lower than the year under review. And, this is exactly the amount expended by Delaware in that year.

There were two areas where the district’s costs were higher than average. One area was “miscellaneous expenditures,” with \$36 costs per student. This was \$23 higher than the \$13 average costs. These costs were high partly because some expenses for the next fiscal year reportedly were incorrectly coded for the current year. This category also includes \$5,400 in board expenses, which are reasonable.

The cost per student for “supplies and materials” was \$15, which is \$9 higher than average. Reportedly, these costs were high because of one-time expenditures for storeroom equipment.

The team commends the district for its success in controlling administrative costs.

INSTRUCTION

The district master schedule for middle school, special education and basic skills instruction shows an eight period day from 8:50 a.m. until 2:55 p.m. There is a five-minute homeroom period in the morning and periods five and six are devoted to lunch and other activities, such as multiple intelligence classes and groups.

The two factors that have the greatest influence on instructional costs are the number of teachers and instructional support staff and the salary levels. According to the Comparative Spending Guide, the district had a 1997-98 student/teacher ratio of 14 and a ranking of 26 among 71 districts, which is slightly below average in numbers of teachers. Correspondingly, the student/support service (counselors, librarians, nurses, child study team members and other educational support personnel) ratio was 100.9 in 1997-98, with a district ranking of 18, which

was also below average. The district median teacher's salary was \$50,878 and support service staff median salary was \$50,763 in 1997-98, or rankings of 56 and 62 respectively, which is within the top one-fourth of the comparison group of 71 school districts.

Instructional costs for 1996-97 and 1997-98 are contained in the following table:

Delaware Township Classroom Instructional Per Pupil Cost				
	Actual 1996-97 Cost	1996-97 Ranking	Actual 1997-98 Cost	1997-98 Ranking
Salaries & Benefits	\$4,050	25	\$3,962	23
Gen. Supplies & Textbooks	\$164	21	\$172	19
Classroom Purchased Services	\$50	29	\$30	30
Total Classroom Instruction	\$4,263	23	\$4,165	19

Source: Comparative Spending Guide, published by NJ Department of Education, March 1999

With total classroom instructional per pupil costs ranking between 19 and 23 among 71 K-8 school districts with enrollments of 401 to 750 students, Delaware Township has below average expenditures in this area, which parallel the expenditure patterns in most other operational areas.

Class Sizes

The Delaware Township School enrollments on May 15, 1999 were as follows:

Grade	Class Enrollment	Grade Enrollment
K	20	
K	20	
K	19	59
1	18	
1	19	
1	17	54
2	21	
2	22	
2	20	63
3	22	
3	23	
3	23	68
4	17	
4	16	
4	17	50
5	19	
5	19	
5	21	59
6	19	
6	17	
6	19	55
7	22	
7	21	
7	21	64
8	22	
8	22	
8	23	67
Preschool Handicapped	10	10
Tuition Sent	3	3
Total		552

The average class sizes are as follows: a) in grades K-2 - 19.6 students, b) in grades 3-6 - 19.3 and c) in grades 7 & 8 - 21.8.

The district is commended for scheduling classes in a reasonably cost-effective manner.

Curriculum

Teachers have completed summer curriculum work in the areas of technology, science, foreign language, social studies and health/physical education. Current curriculum development is designed to align the district’s curriculum with the New Jersey Core Curriculum Content Standards and to prepare students for the more rigorous state assessments in the fourth and eighth grades. The schedule of curriculum review for the near future is as follows:

- 1998-99 - social studies, fine arts, academically talented, and guidance and counseling;
- 1999-00 - language arts and computer literacy;
- 2000-01 - mathematics and algebra; and
- 2001-02 - reading and library.

The district has installed a new computer lab in the middle school. The lab has 24 IBM computers that provide Microsoft Office applications, which are taught as part of the regular classroom instruction. The DTCEF donated \$10,000 toward the networking of the lab to a file server and for connection to the Internet via a T-1 line, which has been donated by a local resident. The foundation has also funded the training of 10 middle school teachers, who developed lessons to prepare students in the use of word processing and spreadsheet in the classroom. Each teacher has e-mail, a telephone in the classroom and voice mail. There are also opportunities for staff development through participation in the Educational Training Center.

According to the New Jersey School Report Card, the length of the school day is six hours and 10 minutes with instruction time of five hours and 30 minutes, with the latter equaling the state average of five hours and 29 minutes.

During 1997-98, the K-8 science curriculum was revised to meet the requirements of the New Jersey Core Curriculum Content Standards. The district has utilized an activity-based science approach whereby the students learn by conducting actual experiments. The district adopted new textbooks for all grades and new science kits to support the emphasis on experimentation.

The Delaware Township School District, with a relatively small K-8 school enrollment and with limited numbers of professional staff, is challenged by implementation of the New Jersey Core Curriculum Content Standards. However, district officials are commended for maintaining relatively small classes and offering a reasonable quality of instruction on a cost-effective basis.

Assessment and Basic Skills

The district has used several methods to assess programs for attainment of educational goals. District results on the Early Warning Test and standardized tests have been well above the state standards for district certification. In most areas more than 90% of the students exceeded state standards. In addition to reviewing the results of standardized testing and the Early Warning Test, district officials conduct an annual survey regarding the quality of district programs which is completed by parents, teachers and middle school students. The 1996 survey revealed a high level of satisfaction as demonstrated by the majority of ratings in the above average and commendable range. The exceptions to those generally high rankings were in the areas of science instruction and respect for self and others, which were only satisfactory. These later areas were identified as needs and incorporated into the 1996-99 action plans.

The Delaware Township School District had administered the California Achievement Test for many years until 1999, when the Stanford Achievement Test was given. The national averages on these standardized achievement tests are normed at the 50th percentile. The results for grades three and seven for 1995 through 1998 are presented in the following table:

Grade 3 – Achievement Test Results (Mean Percentile)				
Year	Reading Total	Language	Mathematics	Total Battery
1999*	83	90	88	86
1998	86	93	94	93
1997	85	93	96	94
1996	79	89	92	90
1995	82	91	96	93

Grade 7 – Achievement Test Results (Mean Percentile)				
Year	Reading Total	Language	Mathematics	Total Battery
1999*	80	84	83	82
1998	80	83	89	86
1997	80	82	92	87
1996	77	83	93	87
1995	77	82	88	84

*Stanford Achievement Test

The New Jersey Early Warning Test (EWT) is used as a primary indicator for identifying 8th grade students who may require instructional intervention in the areas of reading, mathematics and writing. The student test results are reported in three levels:

- 1) Level I, the highest level, indicates clear competence.
- 2) Level II, the middle level, shows at least minimal competence.
- 3) Level III, the lowest level, is below the state minimum level of competence.

The New Jersey School Report Card provided the following information for the Delaware Township School District for 1997-98:

Delaware Township - Early Warning Test – Grade 8

1997-98	Reading Levels			Mathematics Levels			Writing Levels		
	I	II	III	I	II	III	I	II	III
Delaware Twp.	56.9%	43.1%	0%	73.7%	24.6%	1.8%	89.7%	6.9%	3.4%
DFG**				56.2%	38.7%	5.1%	67.2%	25.6%	7.1%
State Average				44.4%	42.6%	13.1%	53.7%	29.1%	17.2%

**District Factor Grouping by socioeconomic level.

The EWT was replaced with the new grade eight proficiency assessment (GEPA) in 1998-99.

The Delaware Township school system presently has 15 students receiving basic skills instruction in grades pre-k through eight. This number has remained consistent for the past three school years.

Students are selected for this program at the elementary level based on factors such as the California Achievement Test results, teacher recommendations, report card grades and narratives, reading levels and writing samples.

Instruction at the elementary level is conducted both through in-class support and as pull-out classes. The target instruction time is approximately 235 minutes per week (i. e., 47 minutes per period).

Currently, basic skills services are provided during the multiple intelligence period at Delaware Township, the pull-out program with special education staff, and the after-school program which offers tutorial assistance.

The district spends approximately \$10,312 per year making it the most cost-effective among the comparable school districts.

	Delaware	Lebanon	Union	Washington
Total Cost	\$10,312	\$25,682	\$41,082	\$55,547
Total Enrollment	557	818	510	887
Cost Per Pupil	\$19	\$31	\$81	\$63

Bilingual/English Language Services

The district operates an English Language Services (ELS) program for anywhere from one to four students. This is one of several programs operated under the auspices of the State’s Bilingual Program. The ELS program provides language services where a small number of children (less than 10) speak a variety of languages. Related programs operated by the Bilingual Program include English as a Second Language (ESL) which contains 10 or more students who speak languages other than English and a Bilingual Program which contains 20 or more students who speak one native language.

The district is not required to have a certified language teacher because it has less than 10 students in the Bilingual/ELS program. Because of the small number of students requiring language services the district does not have separate bilingual classes; instead, it operates a “pull-out” program where students are taken from regular classes to receive instruction.

The analysis of the ELS program is based on interviews with the speech teacher, parents, and staff and a review of selected records of children receiving language services. The review team had only limited data available to analyze the Bilingual/ELS function. This is because of the small number of ELS students in Delaware and among the selected districts. In the 1997-98 school year, Delaware and two of the comparison districts each had only one ELS student. One district had no ELS students. Because of the small number of students, Delaware and two of the three comparison districts showed no expenditures for Bilingual/ELS services.

Even though our review was limited by the lack of comparison data, we identified important information regarding this function. The information demonstrates how the staff in a small district uses resources wisely by taking on multiple roles and working together to benefit students.

Like many staff in small districts the speech teacher has a variety of responsibilities. She primarily provides speech services but she is also responsible for the ELS program. In addition, she is the coordinator of the preschool handicapped program and is a member of the child study team for all preschool handicapped cases.

The information that demonstrates the wise use of resources concerns three children from a family that came into the district in the 1997-98 school year. Language tests documented that these children could not speak any English. The speech teacher had the district's foreign language teacher serve as a translator. Then she developed methods with the children and their parents to enable the children to select their food and get through the cafeteria line. She provided language services everyday and assisted them in the cafeteria. She worked closely with the classroom teachers. For example, she located one classroom book that was available in Spanish and purchased it (from her own funds). This helped one student keep up in the child's native language with the class material. The speech teacher also helped to coordinate the students' schedules to place them in classes where either the guidance counselor or an aide was available to provide extra help. The guidance counselor and the aides were given directions on how to assist with the language differences.

The impact of the district's commitment and coordination to help these children is dramatically demonstrated by the fact that after only one and one-half years, one of the three children made the honor roll and the other two students are achieving significant progress.

The input from teachers and staff indicated satisfaction with the Bilingual/ELS program. The results of these interviews and an analysis of the available data indicate that the program meets the district's language service needs.

The review team acknowledges the district's commitment to helping ELS students learn English quickly by coordinating with parents, teachers, support services, and aides. By learning English quickly these students no longer need the additional expense of ELS services and in the process further enhance educational achievements in the classroom.

Instructional Support

Guidance

The district has one guidance counselor who has been in the district for 27 years. For the first 20 years she was a fourth grade teacher. As is often the case in small districts, the guidance counselor has a variety of responsibilities.

She spends about 55% of her time doing school counseling with individual children and some group counseling. She spends about 10% of the time as the testing coordinator for all district wide tests and another 15% as an in-class aide for three special education students.

Another 10% of her time is spent on activities related to the class assistance committee. This committee tracks student behavior problems and coordinates monitoring and corrective efforts with teachers, parents, and administrators. About 5% of her time is spent helping students with

their class scheduling, particularly for high school. And, about 5% of her time is devoted to training and miscellaneous activities. Training areas include safety, manners, peer leadership, conflict resolution, and new school and guidance orientation.

The Hunterdon County Medical Center supplements the services provided by the guidance counselor. The Center provides a male youth counselor who is a social worker. He provides roughly three to four hours of counseling per week mostly to older students. These services are provided through a grant from the center at no cost to the district. The guidance counselor coordinates closely with this counselor on particular cases.

The guidance counselor believes that her function meets a key need in the district. That need is to provide students, and occasionally parents and staff, with a safe place to have someone listen to them in a non-threatening environment.

In terms of costs, in the 1997-98 school year the district spent \$70,585 on the guidance function. We compared the district's cost to the selected comparison districts. The average cost per student for the three selected districts is \$104 per student, while Delaware Township's cost is \$127. This is \$23 or 22.1% per student higher than the average for the comparison districts (see table below).

Guidance Services - School Year 1997-98

	Delaware Township	Lebanon Township	Union Twp.	Washington Township	3-District Average
Number of Students	557	818	510	887	738
Professional Salaries	\$66,058	\$63,961	\$64,359	\$90,655	\$72,992
Supplies & Materials	\$4,527	\$967	\$1,764	\$1,020	\$1,250
Total Expenditures	\$70,585	\$64,928	\$66,123	\$91,675	\$74,242
Per-Student Guidance Costs	\$127	\$79	\$130	\$103	\$104

The analysis of these differences led to the discovery that \$7 of the \$23 difference is due to the failure of the comparison districts to include the costs of district-wide test expenses in the guidance function. This was discovered through the interviews at Delaware and telephone interviews with the comparison districts. Delaware properly recorded \$3,500 for district-wide testing in the guidance function for school year 1997-98. This added \$6 per student to Delaware's costs. Adjusting for this error indicates that Delaware's costs are 15.4% higher than the comparison districts.

The review team does not consider the 15% difference to be significant for two reasons. Individual salary levels are usually higher for more experienced staff as in Delaware. And the cost per student for one of the three comparison districts (Lebanon) is 23% to 39% below the other three districts, which seems unusually low. Because the costs of three of the four districts reviewed are roughly similar, the guidance costs per student at Delaware appear reasonable.

The guidance counselor was observed at work and parents and staff were interviewed regarding guidance services. This information indicates high satisfaction with guidance services. The district's guidance function appears to be meeting the needs of the district's students and the cost of the guidance function is within the normal range.

Health

In 1997-98, the district's health services function was staffed with one full-time nurse (10-month contract) and one medical doctor who is contracted on an hourly basis to do student physical examinations. The district spent a total of \$32,920 on health services (see table below). About 92% of these expenditures were for salaries with the remaining expenditures for purchased services, i.e., the medical doctor, supplies and materials.

The nurse, who has been at Delaware Township for two years, assists with physical examinations, screens for scoliosis, completes audiometric and visual screenings, and maintains student health records. The nurse also provides a family life course for 5th graders which covers three periods, gives a fluoride rinse to students in the 1st through 5th grades and operates a program to instruct teachers and staff on peanut allergies. The nurse does not teach classes because of the large number of students in the school. The doctor provides physical examinations, health screenings and other services.

The team compared Delaware Township's expenditures for health services to the three selected districts (see table below). Delaware Township spends \$59 per student, which is 32.2% less than the \$87 average expenditure per student for the three selected districts.

Comparison of Expenditures for Health Services – 1997-98

	Delaware Township	Lebanon Township	Washington Township	Union Township	3-District Average
Number of Students	557	818	887	510	738
Salaries	\$30,432	\$62,290	\$73,891	\$43,244	\$59,808
Supplies & Materials	\$817	\$1,874	\$6,356	\$1,586	\$960
Purchased Services	\$1,671	\$1,044	\$110	\$1,727	\$3,272
Total Expenditures	\$32,920	\$65,208	\$80,357	\$46,557	\$64,041
Costs Per Student	\$59	\$80	\$91	\$91	\$87

The review team carried out informal interviews with teachers, staff, and parents regarding the quality of nursing services, and their input was very positive. The nurse was observed on several occasions interacting with students and coordinating closely with teachers and parents regarding illnesses and other health issues. In summary, nursing services are cost-effective and meet the needs of students at Delaware Township.

Library/Media Center

The library/media center is located in the addition to the building, which was completed in 1995. A computer lab is located adjacent to the media center, which is available for classroom instruction and independent work during regular school hours. The library provides Internet

service to the students for research purposes only. All staff members have mailboxes, which are accessible through the Internet. The media facility has sufficient space to serve the school and has a wide variety of materials available to serve the diverse population.

A teacher librarian and parent, community, and PTA volunteers staff the library. Instruction is provided to K-6 classes one day per week and middle school students are required to coordinate a research project that ties in with a social studies class. Instruction is also given to the middle school students on an as-needed basis. The card catalog is automated but it continues to be taught as a learning tool. A subject card catalog will continue to be maintained for complete bibliographic information.

The librarian maximizes on available funds by purchasing books and other materials from vendors who provide discounts. There is also a regional inter-library service, which allows the district's students to draw on the resources of public libraries in the Hunterdon County Public Library System. The service is free of charge, and includes weekly delivery of materials to the school.

Educational Media Services/School Library

	Delaware	Lebanon	Union	Washington
Salaries	\$58,900	\$119,581	\$84,647	\$38,335
Purchased Professional Education Serv.	\$0	\$3,889	\$2,114	\$0
Other Purchased Services	\$0	\$895	\$0	\$4,970
Supplies & Materials	\$108	\$18,165	\$11,783	\$47,306
Periodicals	\$1,146	\$0	\$0	\$0
AV Materials	\$1,057	\$0	\$0	\$0
Other Objects	\$0	\$2,106	\$0	\$0
Library Books	\$6,021	\$0	\$0	\$0
TOTAL	\$67,231	\$144,636	\$98,544	\$90,611
Total # Students	\$557	\$818	\$510	\$887
Library Cost Per Pupil	\$120.70	\$176.82	\$193.22	\$102.15
Source: 1997-98 Comprehensive Annual Financial Report (CAFR)				

In the 1997-98 school year, the line item of materials and supplies was broken out to include periodicals, AV materials and library books. The Delaware Township library/media per pupil cost for 1997-98 was \$121, or 23% below the three-district average of \$157.

Community Support

Districts can improve educational offerings and/or ease some of the financial burden on taxpayers through alternative funding sources, such as financial support from community groups or from grants. This section of the report focuses on district's efforts to obtain such funds.

The review team also acknowledges that community support in non-financial terms is invaluable. Examples include strong school support from parents, teachers and staff, using expertise and donated equipment from community members and obtaining volunteers to support classroom and other school activities.

Community Funding Sources

In terms of alternative sources of funding, the district does an excellent job in obtaining financial resources from the community. The district's two major sources of funding are the Parent Teachers Association (PTA) and the Delaware Township Community Education Foundation (DTCEF). These organizations provide the district with community input, volunteer support, and approximately \$47,000 per year in direct financial support.

Our interviews with the presidents of these organizations, parents, board members, teachers and staff indicate that the district enjoys strong community support. One of the major ways that the district maintains and fosters this support is through its strategic planning process.

This process began in 1995 with an advisory committee whose 22 members included parents, former students, community leaders, non-parents, and others. Members provide input and establish district-wide goals covering four areas of curriculum, facilities, funding and board relations. The plan is updated annually and is used to communicate with external supporters regarding the district's future direction, to obtain financial support, and to coordinate and evaluate results in light of established goals.

The district is commended for having a meaningful and effective strategic planning process. This process helps to strengthen the educational program by setting meaningful goals and obtaining strong financial and non-financial support from the community.

TECHNOLOGY

Integration of technology and office automation benefits both students and the administration, as students learn technology skills and the organization improves efficiency. The district also deals with the financial constraints associated with small, one-school districts as a limited budget impacts the development of a well-organized Management Information System (MIS) department. As a matter of practice, the team generally critiques the district's planning and effective use of technology. The team does not evaluate the process of software selection unless such processes are inefficient, which was not the case in the Delaware Township District.

The district currently does not have a full-time dedicated staff, but rather divides responsibilities associated with the operational needs among four individuals, with some network administrative functions outsourced to consultants. The superintendent oversees technology from a macro perspective, appointing the elementary supervisor to handle daily operational needs, in addition to her other responsibilities. There are two teachers who assist with technology issues, one instructional teacher assigned to the computer labs, and another teacher who spends one period per day handling computer problems. Each teacher specializes in one of the two operating platforms used in the district. All staff perform technology support secondary to their primary instructional responsibilities.

Technology Plan

Adequate planning is critical to the success of any venture. No company would devise strategies without careful planning on use of resources to achieve goals and objectives. A technology plan

serves this purpose as the district integrates technology into the organization. It is important that the technology plan integrate all departments of the organization, and not just focus on the instructional setting.

The district has two technology plans: a five-year technology plan and a distance learning plan, which were developed in 1994 and 1997, respectively. The 1994 technology plan was an in-depth guide into technology implementation since 1994 outlining the development of a technology committee, mission statements, policies and procedures, action plans, and an implementation schedule specifying purchases and installations. Attached to the plan was subsequent documentation specifying actual purchasing, donations and revised policies as specified in the plan.

In response to the Tele-Communication Act of 1996, the district developed a two-year distance learning plan that met the qualifications for the district to receive discounts for equipment and distance learning services. In 1997-98, the district received \$3,000 in discounts for technology. According to the NJDOE, the district may qualify for discounts up to 40% on distance learning technology purchases for the 1999-00 school year. Discounts are formula driven based on the number of free or reduced lunches served, and must meet the approval of the NJDOE. Additional information can be found on the NJDOE web site.

At the time of the review, the district had not performed a Y2K assessment and remediation plan. The district reported its intent to perform the review and addressed potential issues during the late 1999 summer months. While the initial tours indicated that the majority of the computer systems, fax machines and copiers appear to be Y2K compliant, the risk exposure associated with the facility could not be determined. Recognizing the risks associated with delays in addressing this issue, the review team concluded the field visitations with a verbal recommendation to the district to actively pursue the Y2K assessment.

Recommendation:

The district needs to be proactive in technology planning, as it is a dynamic field with new technologies constantly emerging along with volatile market prices. Therefore, the technology committee should update the technology plan every two to three years in order to keep stride with changing technology. A master five-year technology plan should include analysis and evaluation of all district operations.

Infrastructure

The district has a total of 126 computers operating on two different platforms. There are two networks and at least one computer in each classroom, as well as in the administrative offices. All computers are wired into a local area network with servers in the labs and a mail server and routers in a supply room located in the 1995 addition. The majority of the computers are new and still under warranty. At the time of the review, there were two consultants handling network administration for two platforms, repairing computers not under warranty and providing technical support as needed. A satellite on the 1970's addition provides access to the National Oceanic and Atmospheric Administration for meteorological distance learning.

The district began a major infusion of technology in the 1994-95 school year with a major investment of \$111,238. From 1994 through the 1998-99 school year, the district spent \$246,991 on hardware and \$33,399 in software purchases, a total of \$280,390. Of the \$280,390, the district received \$27,860 from the Parent Teacher Association (PTA) and \$57,800 from the Delaware Township Community Education Foundation (DTCEF). Together, both organizations contributed 30% of actual technology expenditures.

The LGBR team commends the DTCEF and PTA for their active role in fundraising for the district contributing over \$85,000 for technology purchases.

The district comparatively shops for equipment by comparing local retailer prices to the state contract. While the district has purchased from local retailers at 10% below state contract, the district should also periodically bid technology purchases, as many companies will beat the state contract by more than 10%. Also, direct purchasing by the DTCEF and PTA may save money, and many manufacturers will gladly transfer the warranty to the school district. If the district uses the DTCEF and PTA to purchase equipment, the district, prior to purchase, should establish strict selection criteria.

Recommendation:

While using the state contract for comparative shopping with local retailers has yielded 10% savings, bidding and using the PTA and DTCEF can produce additional savings over the 10% below state contract. The district should consider utilizing the bidding process and/or the PTA and DTCEF for comparative purchasing of technology products.

During the tour and interviews, the LGBR team found some situations that the district needs to address, including:

- The district currently uses a non air-conditioned supply closet for the mail server and district routers.
- The district does not have a current virus software package.
- Some of the hardware and software repairs take 2-3 weeks.
- Email server software was unreliable.
- There is no back-up protocol for either computer platform.
- The Internet guardian software package has never been updated.

These issues indicate that the district needs to redirect resources to the technology area. Our interviews found that these issues are not necessarily from intentional neglect, but most likely are the result of technology responsibilities being secondary to the staff's primary job duties. The risk exposure to a complete system loss is great due to the lack of a current virus definition table, a file backup system, an updated Internet guardian definition table and extended repair times.

The supply closet that houses the computer equipment does not have air conditioning. Computer equipment housed in non-climate controlled rooms shorten the life of the equipment. Fortunately, the closet is part of the 1995 addition, and the district should be able to tap air conditioning ductwork at a nominal cost.

Recommendation:

The district should consider installing air conditioning in the supply closet, thereby extending the life of the computer servers and routers located in the room.

Value Added Expense: \$700

The district does not utilize any work order repair system nor does it maintain a database of service calls on the equipment repaired by either vendor. Work order systems provide management additional data regarding repair trends on equipment. For example, the multiple replacement of a motherboard in one computer could suggest a power supply problem with the individual computer. A high failure rate of motherboards in a specific part of the building may suggest a batch of defective equipment or possibly a power supply problem in the facility. Regardless, without a tracking repair system, identifying recurring problems becomes difficult.

Recommendation:

Work order systems provide valuable data about technology assets. The district should consider implementing a technology request repair work order system. With a district wide E-mail system in place, the technology coordinator could easily develop a system using E-mail and subsequent data entry into a spreadsheet or data base software package.

The business office utilizes a PC based business package, which the BA reported the district is happy using. The district uses a comprehensive office package for student data and staff attendance. The payroll function is currently outsourced, while the student attendance package was purchased through the Hunterdon Educational Services Commission.

Internet access is available through fractional T-1 frame relay piping 128k baud rate into the facility. The district receives Internet service free, while only paying approximately \$4,000 annually for line connection. The district utilizes an Internet monitoring software package to prohibit contact with inappropriate web sites. The district provides E-mail to each teacher, and each classroom has a shared E-mail address for student use. The Internet service provider also provides technical support for the district's E-mail server. Students and employees are responsible for complying with a technology code of ethics.

District plans call for the integration of interactive distance learning (IDL). Unlike distance learning, interactive learning involves two-way communications. For example, many museum Internet sites are instructional and therefore qualify as distance learning. Interactive learning can link multiple schools with video conferencing that allows direct question and answering. The fractional T1 relay into the school, while free, cannot support current IDL technology. There are numerous delivery mechanisms and all have their own benefits and weaknesses. A complete and thorough evaluation of available IDL should be performed before committing to a specific IDL technology.

Recommendation:

The board should consider charging the technology committee with the responsibility of investigating and evaluating the best IDL technology, which meets the needs of the students and community.

Consultants

The district currently has three consultants: two supporting a platform each, and one performing as a web master. The district has developed outstanding relationships with and received quality service from the consultants. For example, one consultant eliminated the two- to three-week hardware repair delay, while another hosts and performs web master functions for a very nominal fee. Still, the district periodically re-bids to insure that comparable market prices are received for consultant services.

Technology Staff Development

The district has a proactive stance when promoting staff development. As a remote site for the county's Educational Training Testing Center (ETTC), the district offers employees technology training in a variety of areas. If there is insufficient enrollment, employees have the option to attend ETTC classes at Hunterdon Central Regional High School. According to district documents, the district spent \$14,371 for in-service summer technology training. The DTCEF funded 93% or \$13,448 of the training cost while the district contributed \$954.

The LGBR team commends the DTCEF for contributing \$13,448 towards staff training in technology.

Infrastructure Analysis

Many of the issues regarding technology and office automation are a result of the lack of a dedicated technology employee or an MIS department. In the Delaware Township School District, the problems listed above do not suggest neglect by the district, but rather a lack of MIS staffing. However, hiring a full-time staff or establishing a department can be expensive, and given the size of the district, it is more efficient to outsource the network administration. Still, the district needs an experienced individual who is able to handle daily responsibilities and the problems that emerge. In addition, a technically skilled employee can perform much of the research involved in technology acquisition.

Given the limited size of the district and its financial constraints, the district should seek to dedicate an employee to technology on a part-time basis. The team contacted one of the regional high school districts and received a favorable response to sharing a full-time employee. Furthermore, the district may even be able to create a joint MIS department, thus sharing the services of a full-time employee and increasing its buying power through cooperative purchases with the other district.

Recommendation:

The LGBR team recommends the district consider contacting the Hunterdon Central or Southern Regional High School districts to establish either a joint MIS department or share the cost of employing a full-time technology employee.

Value Added Expense: \$32,000

Communications

Delaware Township has more than one telephone area code within its jurisdiction. The district reduces the overall expense by monitoring phone usage and making employees responsible for non-business calls. The district has even negotiated a reimbursement plan with the education association in which the district provides two phone numbers for teacher use and requires that all calls, except those with district exchanges, are reimbursed by either the teachers or, if left unclaimed, by the association. The phone numbers are accessible from any of the phones installed in each classroom and in the break room. In 1997-98, the association reimbursed the district approximately \$1,020.

The district also enjoys long distance discounts of 5% and 10% for high volume usage and the NJ School Business Association discount, respectively. The district also receives a 20% discount on a “favorite nation plan” for e international calls made to Japan and the Netherlands. In 1997-98, the district saved \$1,278 on long distance bills.

In 1997-98, the district logged 6,891 local and 15,428 long distance calls for a total 22,409 phone calls. The 15,428 long distance calls totaled 581 hours or the equivalent of 73 workdays. The team was unable to perform a similar analysis on the local phone carrier bills. Of the \$7,421 total phone expense, \$2,480 was for local and \$4,941 for long distance calls. The LGBR review found that the local carrier was billing on behalf of the long distance carrier for some of the long distance calls. Since the long distance carrier did not bill these calls, the district could not qualify for the discounts. The LGBR team notified the business administrator who indicated a billing correction would be made with the local carrier. The LGBR team also found additional phone expenses dealing with directory assistance. There were 291 directory assistance calls for an additional cost of \$32 for local assistance and \$288 for long distance, and the two pay phones cost \$500 a year.

Recommendation:

The district could yield additional savings by reducing the directory assistance calls through the use of a phone directory installed on the district network. Negotiating reimbursement similar to the Education Association Agreement with the transportation and plant operation departments could also reduce the number and cost of long distance phone calls. The district should consider exploring these options for reducing communication costs by \$750.

Cost Savings: \$750

Special Education

According to December 1, 1998 enrollment, the Delaware Township School District has 52 classified students, including four students who are classified for speech only. Excluding speech, of the remaining 48 students, 37 are educated in resource rooms, eight are educated in self-contained classrooms, and three are educated out-of-district.

One special education (SE) student is sent to an Educational Services Commission (ESC) and two are sent to private day schools.

School Type	Number of Students	Est. Average Tuition Per Pupil
Private	2	\$24,095
County ESC	1	\$22,000

Based on the data provided by the school district, the average tuition cost-per-pupil for out-of-district SE was \$23,397. The district's overall additional special education cost-per-pupil as of June 1998 was \$7,250. This was \$2,686 lower than the three-district average of \$9,936.

Special Education <i>Fiscal Year Ended June 30, 1998</i>	Delaware Township	Lebanon Township	Union Township	Washington Township
<u>Revenues</u>				
Special Education Aid	\$202,330	\$389,349	\$233,320	\$497,091
<u>Expenditures</u>				
Instruction	\$301,891	\$458,978	\$338,167	\$322,801
Undistributed Expenditures-Instruction	\$74,594	\$111,593	\$41,983	\$768,565
Support Services	\$94,517	\$195,760	\$161,737	\$293,796
Transportation	\$949	\$90,348	\$41,202	\$82,182
Total Spec. Ed.	\$471,951	\$856,679	\$583,089	\$1,467,344
At Delaware Twp. Special Education Enrollment	471,951	422,966	624,712	892,619
Education Cost Per Spec. Ed. Student	\$7,250	\$6,498	\$9,597	\$13,713
Special Education Enrollment*	65	132	61	107

*December 1, 1997

There are eight tuition-paying SE students received from other districts. As of June, 1999, the school district anticipates four additional pre-school handicapped students for the 1999-00 school year. The district currently promotes increasing the number of tuition-paying special education students from other districts to fill available spaces.

The district provides many in-district placements of SE students in accordance with the individualized education plans (IEP's). Due to the size of the student population, personal assessments are made of the SE population and their very specific needs. All available resources are utilized in order to keep SE students within district. SE students are not sent out-of-district unless the district is unable to provide an appropriate level of education in a least restrictive environment.

The 8.6% classification rate of Delaware Township is also well below the 12.2% three-district average for school year 1997-98.

	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
Delaware Township								
Total Enrollment	532	534	540	531	516	533	537	547
Spec. Ed. Enrollment	58	56	66	60	59	58	56	47
Classification Rate	10.9%	10.5%	12.2%	11.3%	11.4%	10.9%	10.4%	8.6%
Lebanon Township								
Total Enrollment	639	651	651	716	743	789	829	824
Spec. Ed. Enrollment	60	69	59	74	84	107	101	100
Classification Rate	9.4%	10.6%	9.1%	10.3%	11.3%	13.6%	12.2%	12.1%
Union Township								
Total Enrollment	391	401	434	426	426	453	460	498
Spec. Ed. Enrollment	32	41	51	51	51	64	67	61
Classification Rate	8.2%	10.2%	11.8%	12.0%	12.0%	14.1%	14.6%	12.2%
Washington Township								
Total Enrollment	513	542	584	677	782	829	971	1,086
Spec. Ed. Enrollment	72	78	83	74	81	95	122	132
Classification Rate	14.0%	14.4%	14.2%	10.9%	10.4%	11.5%	12.6%	12.2%

Note: The date above does not include students classified for speech therapy only.

The district should continue to provide in-district special education programs whenever appropriate programs and services can be delivered in accordance with pupils' IEP's and federal and state laws regarding education of students with disabilities.

Special Education Medicaid Initiative (SEMI)

A review of the SEMI records reflects that the Delaware Township School District is not currently enrolled in the Special Education Medicaid Initiative. Through the SEMI program the State has distributed over \$12 million to the participating school districts. The Department of Education, Office of Special Education Programs has been asked to begin the SEMI enrollment process. The enrollment process involves certification by the NJ Department of Education and completion of a Medicaid application for the Department of Human Services.

The state provides on-site technical assistance to the school district during the application process and in setting up the claiming process. The state also provides regional training sessions, a centralized billing unit to prepare and submit the Medicaid claims, a toll free number to answer questions and discretionary funds distributed monthly to the district by electronic fund transfer.

The SEMI program is a joint project of the Departments of Treasury, Education and Human Services to claim Medicaid reimbursement for certain medical services provided to eligible special education pupils. Services include evaluations, speech therapy, nursing services, occupational therapy, physical therapy and psychotherapy.

Based on the Department of Education statistics, the district may expect to receive a minimum of \$1,000 per year from claims for evaluations and special education services. However, a nearby school district, Frenchtown in Hunterdon County, which also has few eligible special education pupils, has been receiving between \$4,000 and \$5,000 per year in Medicaid reimbursements.

Under the SEMI program, the district may claim retroactively for up to one year for the services already provided by the district to its eligible special education pupils.

Revenue Enhancement: \$2,000

Athletics/Co-Curricular Functions

The analysis of athletics and co-curricular activities begins with a financial analysis that combines the costs of both functions. It was necessary to combine these costs because two of the three comparison districts combined the costs of both functions into one total. This is somewhat typical of smaller districts. The information from the combined financial analysis is then used to analyze each function separately.

The analysis of combined costs indicates that Delaware’s cost per student is \$103 (see table below). This is \$46 or 80.3% higher than the \$57 average for the three comparison districts. If Delaware’s costs equaled the average of the comparison districts, its costs would be about \$26,000 lower (\$46 x 557 students).

Athletic and Co-Curricular Expenditures Combined – 1997-98

	Delaware Township	Lebanon Township	Union Township	Washington Township	3-District Average
Number of Students	557	820	510	887	739
Salaries	\$46,737	\$38,449	\$27,157	\$26,132	\$30,579
Purchased Services	\$5,830	\$3,650	\$0	\$0	\$1,217
Supplies, Materials & Misc. Exp.	\$4,761	\$3,968	\$4,739	\$20,489	\$9,732
Total Expenditures	\$57,328	\$46,067	\$31,896	\$46,621	\$41,528
Costs Per Student	\$103	\$56	\$63	\$53	\$57

Further analysis of this data examined cost per student but separated these costs by salaries, purchased services, and supplies and materials. This analysis indicates that of the \$46 difference between Delaware and the comparison districts, \$41 or 89.1% is due to higher salary expenditures (see table below).

Cost Per Student Analysis for Line Items 1997-98

	Delaware	3-District Average	Amount Delaware Above (Below) Average
Cost/Student Salaries	\$84	\$43	\$41
Cost/Student Purchased Service	\$10	\$1	\$9
Cost/Student Supplies/Material/Misc.	\$9	\$12	\$(3)
Total	\$103	\$57*	\$46

*Does not add due to rounding.

If Delaware’s salary cost equaled the average of the comparison districts, it would be \$22,837 less. More detailed data available from Delaware indicates that athletic salaries account for 70% of total salary expenditures for the combined functions of athletics and co-curricular. Therefore, 70% or about \$16,000 of the higher combined salary costs is attributable to the athletics function. And, 30% or about \$7,000 is attributable to the co-curricular function.

In addition, the detailed data indicates that the \$9 per student higher costs for purchased services is due to the athletic function. The extra \$9 per student totals about \$5,000 in higher costs. The next section analyzes these higher costs in the athletics and co-curricular functions.

Athletics

The district operates a strong athletic program and has a high participation rate. Nine different sports, including soccer, cross-country, field hockey, cheerleading, boys and girls basketball, gymnastics, boys baseball and girls' softball, operate throughout the school year.

The athletic function is managed by one person who is responsible for a wide variety of school functions including co-curricular activities, discipline, events planning, field trips, and liaison with the township recreation committee.

The district has a no-cut policy except for gymnastics, where there are safety concerns. The no-cut policy results in a higher student participation rate. In the 1997-98 school year, approximately 195 students in grades 4 through 8 participated in the program. Although there is some duplication from students who participate in multiple, i.e., both fall and winter, sports, this represents 66.1% of the number of students in grades 4 through 8. This is a high participation rate based on LGBR's experience with other districts.

As a result of the high participation rate, the district has two teams for most of the sports. The district believes in a strong coaching function, therefore, each team has its own coach and the three sports that have one team (cross-country, boys' baseball and girls' softball) each has two coaches. As a result, the district has a total of 17 coaches. The stipends for these coaches come from the athletic salary line. The major reason for the \$16,000 in higher salary costs is the district's commitment to an athletic program that has a high participation rate combined with more coaching positions.

The \$5,000 higher purchased services costs are for fees paid to umpires or referees at athletic events. Only Lebanon reported any expenditure for purchased services (\$3,650). Calls to the other districts confirmed that they too have paid officials, but they report these expenditures differently. While there is insufficient data to draw firm conclusions, it appears that Delaware's expenditures for purchased services are reasonable. And, this is the second time (guidance cost was the first) where Delaware properly categorized costs and other districts did not. The team commends the district for accurately accounting for these relatively minor expenditures.

The team's review of the financial and programmatic operations of the athletic function lead us to conclude that the program is well-managed, appears to meet the needs of students and costs significantly more than the comparable districts.

Recommendation:

The district's athletic program costs the district roughly \$16,000 per year above the average for the comparison districts. The district should consider moderating these excess costs somewhat by reducing some coaching positions and related expenses. For example, the district could abolish one of the two coaching positions from those sports that have one

team but two coaches (cross-country, boys' baseball and girl' softball), which would eliminate three coaching positions. Some communities are successful in recruiting community coach volunteers for assisting the school certified coaches.

Cost Savings: \$8,000

Co-Curricular Activities

This section analyzes the district's effort regarding district sponsored co-curricular activities such as clubs, bands, entertainment, and publications. Some of the extracurricular activities at Delaware are the after-school tutorial, woodwind ensemble, 5th grade band, jazz band, spring musical, yearbook, and student council. About 150 children or 50% of the approximately 300 students in grades 4 through 8 participate.

The district also operates an after-school enrichment program twice a year in November and April. Students meet twice per week for four weeks for chess, radio, art, computers and swing dance. Teachers and volunteers staff the enrichment program. The district has a strong student participation rate in these activities.

The earlier analysis estimated that co-curricular salaries were about \$7,000 higher than the comparison districts. Stipends paid to teachers who carry out co-curricular activities comes from that salary line. The higher salary cost at Delaware is due to the high participation rate and the number of clubs and activities offered by the district that result in more stipends paid to teachers.

The review team concludes that the co-curricular program enriches the students' learning and experience, is well-managed and costs significantly more than the comparable districts.

Recommendation:

The district's commitment to providing a wide variety of co-curricular activities costs the district roughly \$7,000 per year above the average of the comparison districts. The board should periodically confirm these higher costs are worth the value the district gains by having a wide variety of co-curricular activities.

BUSINESS OFFICE operation

Purchasing

This section analyzes the district's purchasing function. Only about \$906,000 or 21.3% of the district's \$4.3 million in school year 1997-98 expenditures are for purchased items. The majority of the district's expenditures are for salaries (\$2.9 million) and pension, social security contributions, and health benefits (\$.5 million). The district spent the \$906,000 to purchase textbooks, supplies, equipment, contracted services, heat and electricity and other such items. These types of purchases are the focus of this section.

The district processes roughly 1,200 purchase orders per year. The district uses various purchasing methods depending on which one provides the best value. One method is to purchase

jointly through the Education Services Commission (ESC) of Hunterdon County. All but a few of the 28 districts in Hunterdon County are members of the ESC. The Commission combines the needs of all districts and does a joint bid for products and services. Currently, the district purchases gasoline and diesel fuel (which it shares with the township), janitorial supplies, and paper, school and office supplies through the ESC. In the future the district is looking to obtain telephone services in this way.

The district also uses state contracts when they offer better terms, prices, or quality. District officials currently purchase copiers, telephone services, computer equipment, and furniture under state contract.

The third method the district uses to purchase products and services is to request RFPs, bids or quotations if it believes that this method offers a better value than the ESC or state contracts. Examples of items purchased this way are lawnmowers, buses, food services and the replacement windows in the school.

The district has written purchasing procedures which are kept current. Generally, the purchasing process begins in March with the business office sending forms to obtain requests for any items needed to complete the current year. By the middle of April the business office approves and processes these requests for the current year. After current year requisitions are processed, the business office sends to the managers and supervisors next year's budget allocation along with forms to request supplies for next year.

At the beginning of May the business office approves requisitions for next year and combines individual amounts to enable bulk ordering of supplies. Around June 30th, the business office sends orders to vendors. In July and August, the district receives the purchased supplies. Maintenance personnel gather the supplies needed for each teacher and deliver them to the teacher's room.

The team's review of the district's purchasing function indicates that the district uses a variety of purchasing methods to obtain good value for the taxpayer's purchasing dollar.

Insurance

The Delaware Township School District, like most small school districts, has few options when it comes to procuring the least expensive insurance policy. A limited budget coupled with the risks associated with public facilities provides limited options for districts to find insurance on the open market. However, N.J.S.A. 18A:18B et. seq. permits schools to participate in Joint Insurance Funds (JIF's). These funds effectively allow small districts to share their risk modifier among a larger group, which results in lower premium rates. In the 1997-98 school year, the district paid \$53,190 for insurance coverage in its JIF. This has since decreased to \$46,714 for the 1999-00 school year. JIF's remain a cost-effective alternative as long as all participating districts actively work to reduce risk. The following table outlines district coverage:

Joint Insurance Fund Coverage

Property	
Buildings, Contents, Extra Expenses, Valuable Papers, Property in Transit, EDP Equipment/Media	\$100,000,000
Newly Acquired Property	\$5,000,000
Builders Risk	\$5,000,000
Contractor Mobile Equipment	\$5,000,000
Unnamed Locations	\$5,000,000
Demolition and Increased Cost of Construction	\$5,000,000
Earthquake/Flood	\$5,000,000
Fine Arts	\$200,000
Loss of Rents	\$200,000
Comprehensive General and Automobile Liability	
Comprehensive General Liability	\$1,000,000
Employee Benefit Liability	\$1,000,000
Business Automobile Liability	\$1,000,000
Excess School Board Legal Liability	\$5,000,000/\$5,000,000
Boiler Machinery	\$50,000,000 (\$1,000 deductible)
Workers' Compensation	Statutory Limits
School Board Legal Liability	\$1,000,000/\$1,000,000 (\$2,500 deductible)
Student Accidents	\$25,000 per accident
Bonding	
Custodian of School Monies	\$75,000
Business Administrator/School Board Secretary	\$20,000
Public Employees' Blanket Bond	\$2,500

Recommendation:

The LGBR team commends the district for participation in a Joint Insurance Fund. While the JIF remains the best insurance solution for the district, the recent trend of competitiveness in the insurance market warrants comparative shopping. It is therefore recommended that the district competitively shop for insurance every three years to insure the best possible price.

Risk Management

The district has the responsibility of providing a safe and secure facility for students, employees and visitors. A conscious effort toward this goal reduces work/school-related injuries, which result in fewer claims and ultimately lower premiums for coverage. A review of the insurance loss-run report shows the district has incurred 13 claims since September, 1997. Of the 13 claims, eight have been closed with a payout of \$4,054. As part of the review, the team toured the facility and grounds. The following is a list of examples the team identified as potential risks: 1) electrical boxes were blocked with storage boxes; 2) open and exposed wiring in boys

shower room; 3) the art storage room was extremely cluttered; 4) exposed exterior lighting fixtures; 5) teachers must stand on chairs or desks to operate air conditioners; 6) field bleachers are situated on uneven surfaces; and, 7) improperly installed ceiling tiles.

As a requirement of the JIF, the district must establish a safety committee. The committee assesses the district's exposure to liability in an effort to assure safety and to reduce the potential of an insurance claim. District officials reported a three-member committee consisting of the superintendent, business administrator and the director of plant operations. However, there were no records regarding the committee's activities, except for a completed work sheet supplied by the insurance carrier for an annual inspection.

Recommendation:

Districts should be diligent in reducing the risk of insurance claims. It is therefore recommended that the district establish a formal safety committee that meets quarterly. The committee should be staffed with a member from each negotiations unit, and report all findings to the board for corrective action. The district should consult with the third party administrator or JIF for assistance in developing procedures for the committee.

Inventory

The most recent audit reviewed (1997-98) had only one finding which dealt with updating the fixed asset inventory. The district has recently addressed the issue. Generally Accepted Accounting Principles (GAAP) mandate that proper accounting requires establishing a General Fixed Asset Group of accounts and providing an inventory method to quantify the historical costs of fixed assets (value \$500 or more).

According to board policy-file code: 3440 readopted March, 1998, "property shall be inventoried by physical count every year at the end of May. Portable capital equipment of \$100 unit value or more shall be inventoried annually and any loss reported to the board. Consumable supplies shall be maintained on a continuous inventory basis." Delaware Township uses a computer spreadsheet to maintain and update a list of assets as required.

When the district purchases new equipment, the BA uses the purchase order to enter the new item into the fixed asset group. The BA removes items whenever the equipment is sold or discarded. And, the district has a policy for disposal of unused or broken school equipment and supplies. Each year the district disposes of a few items of unused or broken school equipment.

The Auditor's Management Report, June 30, 1998, states in part that "facilities' improvements made during the year were not added to the General Fixed Assets Account Group." The auditors use the updated asset list to depreciate selected items on the list. The district also uses the list to generate required financial reports and to submit reports to the insurance company that insures its property.

For the 1998-99 school year, the district contracted with a vendor to do an inventory appraisal and apply bar coded tags to each fixed asset. The cost of this service is \$1,100. The vendor updates the inventory each year at a cost of \$600. The vendor also includes in this process “critical control items” that cost less than \$500, such as audiovisual equipment, TVs, and faxes.

The current fixed asset process at Delaware appears to operate effectively to ensure the district’s fixed assets are accounted for and properly reported.

Federal and State Grants

The district spends about \$1.4 million each year in federal and state grant funds. These funds are awarded to the district based on formulas or grant requirements. The district does an excellent job in using the allocated grant funds. In 1997-98, the district used every dollar of funds allocated and did not return any funds to the grantor. While the district does an excellent job with formula or entitlement grants, it can do a better job with competitive grants.

Competitive grants require a district to compete with other districts for very limited grant funds. The application process can be time-consuming, and often is targeted to lower socioeconomic districts, and many applicants do not receive an award. For these reasons, the district does not apply for competitive grants from the Department of Education. The district believes that the time it takes to apply for the grant is unproductive because of the likelihood that the grant would not be funded. The review team analyzed this issue and identified the potential for the district to obtain some competitive grant funding while requiring a limited amount of staff and/or volunteer time.

The review team appreciates that personnel resources in smaller districts are more limited because staff members often perform multiple jobs. However, the review team identified one K-8 district with roughly similar socioeconomic characteristics as Delaware’s that won a competitive grant for \$50,000.

The review team suggests that Delaware Township consider the following approach to focus efforts to win one or more competitive grants. Connect with the DOE Website (www.state.nj.us/education) to review the list of grantees (i.e., school districts that have been awarded competitive grants). Find grants that are consistent with the district’s philosophy, plans and goals and determine whether the funds are available for the next year. If so, examine the applications of the successful districts (these are available 30 days after DOE makes awards) and using that information and pertinent district data apply for the grant in response to the next announcement. This process could be completed through the combined efforts of district officials and talented community volunteers.

Recommendation:

The district should consider forming a committee of professional staff and community volunteers to focus efforts to win competitive grants. Our review of awards for similar districts in terms of size and socioeconomic status suggest the potential for the district to win some competitive grant awards. Some districts also offer financial incentives to staff for writing successful applications for grants.

Copiers

The Delaware Township school leases two copiers for use within its school and administrative offices. The copier utilized by the administration produces 50,000 copies per year and the school copier produces about 800,000 copies per year.

In 1997-98, the school district leased copiers from a private vendor for an annual sum of \$13,495 including equipment, parts and supplies but not including paper or staples. During 1998-99, the school district began to investigate alternative contracts. Consideration was given to a cost-per-copy contract with the Educational Services Commission (ESC), a copier purchase contract offered by the State of New Jersey, and a copier purchase contract with a private vendor.

In July, 1999, the private vendor was selected for copier service with a three-year lease-purchase agreement. This included a trade-in and credit of the old equipment and replacement with new equipment. The total annual contract cost is \$15,589, which includes the total cost of copiers, financing, maintenance and supplies not including paper and staples.

1999-2002 Delaware Copier Contract						
	Annual	Monthly	Copier/	Maintain/	3 Year	Total
Copier	Copies	Volume	Finance \$	Supplies \$	Contract \$	Annual \$
Administration	50,000	4,167				
Central School	800,000	66,667				
Totals	850,000	70,833	\$27,247	\$19,520	\$46,767	\$15,589

In undertaking our analysis, a five-year copier life was assumed. This reduces the annual copier/finance costs to \$5,449. The annual maintenance/supplies cost are \$6,507, assuming fixed costs beyond the three-year contract. The total annual costs would thus be reduced to \$11,956.

The state recently entered into a cost-per-copy contract, which in essence enables entities, including school districts, to contract for the procurement of *photocopies*, rather than photocopier equipment. Under this arrangement, the vendor provides the agency or district with a copier for its use. The agency or district does not rent, lease or buy the copier, but rather purchases the photocopies. All equipment, parts, and supplies, with the exception of paper and staples, are included in the monthly fee. The contract makes accommodations for machines with as few as 1,250 copies or as many as 100,000. Machines which have a greater number of copies are included in this contract on a per copy basis.

	Annual	Monthly	Monthly	Difference	Total	Total	Cost/Copy	Cost/Copy
Copier	Copies	Volume	Minimum	Min/Capacity	Monthly \$	Annual \$	Minimum	Excess
Administration	50,000	4,167	1,000	3,167	\$94.59	\$1,135	0.0227	0.0227
Central School	800,000	66,667	45,000	21,667	\$593.34	\$7,120	0.0089	0.0089
Totals	850,000	70,833	46,000	24,833	\$687.93	\$8,255		

The annual cost savings between the state cost-per-copy contract of \$8,255 and the private lease contractual cost of \$11,956 is \$3,701.

Recommendation:

Delaware Township should consider utilizing the state's cost-per-copy contract. Based upon the 1999-2002 cost of photocopier equipment and supplies and other related charges, potential annual savings to the district are approximately \$3,700.

Cost Savings: \$3,700

Audits

The district has a written agreement for auditing services and has used the current auditor for several years. The district periodically obtains proposals from other auditing firms to ensure that a good rate is received. The latest proposals were for the 1998-99 school year. The district's current auditor presented the least expensive proposal and the district is continuing with that firm.

The review team reviewed three years of audit reports to determine whether the district implemented recommended improvements and maintained proper accounting controls. The district does an excellent job in implementing prior year audit findings and has made good progress in improving financial controls over the past two years, as indicated by the significant decrease in the number of audit findings.

In the 1996-97 audit there were four findings:

1. the fixed asset group was not updated;
2. \$286 in expenditures were not properly classified;
3. the food service cash account was not properly reconciled; and
4. the free lunch reimbursements were not properly reconciled with meal count records.

All prior findings were implemented, except referencing the Chart of Accounts Handbook for proper classification of expenditures.

In the 1997-98 audit, there was one finding concerning updating the fixed asset group, and all prior findings were implemented.

Overall, the district currently has a very good method of selecting auditors, and maintains proper financial controls and implements needed improvements.

Surplus Funds

Surplus funds (i.e., unreserved, unallocated fund balances) are included in a district's budget in order to provide funds for emergencies or other items beyond the district's control. Sound financial controls are required to ensure that surplus funds are accurately estimated. Accurate estimates are important because overestimating surplus (i.e., having less than anticipated) can lead to drastic cutbacks in expenditures in order to avoid deficit spending. On the other hand, underestimating surplus (i.e., having more than estimated) could mean that the district raised more taxes than necessary to fund operations. Surplus amounts are created by the interaction of revenues, expenses, and current year surplus.

The district's accurate estimate of surplus is a function in establishing sound financial controls. These controls ensure district officials:

- develop accurate surplus estimates;
- monitor accounts to determine that budget revenue and expense estimates in the budget are achieved; and
- take corrective action when significant deviation from these estimates occurs. For example, if actual expenses start to exceed estimated amounts, then expenses may be reduced to avoid deficits.

There are critical aspects of school district revenues, expenditures, and current year surplus that enable school districts to accurately estimate surplus. In terms of revenues, after any state aid issues are resolved, local officials know up to 94% of the amount of revenue the district will receive for the upcoming budget year. Over the past four years (starting in 1994-95) the percentages of Delaware's revenues from the local tax levy and from state aid have ranged from a low of 97.6% in 1997-98 to a high of 98.9% in 1996-97. Over this time period, the amount of revenue anticipated and actually received was exactly the same except for a \$464 net increase in 1994-95. The precise knowledge of the amount of revenue to be received in the next budget year means that the major challenge is controlling expenses.

Approximately 70% of Delaware Township's expenses are for salaries. Except during contract renewal periods, district officials know salary amounts for all positions in the next budget year either through contracted labor agreements or particular position amounts. Therefore, the necessary salary amount can be identified fairly precisely. Moreover, these estimates are usually higher than the amount that ultimately is needed because of employee terminations, retirements, and resignations.

The non-salary portion of the budget, the remaining 30%, is somewhat more variable. However, many of these costs can be accurately predicted and accounted for if work is done through contracted service, purchase agreements with specific prices or ranges, or if a capital reserve account is established to annually set aside funds to coincide with the expected life of major equipment, buses, or building repairs as authorized by statute (N.J.S.A. 18A:21-1 et. seq.). Capital Reserve accounts should be established by New Jersey school districts for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years, in lieu of utilizing surplus funds.

In terms of the amount of surplus left over in the current year, annual budgets are resolved in March/April, when the district estimates anticipated surplus in the current and next school year. At that point the district has had nine months experience to estimate the expenditures and revenues for the last three months of the year. These estimates should be quite accurate as three-quarters of the budget has been expended or committed.

The above information indicates that the district can accurately estimate current year surplus, revenues and expenses in the proposed budget year. The variable decision, however, is the amount of funds that should be left as surplus, i.e., unreserved, undesignated fund balance. This amount varies according to the number and extent of items in the budget where costs are

variable. In education, some of the more variable items are special education costs, enrollment changes, transportation costs, costs related to facility improvements in older buildings that may not have been anticipated, and any employee contract costs related to negotiations in progress. The amount of surplus to leave in a budget can range from under 2% to 6% of anticipated expenditures.

Surplus Analysis

The district has a very commendable record in terms of accurately estimating surplus amounts (see table below).

Surplus Estimates and Actual Surplus as a Percentage

School Year	Surplus Estimate as a Percent of Total Expenditures	Actual Surplus as a Percent of Total Expenditures
1997-98	5.8%	5.0%
1996-97	4.7%	5.5%
1995-96	4.6%	3.5%
1994-95	4.3%	5.9%
Average	4.9%	5.0%

Estimates of expenses and revenues also impact on these surplus amounts. In terms of expenditures, the differences between the district's estimates and actual amounts are consistently within the normal range (see table below). Normally, districts spend less than anticipated, which increases surplus.

Expense Estimates as a Percent of Original Estimate

School Year	Estimated Expenses	Actual Expenses	Amount of Overestimate	Percent Overestimate of Original
1997-98	\$4,248,607	\$4,028,469 (*)	\$220,138	-5.2%
1996-97	\$4,050,579	\$3,936,120 (*)	\$114,459	-2.8%
1995-96	\$3,953,970	\$3,911,017 (*)	\$42,953	-1.1%
1994-95	\$4,031,783	\$3,896,602	\$135,181	-3.4%

(*) Excludes TPAF amounts to make comparisons more accurate.

In terms of revenues, the difference between estimates and actual amounts are also consistently within the normal range.

Revenue Estimates as a Percent of Original Estimate

School Year	Estimated Revenues	Actual Revenues	Amount of Underestimate	Percent Underestimate of Original
1997-98	\$4,149,981	\$4,180,165 (*)	\$30,184	0.7%
1996-97	\$3,952,381	\$3,981,046 (*)	\$28,665	0.7%
1995-96	\$3,800,477	\$3,816,373 (*)	\$15,896	0.4%
1994-95	\$3,681,787	\$3,687,574	\$5,787	0.2%

(*) Excludes TPAF amounts to make comparisons more accurate.

In the last four years the district officials decided that a prudent level of financial protection from unexpected and/or emergent situations could be obtained through estimating surplus amounts ranging from 4.3% to 5.8%, for an average of 4.9% over the past four years. If the district had achieved in 1997-98 the estimated surplus average over the last four years, it could have reduced balances on a one-time basis by \$4,904.

The team believes that the district can continue to do an excellent job in estimating expenses, revenues and surplus. Sound financial controls enable the district to achieve earlier estimates and actual surplus amounts. The amounts estimated and achieved provide a prudent reserve and minimize the tax burden on citizens.

Cash Management

This section analyzes the district's management of cash balances. Specifically, we assess whether the district obtains competitive interest rates from banks and whether it operates efficiently, e.g., by monitoring bank fees, maximizing interest earnings and combining or closing small accounts to reduce bank charges.

The analysis of Delaware Township's cash balances is based on discussions with the business administrator who is directly responsible for managing the district's bank accounts. A detailed analysis was completed of 12 monthly bank statements for each account to identify average daily balance, fees charged, interest paid, if any, and the interest rate. All the data is for school year 1997-98.

The team determined whether the district could obtain higher interest rates from its bank by comparing its bank's rates to the New Jersey Cash Management Fund (NJCMF) and to the 90 Day US Treasury CD rate. Unlike banks, these funds do not provide banking services and they are not required, as banks are, to keep 10% of their balances on hand. These funds therefore, earn interest on their total balance. The following adjustments were made in order to have a fair comparison between the rates paid by these funds and bank rates. First, that portion of the bank account balance that is used to pay for its fees was excluded. Second, the remaining balance was reduced by another 10% to account for the bank's reserve requirement.

In cases where no interest amount was earned, different adjustments were required. In these cases, banks did not charge fees and hence there is no offsetting balance, and they did not take the 10% reserve requirement. In order to compare the interest rates on these accounts, fees are estimated based on our experience with banks statewide and the remaining balance is reduced by 10% to account for a reserve requirement.

The district's average daily bank balance in all accounts totals approximately \$1.1 million. The district maintains all accounts in one bank. LGBR believes that districts should have one main bank but keep at least one account in a second bank. This helps to foster competition between banks, and dealing with more than one bank helps to keep the district informed of new developments and products in the banking world.

Recommendation:

The district should consider using two different banks. This helps to foster competition and keeps the district informed of new banking developments.

The district tries to maintain a competitive environment among banks in the area by periodically receiving proposals for its banking business. It recently received proposals and began using a new bank in January, 1998.

The district maintains seven accounts in this bank. In 1997-98, the district received approximately \$35,000 in interest. The bank receives payment for fees by adjusting the interest rate it pays, including not paying interest on selected accounts. In Delaware, the bank paid a good rate (4.96%) on the district's main account that contained 65.5% of its balances.

However, the bank did not pay interest on the other accounts and, in fact, required a \$100,000 balance to be kept in one of them. The combined balance of these non-interest-bearing accounts is \$376,044. These balances earn significant interest that the bank uses to pay for fees. For example, at a 5% interest rate they earn approximately \$18,802 per year. The district is unable to determine if the \$35,000 interest earned is reasonable because it does not receive reports from the bank that detail monthly fee amounts for all accounts and the balances required to pay these fees.

Information on balances and fees for all accounts is available when accounts are grouped together which is normally done to receive a higher and more uniform interest rate. The district has not grouped all of these accounts together. This would enable total balances and fees to be easily identified. Such information is available in a report which banks refer to as an account analysis or a customer profitability analysis.

Recommendation:

The district should know the balance in all of its accounts, the fee charges to maintain them, and the combined net interest earned. Therefore, the district should group its accounts together and receive monthly reports from the bank that provides this information.

The team developed rough estimates of fees for each of the district's accounts (including payroll charges). A review of the district's balances, interest earned, fee estimates and the 5.4% average NJCMF rate in 1997-98 lead to the conclusion that the district could earn about \$5,000 more in annual interest.

Recommendation:

According to the Auditor's Management Report, June 30, 1999, school officials should analyze the actual bank fees and charges and compare these amounts to actual interest

earned at the bank. The entire cash management portfolio should be reviewed annually with the bank representative. The district should negotiate with its bank to increase its interest earnings by approximately \$5,000 per year.

Revenue Enhancement: \$5,000

FOOD SERVICE

Food Services have been privatized in the Delaware Township School District since the early 1980's. Several different contracted food service companies have provided management services for the operation of the cafeteria. At the end of each contract period, the school district has gone out to bid but has received limited responses on each occasion.

According to the Comprehensive Annual Financial Report (CAFR) and budget guidelines, the entire operation of a school district's food service program must be recorded in a separate enterprise fund if the district receives state and/or federal reimbursement for food service costs and collects fees from students for the cost of meals. If the board funds the entire cost of the food service operation, the expense should be reported in the general fund. However, if the board contributes any funds toward the food service operation, it is to be recorded in the enterprise account as a lump sum contribution.

The Delaware Township School District receives state and federal reimbursements and collects fees from the students for meals; therefore, the district reports the entire food services operation in the enterprise fund. Enterprise funds are used to account for operations that are financed and conducted in a manner similar to private business enterprise with the intent that the costs of providing goods or services be financed through user charges.

Scope of Program

Lunches are produced and served in the school cafeteria. During the 1997-98 school year, the district served 22,874 paid lunches, 736 free lunches and 2,135 reduced-cost lunches for a total of 25,745 meals.

Staffing for the food service program is comprised of a manager and an assistant manager (who also function as servers during meal times), one cashier and a foodservice employee. Elementary and middle school teachers supervise students in the cafeteria.

When comparing the percentages of expenses to industry averages, the acceptable margin is between 39% to 45% of total operating expenses. The Delaware Township payroll costs comprise 38.8% of the total operating expenses for 1997-98.

The salaries for school year 1997-98 for food service workers is between \$8.40 to \$12.00 per hour for cafeteria cooks and \$5.50 to \$7.60 per hour for cafeteria attendants. The \$6.75 to \$7.73 ranges paid to Delaware Township's multiple-function food service workers are well within this spectrum. Only the food service director receives health benefit coverage.

As demonstrated in the following chart, 75% of the staff works five hours per day or less. This is the ideal standard to smoothly meet the demands of service.

Delaware Township Food Service Staff				
F/T	P/T	P/T	P/T	
Manager	Asst. Manager	Cashier	Food Service	TOTAL
(7 hr/day)	(5 hr/day)	(4.5 hr/day)	(3 hr/day)	
1	1	1	1	4

The current cafeteria facility is inadequate for both service of students and seating of the student body. The storage area for food supplies is severely lacking in space and proper storage facilities for food commodities.

The planned relocation and expansion of the cafeteria will address space constraints in the kitchen, serving and storage areas. This should enable a larger group of students to be served more efficiently and enable the contracted food service company to order food supplies less frequently and in greater quantities.

Financial

The results of operation of the district food service program for the years 1994-98 are illustrated as follows:

Township of Delaware						
Results of Operation for the Years Ended 1995, 1996, 1997 and 1998						
	1994-95	1995-96	1996-97	1997-98	1997-98	% CHANGE
					% Total	96-97
					Operating	to
					Expense	97-98
INCOME						
Food Service Sales	\$60,047	\$63,403	\$67,975	\$70,332	67.5%	3.5%
State School Lunch Program	\$1,290	\$1,442	\$1,170	\$1,112	1.1%	-4.9%
Nutrition Reimbursements	\$7,198	\$8,609	\$7,553	\$8,520	8.2%	12.8%
U.S.D.A. Commodities	\$3,955	\$6,174	\$4,598	\$4,645	4.5%	1.0%
Interest Income	\$133	\$76	\$209	\$33	0.0%	-84.2%
Total Revenues	\$72,623	\$79,705	\$81,505	\$84,643	1%	-1%
OPERATING EXPENSES						
Salaries	\$34,574	\$32,996	\$40,013	\$40,436	38.8%	1.1%
Employee Benefits	\$9,936	\$8,942	\$10,779	\$11,982	11.5%	11.2%
Management Fees	\$8,629	\$10,534	\$10,532	\$11,176	10.7%	6.1%
Supplies and Materials	\$1,680	\$2,165	\$3,408	\$138	0.1%	-96.0%
Depreciation	\$0	\$1,157	\$2,504	\$2,504	2.4%	0.0%
Cost of Sales	\$26,375	\$30,153	\$31,132	\$31,337	30.1%	0.7%
Other	\$1,579	\$1,380	\$5,874	\$6,337	6.1%	7.9%
Total Operating Expenses	\$82,774	\$87,328	\$104,242	\$103,910	99.7%	-0.3%
Operating Income (Loss) Before Transfer	(\$10,151)	(\$7,624)	(\$22,737)	(\$19,267)	-18.5%	-15.3%
Board Contribution	\$11,000	\$14,200	\$13,000	\$14,000	13.4%	7.7%
Net Income (Loss)	\$849	\$6,576	(\$9,737)	(\$5,267)	13.4%	7.7%

Based on the information listed above, the district's food service program has not been profitable. Board contributions were an average of \$13,050 for the school years 1994-98.

The district privatized the food service program in the early 1980's and has contracted with various food service companies to furnish a school lunch program. The contract with the private food contractor should state that the vendor is responsible for any annual financial operational losses.

The district's food service program charges \$1.70 for elementary and middle school lunches. Teachers and staff members' lunches are priced at \$2.25. Students and teacher/staff members may also purchase specific items from the a la carte menu.

Recommendation:

The maximum allowable lunch price under state guidelines is \$1.85 for elementary lunches and \$2.25 for middle school students. It is recommended that the district raise their school lunch prices to more accurately reflect current pricing. This would generate approximately \$6,610 based on 22,874 total meals served in 1997-98.

Revenue Enhancement: \$6,610

The Bureau of Child Nutrition within the Department of Education stipulates that a child must select three of five basic food groupings: protein, fruit, vegetable, milk and bread. Once the lunch meals meet the criteria, they are eligible for school lunch reimbursements in direct cash and commodities from state and federal agencies.

In order to maximize state and federal reimbursements under the lunch package, the contracted food service company prices a la carte items to encourage students to buy government-funded lunches. As an example, the total of three a la carte items is priced higher than the lunch meal, so students should perceive funded lunches as a better value. The private food contractor has carefully analyzed profits on a la carte menus to insure that it is not losing money as a result of price restructuring.

The contracted food service company is attempting to enhance its menus by offering more "popular" preferred items to students. This includes offering promotional food days and offering favorite fast food items from private vendors. Such proactive attempts have increased student, faculty and staff participation in the district's food service program.

Vending machines provide additional revenue from after-hour sales that can be used to defray operating costs. Statistics show that a vending machine will generate approximately \$0.12 to \$0.19 per day per student. Machines could be purchased outright or leased/purchased through a distributor.

The cost/benefit analysis outlined below shows a profit the district could realize with supplemental vending. The estimates utilize conservative numbers and do not include staff or visitor participation.

Delaware Township Food Service Vending Machine Sales Projections	
Estimated Per Capita Daily Spending	\$0.12
Estimated Profit by School Per Vending Machine	
Estimated Sales Per Day (Population 537) School Year 1997-98	\$64.44
Projected Annual Sales (180 Days)	\$11,599.20
Estimated Product Cost (55%)	\$6,379.56
Annual Lease Cost (\$115 X 12)	\$1,380.00
Estimated Annual Profit at Delaware Township	\$3,839.64

Recommendation:

The district should investigate the placement of two vending machines with revenue enhancement of \$3,840 per machine to areas accessible during after-school programs and extracurricular activities. Machines should be strategically placed to allow access whenever the buildings are open.

Revenue Enhancement: \$7,680

FACILITIES & OPERATIONS

The Delaware Township School is comprised of an original 1950 structure with five additions. The district constructed the first addition in 1954. A second was added in 1968 along with an external kindergarten modular facility, and in 1970 a separate intermediate facility was constructed on the same property. Separated by a parking lot, the 1970 addition housed middle school students while the original facility accommodated elementary students. From 1970 to 1995, students walked through the parking lot in all weather as the elementary facility housed the cafeteria and the middle school housed the gym. Finally, in 1995 the district linked the two buildings with the most recent addition. The current facility has 29 classrooms, six special education/resource rooms, two computer labs, two music rooms and an art room. In order to accommodate projected growth, the district is currently reviewing its facility needs and at the time of the review, preparations were underway for a \$5.7 million addition.

According to the 1997-98 CAFR, the district spent \$77,064 in 1997 and \$70,244 in 1998 in heating and electricity. Compared to its projected budgeted expense of \$78,050 for 1997 and \$70,411 for 1998, the district had a margin of error of less than 1%. The district heats the facility with fossil fuel cooperatively purchased through the Hunterdon Educational Services Commission. In the 1997-98 school year, the district purchased 7,900 gallons of fuel at an average cost per gallon of \$.59, a total heating cost of \$4,680. The district currently does not have access to natural gas.

The 1950, 1954 and 1968 additions are heated with two boilers whose burners fire #2 oil. Currently operating at 85% efficiency, both boilers have effectively reached their life cycle. These boilers will most likely need to be replaced within the next several years. In 1997, a district-funded facility study recommended replacing the boilers as part of a long-range facility

plan. Cross-checking the 1997 facility study recommendation with the district's long-range facility plan spreadsheet for fiscal years 1998-2003 indicates the district is not planning on replacing the boilers.

The boilers are also the only source of hot water for the older sections and the cafeteria. The director of plant operations estimates it costs the district approximately one dollar per heated gallon of water. This requires the district to fire up the boilers on warm days for hot water service to rest room facilities and the cafeteria. It is an inefficient method of heating water and should be addressed when the existing boilers are replaced. The 1970 and 1995 additions are heated with #2 oil, however a hot water heater in the intermediate addition supplies heated water to the 1970 and 1995 sections.

The elementary and middle school classrooms of the facility all have individual 18,000 BTU air conditioners, however, the hallways and restrooms are not climate controlled. The district elected to spend approximately \$45,000 on air conditioners and electrical upgrades as an alternative to a central system that would have cost approximately \$250,000. While the district based its decision on economics, the existing set up is not as efficient because internal areas of the school remain significantly warmer than the classrooms. During our tours, the hallways were approximately 15-20 degrees warmer than the classrooms. As a result, additional costs are incurred as individual cooling units are faced with the task of cooling heated internal walls while dealing with the temperate air loss during period changes. The district should consider installing self-contained cooling units in the hallways to improve the overall energy efficiency of the facility. The team feels the increase in electric consumption will be negligible, as the installation of the units will reduce the workload of the individual classroom units. Other recent facility upgrades include T-8 energy efficient lighting and replacement of old windows in the elementary wing with insulated windows.

The team identified facility issues that raise concern and merit attention in our report as follows:

- The district's cafeteria is the original facility designed for the capacity of the original 1950's structure. There is no storage. In order to accommodate the enterprise contractor, the district was forced to convert a nearby classroom into a storage area. The refrigerators are located in the 1954 addition in a room that appears to have improper ventilation. District officials acknowledge the problem and are hoping to address the issue in the near future.
- The 1968 modular building electrical service runs from the 1968 addition to the outside of the structure. It appears the service wire has been secured to a twisted steel cable using electrical tape, which upon inspection is worn out in many areas.

In addition, the district will need to address the maintenance needs of the 1950 building, aging roofs on the 1954 and 1968 additions and the poor conditions of glazing and open sill joints on other additions. These issues should be addressed in the five year facility plan.

Demographics

School officials are concerned with projected enrollment as increasing student populations affect student-teacher ratios, facility needs, and the instructional environment. The Delaware Township School expansion and renovation plan bases future enrollment on 24 new single-family dwellings each year. The township clerk reports that Delaware currently has a 23-unit development in construction with a potential for at least two more developments adding approximately a total of 39 new homes. Furthermore, the township estimates it issues 30 - 40 single home permits annually. Demographic information found in the Delaware Township master plan, 1994 revision, establishes 1,341 senior residents within the ages of 55 to 74. The senior population impacts the district's student population estimates because it represents housing that most likely will produce additional school age children in the future as senior residents sell their homes to couples with pre-or school age children.

Using a multiplier of 1.62 children for single 4-5 bedroom family homes as developed for the Middle Atlantic Region and listed in the "The New Practitioner's Guide to Fiscal Impact Analysis" (Burchell, Listokin, and Dolphin: 1985, Center For Urban Policy Research -Rutgers University, New Brunswick, NJ), the team estimates a student population growth of approximately 48.6 children per year. The team considers this number conservative as the recent migration of families from urban to suburban areas and suburban to rural areas suggest that Delaware Township may begin to experience incremental growth as approximately 75% of the township remains undeveloped. The projected number also includes potential high school age children, which impacts the overall tax rate, as Delaware Township is a sending district to the Hunterdon Central Regional High School District. To further illustrate this point, the district's 1995-2000 facility plan filed with the Department of Education in 1995, projected an increase of 10 students for the 1997-98 school year with an enrollment of 502. On October 15, 1997, enrollment was 542, or 32 more students than had been projected in student population growth. As a result, the Delaware Township School District, like most rural school districts, must remain vigilant of population growth and its impact on the district facilities and budgets.

Facility Plan

The LGBR team requested a copy of the five-year facility plan and was able to retrieve the 1990 and 1995 copies from the county superintendent's office. While the 1990 plan provided a one-paragraph statement of facility needs, the 1995 plan fell far short of providing information regarding the district's facility needs.

A five-year facility plan provides more than cohort survival number and projected student population growth. While required by the NJ Department of Education, a five-year facility plan becomes a mechanism to inform the public of district facility needs. When reviewed and updated annually, it becomes a measuring instrument for the district to show residents that their public property is maintained and that the district is addressing community growth. When included with a projected budget, it provides justification for yearly budget requests and the funding of a capital reserve fund to cover intermediate and long-range needs.

In addition to NJDOE's requirements, the document should include mission statements, a list of accomplishments and immediate (0-1 years), intermediate (1-5 years) and long-range (5+ years) projects. It should be a resident's facility-needs guide to the school.

Recommendation:

The five-year facility plan serves a dual function of providing facility information for residents and a budgeting guide for the board. It is, therefore, recommended that the district update the five-year facility plan. The district should contact the New Jersey Department of Education and the New Jersey School Board Association for assistance. The district could also request copies from other districts throughout the state.

Energy Management

The LGBR team was informed that the district had never requested an energy audit from its local electric utility. However, the district has retrofitted the lighting systems throughout the school with energy efficient T-8 lighting. In 1995, the energy consultant estimated the district consumed 101,400 watts of electricity each year. Under a T-8 lighting system, it was estimated that the district would reduce energy consumption 45.54% to 55,227 watts, for annual savings of \$12,600. The project cost taxpayers approximately \$56,000, which included a \$5,986 rebate from the local power utility. The retrofit was financed over a seven-year period with annual payments of \$11,016, generating an estimated net savings of at least \$1,500 a year. The team could not confirm the actual savings analysis since the 1995 addition increased the size of the building and modified energy usage.

Recommendation:

The district is commended for upgrading the lighting system for annual savings, which exceed the annual seven-year finance payments.

The district should consider contacting the local power utility to request a free Commercial and Apartment Conservation Survey (CACS). The district could also engage the services of an engineering firm to perform an in-depth energy audit, which may qualify for a 50% of the cost rebate from its power utility.

Asbestos

An Asbestos Control Management Plan (ACMP) was performed in 1989. At that time exposed, hazardous/potential risk materials were identified and removed by a professional company. Under the Asbestos Hazardous Emergency Response Act, contained asbestos material did not have to be removed provided Delaware Township School District performed biannual inspections by a trained in-house person or an accredited consultant. In addition to biannual inspections, a review of contained asbestos in the facility was required every three years by an EPA certified consultant.

According to the ACMP, there appears to be asbestos in most of the instructional classrooms located in the 1970 addition, primarily in the vinyl flooring, the tile adhesives, the panel above the door entrances and the insulation material located in the panels above the windows. As long as the materials remain self-contained, the district is not under obligation to remove the asbestos, nor is there danger to facility users.

As part of the ACMP plan, the asbestos manager is responsible for training all new employees with a two-hour instructional class explaining the risks of asbestos. In addition, the asbestos manager must perform biannual inspections of all asbestos areas. Until all asbestos is removed from the school, the district must pay a consultant to inspect the facility every three years.

The district needs to improve asbestos awareness and monitoring according to the ACMP. A review of the tri-year reports found the logs for the biannual inspections had not been properly completed. Furthermore, the district does not have the required training for new employees and most employees who were questioned had not received asbestos awareness training.

Recommendation:

Asbestos exposure has led to numerous lawsuits and expenses in both the private and public sectors. It is therefore recommended that district officials review the 1989 asbestos management program and implement the protocols as defined in the original report and subsequent inspections as required by law.

Facility Rentals

The local community enjoys active use of school facilities at little or no cost. Board Policy 1130 promotes active use of the facility at no cost to any organization whose primary purpose is to serve the children of the community, providing the rental occurs during normal district staffing hours. If there are no regularly scheduled employees working, the board has established a rental rate of \$15 an hour. The board, on a case-by-case basis, determines rental fees for “for-profit” organizations. In the 1997-98 school year, the district generated rental revenues totaling \$3,210 on facility rentals.

Using the average custodial position cost of \$31,813, the district incurs an overtime-adjusted cost per hour of \$24. This does not include the facility expense of heating and lighting, which would increase the hourly expense to approximately \$30. Based on the 1997-98 total revenues, it appears the district incurred an operating loss of approximately \$3,210.

Recommendation:

Charging for facility use by non-profit organizations when the district employees are not scheduled to work helps cover the operating expenses incurred. However, the establishment of an hourly rate should consider position and administrative cost. It is, therefore, recommended that the district increase hourly rental rates to \$30 an hour for a revenue enhancement of \$3,210. The district should evaluate the need for an additional charge for kitchen privileges. The hourly rate should be reviewed periodically to make inflationary adjustments.

Revenue Enhancement: \$3,210

Plant Operations - Custodial, Maintenance & Grounds

Small districts like Delaware Township School District generally do not have plant operations separating custodial, maintenance and grounds. As a result, the LGBR team reviewed the department recognizing that each function interacts as staff is often cross-utilized based on need.

In the 1997-98 school year, the district spent approximately \$175,408 in salaries and direct benefits. The district appropriated \$22,229 and expended \$16,849 in supplies for custodial, maintenance and grounds. When possible, supplies are purchased through a cooperative purchasing agreement with the Hunterdon Educational Services Commission. According to the CAFR, the district spent a total of \$326,357 or 7.7% of its annual budget, the second highest of the four comparative school districts.

The staff of four full-time equivalents (FTE), two part-time, and one seasonal part-time employee share and rotate the performance of custodial, maintenance, and ground functions. The staff of seven are responsible for a 62,300 square foot facility located on a 25.6 acre parcel of which approximately 14 - 16 acres are fields, which are used extensively by the district, year-round athletic associations and summer recreation programs. The district uses flexible staffing coverage by assigning the majority of the workforce to non-instructional hours. The following chart illustrates the staffing of the seven district employees:

Shift	Number of Staff
6:45am - 4pm	1 FTE
9am - 2pm (split position with transportation)	.5 FTE
12pm - 8pm	1 FTE
3pm - 11pm	2 FTE
3pm - 5pm	.5 FTE & .5 FTE summer

The district is commended for efficiently optimizing staffing by placing the majority of the staff on the second or third shifts. Based on prior reviews, the LGBR team found a 30% increase in productivity in this type of shift structure while reducing the need for overtime during evening activities.

The team generally reviews school districts' plant operations using several methodologies. The first approach involves assessing the cleanliness of the school based on the Association of Physical Plant Administrators of Universities and Colleges' Facilities Management: A Manual for Plant Administration (APPAUC). This study identifies staffing levels based on standards or level of cleanliness for schools. To identify appropriate staffing levels, the district needs to have detailed architectural data. If the architectural data is not available, we use an in-house staffing assessment in conjunction with averages from a survey performed by the American Schools & University (AS&U) periodical that collects data from schools identifying cost averages for various regions around the country, including the New Jersey-New York region. Costs are provided by square footage, staffing and per pupil for maintenance, grounds and custodial operations.

According to the AS&U, schools located in the New Jersey - New York region average one full-time day custodian for every 19,956 sq. ft., one full-time day maintenance position for 107,147 sq. ft. and one full-time groundsman for every 29 acres. Based on prior reviews in K-8 schools in suburban and rural settings, the LGBR teams have seen custodial coverage closer to 30,000 sq. ft. in staffing structures similar to Delaware Township School District when cleaning is an after school function.

Given the nature of small, one-school districts and the tendency for plant crews to perform additional duties such as porter services, the team allowed for an additional one part-time position during school hours. In addition, multi-purpose rooms sharing athletic, auditorium and cafeteria functions create additional responsibilities for plant operations. Not only does Delaware Township School District have a multi-purpose room, but also a secondary gym, a large media center, and extensive carpeting throughout the school.

Custodial Operations

In order to develop a fair assessment of cleanliness, the team inspected the facilities both during the initial tour of the district and on several unannounced tours. The APPAUC identifies five levels of cleanliness: Level 1 - Orderly Spotlessness, Level 2 - Ordinary Tidiness, Level 3 - Casual Inattention, Level 4 - Moderate Dinginess and Level 5-Unkempt Neglect. Schools should maintain a level 2, which the APPAUC defines as:

- a) floors and base moldings are bright and clean;
- b) no more than two days worth of dirt, dust, stains or streaks;
- c) all vertical and horizontal surfaces are clean;
- d) washroom and shower tile and fixtures gleam and are odor-free;
- e) washroom supplies are adequate;
- f) trash containers and pencil sharpeners are emptied daily; and
- g) chalkboards are clean.

The team found the condition of the school to be at Level 3 and in some cases, Level 4. On subsequent tours, before the arrival of the students, we found the conditions had not improved. Chalkboards consistently were not cleaned, heavy dust was on classroom shelving, bathrooms were not properly stocked, thick cob webs were on the ceilings, trash was on the grounds and there were dirty water fountains, baseboards, and light fixtures. The team recognizes that year-end activities tend to overcome cleaning efforts; however, interviews confirmed that these conditions generally exist throughout the school year.

An in-depth review of the department found a need for structure and organization in the custodial functions. Currently, the district does not have formal cleaning procedures that identify daily, weekly and monthly tasks. For example, in a structured organized department, fountains, bathrooms, locker rooms, floor sweeping and vacuuming, trash removal, litter patrol, chalkboards and light dusting are done a daily basis. Weekly tasks include high dusting, floor washing and spot carpet shampooing. Cleaning of light fixtures and baseboards can be done on a monthly basis. An appropriate division of labor may involve assigning specific tasks to after-school custodians, who then proceed to clean the entire building as a team. Districts may then elect to hire a 10 a.m. – 2 p.m. custodian assigned to porter services, cafeteria or special cleaning tasks. Another methodology involves task/team cleaning where the facility is divided in four quadrants and each quadrant is detailed clean in addition to regular restrooms and sweeping. Another alternative involves task cleaning or a division of labor as the cleaning crew moves throughout the school performing assigned tasks or team cleaning where the facility is divided in four quadrants and each quadrant is cleaned in addition to regular restrooms and sweeping. Regardless of the cleaning system the school implements, the adoption of a structured routine will dramatically improve the appearance of the facility and allow the elimination of one FTE.

Maintenance

The LGBR team found similar conditions regarding general maintenance and long range facility planning. The district performed a facility study in 1995 that made several recommendations regarding facility repairs. The report made numerous recommendations including repointing cracks (repointing is the patching of cracks or missing cement used to bind bricks/cinder block), window replacement, boiler replacement and removing slag (stone) buildup in the gutters. While the district is currently replacing windows, we could not find evidence that the re-pointing, gutter cleaning and boiler issues are being addressed.

A tour of the roof found drains clogged with leaves and other debris. Hanging gutters containing slag are subjected to additional weight, which results in additional costs when the gutters begin to sag. This issue was presented in the report. Routine cleaning of gutters prevents overflow and reduces the risk of damage to both the gutters and the facility.

The team also noticed that the damaged walls in need of repointing as reported in the study are still in need in repair. The team found a significant need for repointing in a structural corner by the multi-purpose auditorium that was not included in the 1995 study. The team also found ceiling tiles out of their tracks, several ceiling leaks, an exterior door that showed daylight between the door and the jam, and outside fixtures hanging from the building.

According to the AS&U report, one part-time maintenance position is all that is required to handle the one-school district. The team feels that the district can employ one full-time position that would also be responsible for grounds operations. This is dependent upon the district reorganizing the plant operations department and following the work order recommendation below.

Recommendation:

The current structure of the department encourages crisis management as maintenance is performed on an ad hoc rather than planned basis. District officials should consider developing a regular maintenance schedule for the staff to follow. Such a schedule would list monthly inspections of the facility, routine cleaning of gutters and intake air ducts and maintenance of grounds equipment.

At present, the department does not have either an electronic or manual work order system in place. It was reported that maintenance requests are either verbal or written on post-it notes and placed on the maintenance department's door. Plant operations does not have a computer to track supply consumption or hook into the school network. The plant operations director, however, maintains stock consumption records on his personal computer at home. He uses this information for placing orders for the next school year.

A work order system is critical to plant operations. It maintains data regarding supply consumption and actual costs associated with each job performed, providing management with data to determine the cost-effectiveness of a project. In addition, a history of work orders helps identify problem areas within the school. For example, excessive light bulb replacement in a

localized area may be attributable to a power regulating issue. Without a documented history, the tendency of the district may be to increase its light bulb inventory or even replace the fixtures themselves.

While there are numerous software packages available, the size of this district will allow a computerized system where requests are generated via E-mail through the superintendent or business office specifying the need. The department can then enter the data into a computer spreadsheet or database.

Recommendation:

A work order system helps management identify the effectiveness of plant operations, identify the true cost of repairs and identify problem areas. District officials should consider supplying the plant operations department with a computer and E-mail capability and implement a work order system.

Value Added Expense: \$1,500

The team noticed that the district does not have a tool inventory for the maintenance department. During a recent refurbishing of doors, the director personally supplied all the machinery to strip, sand and refinish the doors. It was reported that when repairs are needed, the staff turns to the facility director's toolbox located in the rear of his vehicle. Were the facility director to seek employment elsewhere, the district would be left with few tools to maintain the school.

The municipality recently gave the district a light dump truck complete with a plow for snow removal and other maintenance needs. The vehicle is not registered for use on public roads and is generally used only for snow removal. Employees are offered mileage reimbursement when personal vehicles are used for school business. The district needs to weigh the decision of not supplying the department with a vehicle for district use. While the use of private vehicles for maintenance, grounds, and custodial functions seems cost-effective, such industrial use tends to be more risky as the district may become involved in litigation regarding any accidents or damage to personal vehicles as the result of transporting district materials.

Recommendation:

Personal use of vehicles for district plant operation functions presents a greater risk than traditional personal usage, such as traveling to conferences. District officials should consider soliciting the township for a pickup truck the next time the township retires or upgrades its fleet.

An alternative may be to register the light dump truck until such time a vehicle becomes available. As municipal registrations are provided by the state at no cost, the only expense would be associated with a nominal titling fee.

Grounds

The school has approximately 14 - 16 acres of maintainable grounds. Responsibilities of groundwork are rotated within the department, similar to custodial and maintenance.

Reportedly, grounds work takes up to three days as mowing and trimming must rotate around field usage by the students and other events. Several tours of the grounds found a need for trimming and trash removal. A school the size of Delaware Township's needs less than one FTE to adequately maintain the fields, and the AS&U recommends one FTE for every 29 acres. An inventory of grounds equipment found mowers that were suited for residential use or were inefficient compared to available commercial equipment. The main industrial tractor is 27 years old and fitted with a six-foot under-carriage mowing deck. The department has two push mowers, a residential riding mower and a couple of weed-whackers for trim work.

In addition to inefficient equipment, the team identified two additional factors that contribute to the excessive length of time it takes to mow the grounds. At the present time, there is not a regular schedule or staff person assigned to grounds work. With efficient commercial equipment, the assignment of one individual to the task, and with occasional assistance from the custodial staff, mowing could be completed in one day. The other factor impacting grounds operations is the district policy to terminate all mowing activity when the fields are in use by students.

Under current conditions, the need to update existing grounds equipment could cost the district approximately \$16,500 for a tractor and commercial grade mower deck from a local industrial dealer. The district may be able to reduce the capital investment of a new tractor by purchasing a larger rear deck-finishing mower for the existing tractor at a cost of approximately \$5,000. If the district entertains the purchase of a new mower deck, a professional assessment of the current tractor by a certified mechanic of the manufacturer may be advisable to verify the useful life of equipment. In addition, commercial walk-behind mowers with larger deck mowers offer the same versatility of a push mower and can cut grass three times faster than the district's existing riding mower.

During the interviews it was revealed that the district attempted to establish a shared service with Delaware Township municipality governing grounds, custodial, and maintenance services. It appears the agreement is under consideration as logistics and equity issues regarding cost sharing are still under negotiations. Nonetheless, the township owns a lawn tractor with a 16-foot tow mowing deck. This piece of equipment is designed for large fields and is capable of mowing the district's fields almost three times faster than the current six-foot deck. In performing its own grounds work, the township does not have enough fields to use the mower deck more than once a week.

Recommendations:

The district could mow its lawns in one morning with mowing operations beginning at 6:30 a.m. if the township agrees to lend the 16-foot mower deck. Since the majority of the fields border farmlands, there would be little disturbance to residents. The district could easily cut the fields before the beginning of gym classes, which start at 9 a.m. It is, therefore, recommended that the district enter into an arrangement with the municipality to use the township mower. Such an arrangement would save approximately \$16,500 by removing the need to purchase a new lawn tractor and deck mower.

Cost Savings: \$16,500

School officials should consider conducting a feasibility study on other buildings and grounds functions that could be mutually shared. The district should also consider making application for a Efficiency Development Incentive Act (REDI) grant for either a feasibility study, or for implementation purposes, which could ultimately lead to a shared services agreement between local units.

The district should consider reevaluating the inventory and purchasing commercial grade equipment that is more efficient than the existing equipment. Actual purchasing may be performed over a two to three year period.

Value Added Expense: \$3,000

Staffing Conclusions

The AS&U provides a cost per square foot for cleaning, maintenance and grounds labor for the New Jersey - New York Region. The following chart provides a specific breakdown:

Labor Description	AS&U Labor Cost per Square Foot
Custodial	\$1.70
Maintenance	\$0.41
Grounds	\$0.21
Total	\$2.32

Our analysis totaled the labor cost per square foot, because under existing conditions, there is no clear delineation of responsibilities or assignment of personnel in the district. Based on \$175,400 salary cost and 62,300 square feet of space, the team found a district cost per square foot of \$2.82, as compared with the AS&U cost of \$2.32.

The LGBR team recognizes that the high cost of living in Delaware Township will result in a higher payroll cost. In addition, the district consciously chooses to maintain a custodial staff as a prior experience with privatization in the early 1980’s brought dissatisfaction from school officials and parents. Documents were not available concerning prior privatization so the team could not assess if the dissatisfaction was a result of a weak request for proposal as the team has found in other reviews.

The overlay of duties of custodial, grounds and maintenance is not unusual in a small district. However, without clear tasks, structure, organization and equipment, the department can easily become overwhelmed by duties and subsequently become overstaffed. The lack of organization and inefficient equipment has created the appearance that the school needs additional manpower, however, the LGBR team feels the following staff of six persons, listed as either full-time or part-time, would be appropriate after a restructuring and reorganization occurs;

FTE	Shift	Function
1	6:30 a.m. - 3:45 p.m.	Grounds/Maintenance/Custodial
2	3 p.m. – 11 p.m.	Custodial
1/2 flex	7 a.m. – 11 a.m. seasonal grounds 3 p.m. – 7 p.m. winter custodial	Grounds and Custodial
1/2	5 p.m. – 9 p.m.	Custodial
1/2	10 a.m. – 2 p.m.	Floater (FTE shared with transportation)

The team included a “floater” position to assist the department with the porter assignments that are often associated with small schools.

Recommendation:

The current staffing arrangement has the potential for maximizing worker productivity. However, the overall lack of structure and a work order system effectively neutralizes and reverses any efficiency of the schedule. The district should consider implementing a work order system and custodial task/cleaning schedule. Once job responsibilities are clearly defined, the district should be able to eliminate one full-time position for savings of \$31,965. The team cautions the district not to reduce staff until the organizational restructuring is complete and the overall cleanliness of the facility is brought up to acceptable levels. In addition, if future expansion plans are approved by district taxpayers, then existing staffing levels should suffice for the additional square footage.

Cost Savings: \$31,965

TRANSPORTATION

With the exception of joint transportation agreements (JTA’s) with Hunterdon Central Regional High School (HCRHS) and the Hunterdon County Educational Services Commission (HCESC) to transport two special needs students, the Delaware Township School District operates an in-house system for pupil transportation. The district operation consists of 14 buses, nine drivers, and a part-time transportation coordinator and a part-time custodian who drive regular routes. During the 1997-98 school year, 557 students were transported to and from school on 11 routes.

Expenses for the 1997-98 school year for transportation were \$210,951, with transportation state aid totaling \$165,472, or 78% of costs.

Delaware Township’s transportation costs are remarkably low in comparison to other districts in the area, leading the team to search for an explanation as to how a small K-8 district with an in-house transportation operation can operate so frugally.

Special education transportation is an important factor in higher costs within a district, but with only two out-of-district placements, Delaware Township has very small special needs costs. These costs are further reduced with the utilization of the JTA’s with HCRHS and HCESC. Additionally, with an all-day kindergarten program, the expense of noon routes is avoided.

An innovative negotiated agreement with the bus drivers allows the district to save money on benefit packages. The details of this agreement are outlined in the appropriate section of this report. The usage of the transportation supervisor and part-time custodian as route drivers enables the district to further save on benefit packages. Utilizing joint purchasing for fuel, negotiating attractive vehicle maintenance packages which are 10% under state contract costs, and turning buses over when repair expenses reach a high level all add to the efficiency of the department.

The Efficiency Rating Guidelines, as established by the DOE, set a vehicle utilization standard of 120%. This rating is calculated by dividing student ridership by vehicle capacity. Vehicle capacity is 90% of the total number of seats available for district use. Student ridership includes all transported eligible resident district students, nonpublic school students, charter school students, special education students without special transportation needs, and students from other school districts for whom the host district provides transportation services. Normally, one of the ways in which this standard can be reached is by “tiering” routes, e.g., running a middle school route and then an elementary school route utilizing the same vehicle.

However, a lack of mid-day kindergarten routes reduces “tiering” options and lowers the transportation efficiency rating of the district. Assuming that the district is utilizing a 54-passenger bus, and that all seats are filled on both routes in the morning, and assuming 20 students for kindergarten, the utilization factor for that vehicle is 2.37. This presupposes that there are no courtesy students being transported on these routes.

Delaware Township, with one school building and a full-day kindergarten, has been unable to take full advantage of the “tiering” efficiencies and has a current rating of .861. In the past, as a cost-cutting measure, the district did “double up” the routes, use buses as shuttles and thereby run fewer routes. This did add the expense of paid aides or teachers to supervise the students before and after school. The district also has considered running an adjusted educational program with middle school and elementary school students arriving at different times to allow for reduced costs in transportation. Parental concerns regarding the length of the school day, students from the same household taking two buses at two separate times, etc., have eliminated these ideas from further discussion.

If the current efficiency rating system is utilized for computing transportation aid in the future, without substantial changes to reflect the anomalies seen in Delaware Township, financial aid will be reduced for at least some districts whose management is efficient by all other standards.

III. COLLECTIVE BARGAINING ISSUES

The three following sections of the review report which cover the respective negotiated agreements are presented separately, as school officials cannot unilaterally alter the terms of the negotiated agreements. *Any of the recommendations in the following sections, which involve changes to the negotiated agreements, necessarily would require negotiations and agreement by the respective parties in order to be implemented.* These sections will deal with those aspects of the contract, which have more direct financial or productivity implications.

Education Association Agreement

The Agreement with the Delaware Township Education Association (DTEA), effective 1995-98, covers classroom teachers, supplemental teachers, guidance counselors, nurse, librarian, psychologist, social worker, learning disability specialist, speech therapist, special education teachers, and instructional aides. (The lead teacher and unit leaders were added in the 1998-00 contract). Excluded are administrators, bus drivers, cafeteria workers, custodians, non-instructional aides, per diem substitutes, secretaries, and the transportation coordinator. The 43-page contract contains many articles which are more procedural than economic, such as board rights, recognition, negotiation procedure, grievance procedure, teacher rights, association rights and privileges, teacher assignment, voluntary and involuntary transfers and reassignments, teacher evaluation, teacher facilities, complaint procedures, extended leaves of absence, maintenance of classroom control and discipline, personal and academic freedom, miscellaneous provisions, etc. This report will deal with those aspects of the contract, which have more direct financial or productivity implications. Pertinent contractual provisions are summarized in brief outline form with attention to 1997-98 salary guides, which is the year selected for financial comparisons with other benchmarks. It should also be noted that the district has signed a successor agreement for the period 1998-00.

Teacher Work Year

Teachers employed for 10 months have an in-school work year, which may not exceed 184 days, at least two of which are in-service days. A new teacher orientation day is in addition to the in-school work year.

Teaching Hours and Teaching Load

All teachers have a seven-hour day, which includes at least a 30-minute duty-free lunch period. The workday includes at least 30-minutes preparation time per day and a minimum of 200 minutes of preparation time per week. With three calendar days notice and without additional compensation, teachers may be required to remain after the end of the regular workday for four days each month to attend faculty or other professional meetings. Teachers attend one back-to-school night and teachers in special areas attend two such nights. Whenever the district schedules parent-teacher conferences, either in the afternoons or evenings, students are scheduled for half-day sessions.

Teacher participation in field trips, which extend beyond the teacher’s in-school workday, is voluntary. (In the 1998-00 contract, teachers are paid \$50 to \$100 for lengthy or overnight field trips.) Teachers who are requested to serve on summer workshop curriculum committees are compensated at a daily rate of 1/200th of their annual salary.

Many districts are able to negotiate less than full salary guide payment for summer curriculum work.

Teacher Employment

Initial salary guide placement is at the step agreed to by the board and the employee at the time of hire, but may not exceed total years of teaching experience as otherwise specified in the contract. Credit not to exceed four years for military experience or alternative civilian service required by the Selective Service System is also given upon initial employment.

Salaries

The salaries of all teachers and teacher aides are set forth in Schedule C for 1997-98.

Teachers’ Salary Guide – 1997-98				
Step	Years	Bachelors	BA+20	BA+40/MA
1	1	\$30,372	\$31,664	\$33,011
2	2	\$31,434	\$32,772	\$34,166
3	3	\$32,580	\$33,964	\$35,387
4	4	\$33,764	\$35,178	\$36,651
5	5	\$34,992	\$36,446	\$37,958
6	6	\$36,265	\$37,760	\$39,314
7	7	\$37,585	\$39,119	\$40,717
8	8	\$38,953	\$40,530	\$42,171
9	9	\$40,370	\$41,991	\$43,678
10	10-11	\$41,839	\$43,508	\$45,236
11	12-13	\$43,360	\$45,029	\$46,851
12	14-15	\$44,937	\$46,515	\$48,631
13	16-17	\$46,573	\$48,050	\$50,479
14	18	\$48,267	\$49,635	\$52,398
15	19-20	\$50,111	\$51,200	\$54,368
16	21+	\$51,799	\$52,829	\$56,586

Teachers' Salary Guide – 1997-98				
Step	Years	MA + 20	MA + 40	MA + 60
1	1	\$34,416	\$35,879	\$37,405
2	2	\$35,633	\$37,137	\$38,704
3	3	\$36,893	\$38,437	\$40,046
4	4	\$38,198	\$39,783	\$41,435
5	5	\$39,549	\$41,177	\$42,873
6	6	\$40,947	\$42,619	\$44,360
7	7	\$42,396	\$44,113	\$45,899
8	8	\$43,894	\$45,656	\$47,490
9	9	\$45,447	\$47,257	\$49,137
10	10-11	\$47,054	\$48,911	\$50,842
11	12-13	\$48,718	\$50,624	\$52,605
12	14-15	\$50,618	\$52,398	\$54,430
13	16-17	\$52,592	\$54,233	\$56,318
14	18	\$54,644	\$56,132	\$58,272
15	19-20	\$56,900	\$58,200	\$60,398
16	21+	\$58,942	\$60,276	\$62,350

Note: In 1997, there was a transition from old credit columns in August to new credit columns in September as follows:

BA+15 became BA+20	MA+15 became MA+20
BA+30 became BA+40/MA	MA+30 became MA+40
BA+45/MA went Off Guide	MA+45 went Off Guide

Longevity for 1997-98 was as follows:

20 th -24 th year-	\$700
25 th year or more-	\$1,400

The district expense for longevity payments in 1997-98 was \$16,380 for 17 teaching employees.

Change in Teacher Assignment

Teachers who incur a change in their teaching assignment for the succeeding school year are compensated at the rate of \$22 per hour up to a total of 14 hours for preparation at the discretion of the superintendent. Teachers who have a change in their room assignment for the succeeding school year receive, at the discretion of the superintendent, \$22 per hour up to a total of seven hours.

The district had no expense in this category in 1997-98, although there is the potential for expense in the future.

Teachers Aide Salary Schedule

	1997-98	
Step	Years	Salary
1	1+	\$11,845

Sick Leave

All teachers are entitled to 12 sick days per year and a maximum of 10 unused sick days per year are accumulated from year to year with no maximum limit. Part-time teachers receive sick days and personal days on a prorated basis.

Employees who retire are compensated for unused accumulated sick leave as follows:

One day for every three days of unused accumulated sick leave is compensated at the substitute teacher's rate, but not to exceed one-third of the employee's final contract year's salary modified by a formula based on attendance in the final year.

Recommendation:

District commitments for unused sick leave payments were \$159,265 on June 30, 1998. Reportedly, there were no payments in 1997-98. Teacher use of sick leave during 1998-99 ranged from 0 to 15 days and averaged 3 days. District officials should consider negotiating a maximum payment for unused sick leave of \$15,000 rather than one third of the employee's final contracted annual salary.

After at least six years of employment in the district and upon voluntary resignation of employment, the district compensates an employee for unused accumulated sick leave on the following basis:

- a) The employee must have accumulated a minimum of 20 unused sick days.
- b) The days are compensated on the basis of one day for every two days of unused accumulated sick leave at the substitute teacher's rate of pay to a maximum of 100 compensated days or 200 accumulated days.

The district is commended for the contracted reasonable rate of reimbursement at the substitute teacher's pay level for limited numbers of unused sick leave days.

Temporary Leaves of Absence

Full-time teachers are entitled to three personal days per year with full pay, professional days at the discretion of the superintendent, and five additional leave days for good cause and at the discretion of the superintendent, but such approval may not be unreasonably withheld.

Recommendation:

During 1998-99, teachers utilized an average of 2.6 personal days for all reasons, with a range of 0 to 7.5 days. Delaware Township teacher utilization of personal days appears very reasonable. However, the contracted three personal days and an additional five leave

days “for good cause,” or a total of eight days, are vague in definition and could potentially become costly to the district, as approval may not be “unreasonably withheld.” Other benchmarks indicate that three personal days per year should be adequate except for death in the immediate family and other temporary leaves as defined by statute. District officials should consider negotiating a reduction in days or a more specific definition of the additional five temporary leave days.

Sabbatical Leave

A teacher with 10 years service and eight years of service in the district may request one full school year sabbatical leave with 50% salary payment or as otherwise indicated. No more than one sabbatical leave can be approved annually. The teacher, upon completion of such leave, must remain as a district employee for two years (except for death or permanent disability) or reimburse 100% of the monies received or on a prorated basis.

One teacher was granted sabbatical leave for 1998-99 at half pay with a cost of \$27,300.

Professional Development

The district pays the cost of tuition, books and fees up to \$1,500 per year for all graduate courses taken for professional improvement. The district pays the full cost of tuition and other reasonable expenses incurred in connection with any courses, conferences, workshops, etc., which a teacher is required or requested to take by the administration.

The district paid \$4,835 for professional development of staff for 104 teacher/activities in 1997-98.

About 60% of the teachers had one or more professional days in 1998-99, with a range of 0 to 4 days and an average of 1.2 days.

Personal Property Damage

The district reimburses teachers for any work-related loss, damage or destruction of clothing or personal property on a school-sponsored activity or on school property, unless due to teacher’s negligence.

There were no reimbursements to teachers for personal property damage in 1997-98.

Health Care Coverage

The district pays the full premium for each full-time teacher and for the family plan, when appropriate, for Blue Cross, Blue Shield, Rider J and a Major Medical program. Part-time teachers with at least 20 hours of employment per week receive all insurance protection.

Dental Care Coverage

The district offers to each full-time teacher dental insurance under plan “Program II,” 100% preventive and diagnostic and 70/30 for remaining basic services as described by the NJ Dental Association. The district pays the full premium for single coverage and the following amounts for other-than-single coverage:

Two party - \$36.18/month
Three party - \$60.02/month

Prescription Plan

The district provides a maximum reimbursement for prescription drugs of \$200 for single employees and \$300 for employees with dependents.

Recommendations on health and dental insurance are contained in the section on insurance.

Extracurricular Activities

Teachers are paid \$22 per hour for supervising and/or participating in extracurricular activities. After consultation with the teacher(s) involved, the superintendent determines the nominal number of hours per activity.

The district paid \$43,233 for teacher/coach supervision of extracurricular activities in 1997-98.

Bus Drivers Association

The current Agreement with the Delaware Township Bus Drivers Association (DTBDA) covers the two-year period 1997-99. The 10-page contract contains a number of articles (such as board rights, recognition, future negotiation procedure, grievance procedure, employee rights and privileges, employee evaluation, complaint procedures, etc.), that are more procedural than economic. This report will deal with those aspects of the contract, which have more direct financial or productivity implications. Pertinent contractual provisions are summarized in brief outline form with attention to the 1997-98 salary guide, which is the year selected for financial comparisons with other benchmarks.

The work year is consistent with the published school calendar. A full-time driver works a minimum of 20 hours per week, while an hourly driver works less than 20 hours a week.

All transportation personnel who work at least 20 hours per week receive medical insurance benefits. Drivers who receive such benefits contribute an extra 15 hours of service to defray the increased cost of the health benefits package.

Drivers are eligible to receive 12 sick days with pay each year. Unused sick days may be accumulated from year to year with no maximum limit.

All drivers are eligible to receive up to two personal leave days with pay per year.

Time and payment for all class, athletic and extracurricular bus trips are part of the driver's basic annual contract. If actual trip time exceeds the time in the basic annual contract, reimbursement for the additional hours is paid at the driver's hourly rate of pay.

Bus Driver Salary Schedule A – 1997-98		
Step	Experience	Hourly
1	1-3	\$12.65
2	4	\$13.00
3	5-6	\$13.65
4	7-8	\$15.55
5	9-11	\$16.20
6	12+	\$17.30

Daily Work Schedule and Route Assignment

The district informs the association by August 15 of the bus routes for the coming academic year. Each member of the association has the opportunity to request a particular route or designate the route of his/her choice. However, seniority is the factor that determines the designation of a driver to his/her preferred route and the order for any layoffs in the event of a reduction in force.

Under normal conditions, a permanent bus driver does not drive more than two runs in the morning and two runs in the afternoon and a noon kindergarten bus driver does not drive more than one discharge run and one pickup run. Based on seniority and documented job performance, hourly drivers may be offered full-time driving positions when available.

Support Staff Handbook

Support staff, including secretaries, custodial and maintenance personnel, have working conditions defined in the support staff handbook. Reportedly, salaries are set by the calculation of average salary ranges paid for the respective positions as determined by studies of comparable school districts. The district provides health care, prescription and dental insurance coverage for non-professional contractual employees, who work a minimum of 20 hours per week in one position, and their eligible dependents.

The district issues a calendar for all professional and clerical staff on 12-month contract, with a list of paid holidays for the next school year. Twelve paid legal holidays and one floating holiday are allowed each employee.

The superintendent may grant two non-cumulative personal days per year for legal, business, household or family matters. The district grants the necessary time off with pay for appearance in any legal proceeding connected with employment by the district or in any other legal proceeding if the employee is required by law to attend.

Leave with pay may be granted as follows:

- A maximum of five days in the event of death or serious illness of a member of the employee’s immediate family, as defined.
- One day in the event of death of a relative outside of the immediate family.
- The superintendent may grant time off for an appropriate number of employees to attend the funeral of a student or teacher.

All employees of the district covered by this policy are eligible to receive 12 sick days with pay each year. Unused sick leave may be accumulated from year to year with no maximum limit.

All 12-month, full-time non-instructional employees are granted paid vacation days per year in accordance with the following schedule:

Years 1 to 5	10 working days
Years 6 to 10	15 working days
Years 11+	20 working days

Vacation time is not cumulative and must be taken during the applicable year, except in an emergency, when the superintendent may approve carrying vacation days into the next year. Employees do not receive financial reimbursement for unused vacation time.

All hourly non-instructional employees who work five or more hours per day take a half-hour lunch break without pay.

Employees are reimbursed for actual and reasonable travel expenses incurred in carrying out authorized duties. Authorized use of a district employee's automobile is reimbursed at the Internal Revenue Service mileage rate.

The district pays the full cost of tuition and/or other reasonable expenses incurred in connection with any courses, workshops, seminars, conferences, in-service training sessions, or other such sessions which an employee attends as required and/or requested by the administration.

The district contracts with certain non-instructional employees on an annual basis and does not grant tenure to any custodial employee, or any other employee, for whom tenure provision is not required by law.

Health Insurance

The Delaware Township School District (DTS) offers employees medical benefit coverage for health, dental and prescriptions. According to the administration office, DTS reluctantly joined the State Health Benefits Plan (SHBP) when their previous private insurance provider implemented a rate hike of 32%. In the 1997-98 school year, the district spent approximately \$300,108 for medical benefits. The district's primary concern with the SHBP was the lack of flexibility regarding cost containment. Still, the district has few options given its relatively small work force.

The SHBP does allow for premium sharing for other-than-single coverage. The review team suggests exploring various sharing percentages, which will generate reasonable savings. For example, a 5% premium sharing cost will yield a \$13,434 savings, a 10% sharing will yield \$26,869 and 20% will yield \$56,738. Employee contributions will average \$10 to \$50 per pay period depending on percentage, coverage and plan. The district reported an interest in continuing to examine all options concerning health care coverage.

Recommendation:

The SHBP currently allows participants to pass to district employees the cost for other-than-single coverage. Given the private sector initiative to have employees share in the cost of health care coverage, the team recommends the district consider negotiating 20% premium sharing for health care insurance.

Potential Cost Savings: \$56,738

Dental Insurance

The district provides dental coverage to its employees through a private insurance carrier. Total cost of the policy in the 1997-98 school year was \$47,391. The district currently has a cost containment feature built into the contracts which requires a district cost for premium sharing for other-than-single coverage of \$36.18 for two party and \$60.02 per month for three or more. Employees are responsible for paying the difference between the board obligation and the actual monthly cost of the policy. This cost containment feature currently applies to members of the educational association and annually saves district taxpayers approximately \$7,312.84.

The district is commended for this cost-saving initiative regarding dental insurance coverage for members of the educational association.

Recommendation:

At the present time, dental cost sharing applies only to the members of the educational association. Uniform application of premium sharing to all district employees will yield additional savings. It is, therefore, recommended the district negotiate dental premium sharing for all employees for savings of \$2,803.

Potential Cost Savings: \$2,803

Vision Care

Currently DTS does not offer vision care, which is a significant district cost saving. Since most of the managed health care plans under the SHBP include provisions for vision care, the district may be able to reduce employee participation in the more costly traditional plan by touting the extra benefits of the managed care plan, such as vision coverage. Currently, there are approximately 20 employees in the traditional plan.

Recommendation:

Traditional plans are generally the most expensive. The LGBR team suggests that through better marketing of the various features of the managed care plan, such as vision care, the district may be able to reduce the number of participants in the traditional plan. The district should consider developing a marketing strategy to encourage employees to join managed care programs. A migration of 10 employees to a managed plan will generate savings of \$14,224.

Potential Cost Savings: \$14,224

Prescription

The district negotiated prescription coverage of direct reimbursement with a yearly limit of \$200 for single and \$300 for other-than-single coverage. Employees are responsible for their own coverage once they have received the maximum reimbursement permitted. Based on the 1997-98 payroll, the district budgets \$17,700 a year to cover the maximum liability. Another alternative for the district may be to implement a 100% co-pay program through a private vendor. At a district cost of \$25 per prescription card, each employee would become eligible to purchase all prescriptions at wholesale prices. Based on the 64 employees enrolled in the health benefits program, the district would spend \$1,600 for the prescription plan and realize savings of \$16,100.

Recommendation:

The LGBR team recommends that the district consider negotiating a 100% co-pay prescription plan for a savings of \$16,100.

Potential Cost Savings: \$16,100

IV. SHARED SERVICES

Tremendous potential for cost savings and operational efficiencies exists through the implementation of shared, cooperative services between local government entities. In every review, Local Government Budget Review strives to identify and quantify the existing and potential efficiencies available through the collaborative efforts of local officials in service delivery in an effort to highlight shared services already in place and opportunities for their implementation.

District/Municipal

Representatives of the Delaware Township Committee and the Delaware Township School District have met to discuss present and proposed shared services in a continuing effort to control costs. Most of the following arrangements are informal in nature and should be included in interlocal agreements with a written record to track the progress of the respective mutually beneficial shared service activities.

- The township and the school district participate in the same fuel oil/gasoline/diesel fuel purchases through the Hunterdon County Educational Services Commission (HCESC). The township saves significantly due to the volume of the school purchases. The township can also join in the telephone consortium with the HCESC.
- The school district utilizes the HCESC Cooperative Pricing for paper, central and art supplies and janitorial supplies. The school district could purchase maintenance supplies for the township by establishing a separate internal service fund for reimbursement by the township. This account would not increase district expenditures or affect the budget cap.
- The school district parks its school buses and refuels some of them at the township garage. The district also provides its school buses for summer field trips sponsored by the township recreation department.
- The school district currently is a member of an energy coalition, which is limited to school districts.
- The school district currently receives safety training for employees from the School Alliance Insurance Fund. The township may wish to contact the Somerset County Alliance for the Future, which provides information and encourages the sharing of municipal services.
- The school district currently has an Internet access, which potentially could be made available to the township.
- The township has a 16-foot grass mower, which could be used to mow the lawns and athletic fields for the school district. The current grass-cutting equipment used by the school district is quite inefficient and the grounds maintenance activity consumes far too much time of the school custodial staff.
- The school district has been able to train teachers, secretaries and administrators in computer application skills through filling available class seats in training sessions at business and industry sites. Similar services could be offered to the township.
- The school district has contracted for a payroll service, which is capable of servicing the township at a nominal monthly fee, which could be paid by the bank serving the township.

- The school district has maintenance employees who could provide some minor repairs at township facilities within the limitations of schedule, available time and expertise.
- The school district has arranged maintenance services for school buses at 10% below the state contract price. Municipal government could possibly benefit from a similar arrangement for township vehicles.
- The school nurse could periodically inventory the township First Aid kits and order any missing or needed supplies under a separate line item for reimbursement by the township. This could replace a costly private service contracted at township expense.
- Other items under discussion include the possibility of jointly contracting for the maintenance of business equipment, such as computers, copiers, postage meters, etc.

Recommendation:

The township and school district are commended for exploring many avenues for sharing services. It is recommended that the township and school district finalize the process by entering into written agreements which are mutually beneficial in terms of equal or improved services, cost effectiveness and efficient utilization of tax dollars.

Dual District

A joint in-service day for teachers was held with the East Amwell School District in September, 1999. This joint venture should provide improved in-service choices at a reduced cost for both districts, which for the Delaware Township School District is estimated as about \$1,700 in savings.

In addition to savings to be realized by joining services, there are two new state programs designed to encourage and reward local governmental units and their taxpayers for regionalizing, sharing and joining services with other units of local government. The Efficiency Development Incentive Act (REDI) provides funds to local units to study the feasibility of joining services. The second program, REAP (Regional Efficiency Assistance Program), provides direct tax relief for any local government regional service agreement signed after July 1, 1997. These programs are administered by the New Jersey Department of Community Affairs (DCA), Division of Local Government Services. The city is encouraged to contact DCA for additional information.

V. STATUTORY AND REGULATORY REFORM

The fifth and final section of the report, Statutory and Regulatory Reform, attempts to identify those areas where existing State regulations or statutory mandates, which appear to have an adverse effect on efficient and cost-effective local operations, are brought to the attention of the LGBR review team by local officials. It is common for local officials to attribute high costs and increased taxes to “state mandates.” Each review team is then charged with reporting those areas in this section of the report. The findings summarized below will be reviewed by the appropriate state agency for the purpose of initiating constructive change at the state level.

Board of education members and key administrators were interviewed and given the opportunity to express their concerns regarding the various regulations that impact the public schools. During interviews district officials expressed some concerns in the following areas:

Transportation Efficiency Rating

Delaware Township’s transportation costs are remarkably low in comparison to other districts in the area. However, since the district has full-day kindergarten, the lack of separate kindergarten routes lowers the transportation efficiency rating of the district. The Efficiency Rating Guidelines, as established by the DOE, rewards a district that can demonstrate utilizing a vehicle over 120% (1.2) each day. This can be accomplished by “tiering” routes, e.g., running a middle school route at 7:30 a.m., then an elementary school at 8:00 a.m., with a noon kindergarten. Assuming that the district is utilizing a 54-passenger bus, and that all seats are filled on both routes in the morning, and assuming 20 students for kindergarten, the utilization factor for that vehicle is 2.37. This presupposes that there are no courtesy students being transported on these routes.

Delaware Township, with one school and a full-day kindergarten, cannot take advantage of the “tiering” efficiencies and has a current rating of .861. In the past, as a cost-cutting measure, the district did “double up” the routes, using buses as shuttles and thereby running fewer routes. This did add the expense of paid aides or teachers to watch the students before and after school. The district has also considered running an adjusted educational program with middle school and elementary school students arriving at different times to allow for reduced costs in transportation. Parental concerns regarding length of school day, students from the same household taking two buses at two separate times, and traveling many of the same routes twice in the a.m. and p.m., etc., have eliminated these ideas from discussion.

If the Efficiency Rating System is utilized for computing transportation aid in the future, without substantial changes to reflect the anomalies seen in Delaware Township, aid will be reduced for those districts whose management is efficient by all other standards.

Other Areas of Concern

Delaware Township, with a relatively small K-8 school enrollment and limited numbers of professional staff, is challenged by frequent state mandates for curricular change with limited timeline allowances for implementation.

School officials have also expressed concern about the impact of budget caps on districts with relatively low per pupil expenditures and the continuing uncertainties about annual state financial aid.

**LOCAL GOVERNMENT BUDGET REVIEW
ACKNOWLEDGMENTS**

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TABLE OF CONTENTS

Preface – Government That Works/Opportunities for Change

The Review Process

Executive Summary

Comparison of Cost/Tax Rate with Recommended Savings

<u>CONTENTS</u>	<u>PAGE</u>
COMMUNITY OVERVIEW.....	1
I. BEST PRACTICES.....	3
II. OPPORTUNITIES FOR CHANGE/FINDINGS AND RECOMMENDATIONS	5
COMPARATIVE ANALYSES.....	5
BOARD OF EDUCATION	12
ADMINISTRATION	14
INSTRUCTION.....	18
TECHNOLOGY	28
BUSINESS OFFICE OPERATION	38
FOOD SERVICE.....	49
FACILITIES & OPERATIONS	52
TRANSPORTATION.....	63
III. COLLECTIVE BARGAINING ISSUES	65
EDUCATION ASSOCIATION AGREEMENT	65
BUS DRIVERS ASSOCIATION	70
SUPPORT STAFF HANDBOOK	71
IV. SHARED SERVICES.....	75
V. STATUTORY AND REGULATORY REFORM.....	77

COMMUNITY OVERVIEW

Delaware Township is located in the southern part of Hunterdon County about 25 miles northwest of the State Capital in Trenton. Delaware Township, which lies along the Delaware River forming the southwestern boundary to Hunterdon County, was created in 1838 from old Amwell Township. Delaware Township is bounded to the north and east by Raritan and East Amwell Townships, on the south by West Amwell Township on the northwest by Kingwood and Franklin Townships and on the west by the Borough of Stockton. The Delaware Township village of Sergeantsville, which is surrounded by picturesque farmland, was first settled in 1700 and later named for Charles Sergeant, a revolutionary soldier. The sole remaining covered bridge in New Jersey spans the Wichecheoke Creek between Sergeantsville and Rosemont in the Township.

Hunterdon County is located about halfway between New York and Philadelphia. It is bisected east to west by Interstate 78 and north to south by Route 31, a major connection with the State Capital in Trenton. Hunterdon County's population has increased from 69,718 in 1970 to an estimated 122,842 in 1998. Following the national trend from blue to white collar employment, the agricultural and industrial base is being supplemented by a white collar and professional economy. During the past two decades, a number of corporate centers, including Exxon, Foster Wheeler, and Merck, were constructed in the county. While still one of the least densely populated areas in New Jersey, the recent rate of population growth has exceeded most other counties.

The Delaware Township Master Plan describes the township as a sprawling rural community located in the western part of New Jersey across the Delaware River from Pennsylvania. Delaware Township has a land area of 36.52 square miles and a density of 123.6 persons per square mile. According to the New Jersey Municipal Data Book, the township had an estimated population in 1996 of 5,009. The 1990 ethnic composition of the township was identified as 4,451 Whites, 26 Blacks, three American Indians, 30 Asian/Pacific Islanders, and two others, with 52 persons of Hispanic origin. The per capita income in 1989 was \$24,360, the median family income was \$59,094, and there were 90 persons in poverty. The median rent was \$601 and the median value of a single family home was \$213,700.

The school district has a 1998-99 enrollment of 550 students in grades K-8 in one school building and is organized for grade plans K-5 and 6-8. The school building has a capacity for 572 students, and based on an estimated average of 24 new single-family dwellings per year, the K-8 student enrollment is projected to exceed 600 by the year 2003. The township has both district elementary school and regional high school property tax rates, as high school students from the township attend Hunterdon Central Regional School District, which is located in Flemington, NJ.

The Delaware Township School is situated on a 25.6 acre site in Sergeantsville. The district constructed the original K-8 building in 1950 and added the first addition in 1954. In 1968, the district added another addition and self-contained modular classrooms. In order to meet

increasing student enrollments, a separate building to house intermediate students was constructed on the property in 1970. The original structure was converted into a grammar school. There was cross-utilization as students walked back and forth for athletic, art and cafeteria services until 1995, when the two buildings were joined by the most recent addition.

I. BEST PRACTICES

A very important part of each Local Government Budget Review report is the Best Practices section. During the course of every review, each review team identifies procedures, programs and practices that are noteworthy and deserving of recognition. Best practices are presented to encourage replication in communities and schools throughout the state. By implementing these practices, municipalities and school districts can benefit from the Local Government Budget Review process and possibly save considerable expense on their own.

Just as we are not able to identify every area of potential cost savings, the review team cannot cite every area of effective effort. The following are those best practices recognized by the team for cost and/or service delivery effectiveness.

Foundation

The Delaware Township Community Education Foundation, Inc. (DTCEF) was organized in October, 1994 as a nonprofit corporation with a 22 member board of trustees whose purpose was to promote, through financial support and community involvement, an enriched educational experience for local students. Through an annual auction and other fundraising activities, DTCEF had income and expenditures in its 1998 budget of \$29,950. Current priorities reflect a multi-year commitment to the multimedia, arts and science programs at Delaware Township School. More specifically, DTCEF provides a biannual after-school student enrichment program for two days per week and a mini-grant program for teachers. In the past, over 600 books have been purchased, 13 computers have been acquired for the multimedia lab and a long distance learning project has been funded for the new middle school lab. In addition, there has been funding provided for summer training for teachers to incorporate science and technology into the curriculum and "The Arts" have been enhanced through sponsorship of dance, theatre and mural projects.

Efficient Operation

The board and administration have demonstrated a continuing effort to provide a quality education at a reasonable cost. The district employs a leadership team concept, which is cost effective and involves and empowers teachers in the areas of budget management, curriculum and staff development. The district participates in joint purchases of paper, school supplies, diesel fuel, heating oil, etc., as a part of the Hunterdon County Educational Services Commission. The district is a member of the School Alliance Insurance Fund (SAIF) with a \$15,000 savings within the first year. The district established a preschool handicapped program to educate its own children and to provide a program on a tuition basis for other school districts. With the introduction of administrative software for special education, district officials were able to reduce the secretarial staff by one employee. The district has obtained monitoring without charge from the Hunterdon County 911 dispatch for its new fire and security alarm systems. These efficiencies are indicative of the district's continuing success in staying within the range of per pupil expenditure consistent with the Department of Education guidelines.

Community Center

The district, as a community school, has been quite effective in securing the active participation of parents and community members in support of school activities. The school building is used extensively throughout the school year and summer months for after-school and evening school extracurricular activities, township recreational programs and the community sports schedules. The school has achieved an identity as a community center and an asset to the residents of Delaware Township. The school has a very active Parent Teachers Association (PTA), which raises about \$22,000 per year in various fundraising activities, such as flower, clothing and book sales. The PTA funds the summer reading program and the artists in residence program, which addresses themes within the classrooms.

Communications

The district negotiated an agreement for reimbursement of personal phone calls and takes advantage of discounts offered by the long distance carrier. In the 1996-97 school year, the district saved \$1,020 from personal phone call reimbursements and \$1,278 in long distance discounts.

Energy Management

The district retrofitted the lighting system with an energy efficient T-8 lighting, achieving an estimated annual reduction of electric use of \$12,600. A seven-year finance package with annual payments of \$11,016 created yearly savings of approximately \$1,500.

Technology

The LGBR team commends the DTCEF and PTA for their active role in fundraising for the district contributing over \$85,000 for technology purchases and \$13,448 for staff development in technology. School officials also have obtained Internet access and e-mail services through the donation of a local resident, which are estimated as savings of \$4,200 or more per year.

Transportation

In keeping with the board and administration's commitment to providing quality education at a reasonable cost, the transportation operation in the district is highly efficient, driven not only by safety but by economic operations and district staff who continually seek new methods to expand cost-cutting. From joint purchasing of vehicle fuels with the municipality, to soliciting maintenance repair fees that fall far below the state averages, district staff members have followed the majority of recommended practices for efficiency. Delaware Township has been able to limit benefits, increase productivity, and share services within the custodial and transportation departments by negotiation with the association. With an average route cost of just over \$14,000, and state aid numbers at 78% for transportation (the average in the county is approximately 41.5%), Delaware Township is commended for its efforts in this area.

II. OPPORTUNITIES FOR CHANGE/FINDINGS AND RECOMMENDATIONS

The purpose of this section of the review report is to identify opportunities for change and to make recommendations that will result in more efficient operations in the district, and/or which will provide local resources for enhancing educational offerings to meet student needs.

From the outset of this study it was apparent that the district has made a concerted effort through community and institutional partnerships to leverage the maximum amount of different resources to meet the special needs of Delaware Township children and youth. A number of these cooperative arrangements are recognized in the best practices section of this report and others are cited in the findings. The district is to be commended for the steps it has taken on its own and for the cooperation generally given to the review team during the course of the study. A number of areas were found where additional savings could be generated and recommendations are included in this section which would effect these savings.

In some areas specific dollar savings are calculated for the recommendations to illustrate cost savings. The time it will take to implement the savings recommendations will depend on their priority and, therefore, will vary. Nevertheless, the total savings and revenue enhancements should be viewed as attainable goals. It is recognized that a number of the recommendations will be subject to collective bargaining, which will effect the timing of their implementation. Some of these will result in one-time savings, while others will provide ongoing benefits. The strategies contained in these recommendations will lead to opportunities for additional needed educational services as a result of improvements in budgeting, cash management and cost control.

Comparative Analyses

LGBR uses various methods to analyze school districts. One method is to compare districts to one another using information from the NJ Department of Education and from the 1997-98 Comprehensive Annual Financial Report (CAFR). Districts may be compared to appropriate statewide averages or medians. At other times a comparison is made among districts that are similar in type (e.g., K-12), size and socioeconomic characteristics. The most recent comparative data used in this report was compiled in school year 1997-98, which was the most current available. Other methods used by LGBR include reviewing district documents and identifying benchmarks or related information from various state agencies, state education associations, publications and private industry.

The school districts that were used for detailed comparison with Delaware include Lebanon and Union Townships in Hunterdon County and Washington Township in Mercer County. LGBR selected these districts because they are similar in terms of type, size and socioeconomic characteristics. The first comparison among these four districts is shown in the table below that shows revenues. The information being reported represents actual amounts and not budgeted amounts in the 1997-98 Comprehensive Annual Financial Report (CAFR):

Revenue Comparisons 1997-98

	<u>Delaware</u>		<u>Lebanon</u>		<u>Union</u>		<u>Washington*</u>	
General Fund								
Local Tax Levy	\$3,043,585	64.7%	\$5,578,364	72.9%	\$3,483,765	77.3%	\$6,316,328	70.9%
State Aid	\$1,295,427	27.5%	\$1,599,322	20.9%	\$572,081	12.7%	\$1,287,768	14.5%
Federal Aid	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Tuition	\$20,951	0.4%	\$8,040	0.1%	\$43,026	1.0%	\$0	0.0%
Miscellaneous	\$45,284	1.0%	\$119,930	1.6%	\$39,853	0.9%	\$119,229	1.3%
Total General Fund	\$4,405,247	93.6%	\$7,305,656	95.5%	\$4,138,725	91.9%	\$7,723,325	86.7%
Special Revenue Fund								
State Aid	\$21,050	0.4%	\$6,440	0.1%	\$19,513	0.4%	\$54,102	0.6%
Federal Aid	\$58,512	1.2%	\$64,195	0.8%	\$52,641	1.2%	\$118,035	1.3%
Other	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Total Revenue Fund	\$79,562	1.7%	\$70,635	0.9%	\$72,154	1.6%	\$172,137	1.9%
Debt Service Fund								
Local Tax Levy	\$198,438	4.2%	\$239,940	3.1%	\$293,652	6.5%	\$964,057	10.8%
State Aid	\$22,271	0.5%	\$31,614	0.4%	\$0	0.0%	\$0	0.0%
Total Debt Service Fund	\$220,709	4.7%	\$271,554	3.6%	\$293,652	6.5%	\$964,057	10.8%
Fiduciary Fund Type								
State Aid	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Federal Aid	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Other	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$130	0.0%
Total Fiduciary Fund Type	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$130	0.0%
Capital Projects								
Other	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$47,628	0.5%
Total Capital Projects	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$47,628	0.5%
Total Revenues (All Funds)	\$4,705,518	100%	\$7,647,845	100%	\$4,504,531	100%	\$8,907,277	100%

Source: School districts' 1997-98 CAFR.

*Unlike the other districts Washington pays tuition for its high school students. In order to make proper comparisons this amount was removed from Washington's revenues and expenses.

The data indicate that in terms of revenues, the districts are similar to one another. The large majority (from 70% to 80%) of revenue received by the districts comes from the local tax levy. The next highest amount of revenue (from 12% to 27%) comes from state aid. Only about 1% comes from the federal government.

The table below compares general fund expenditures among the four districts, based upon the 1997-98 Comprehensive Annual Financial Reports (CAFR):

Expenditure Comparisons 1997-98

Actual	Delaware		Lebanon		Union		Washington*	
Regular Program - Inst.	\$1,811,948	42.6%	\$2,558,643	35.8%	\$1,622,961	37.6%	\$2,558,629	33.4%
Special Education	\$301,891	7.1%	\$458,978	6.4%	\$338,167	7.8%	\$322,801	4.2%
Basic Skills-Remedial	\$10,312	0.2%	\$25,682	0.4%	\$41,082	1.0%	\$55,547	0.7%
Bilingual Education	\$0	0.0%	\$14,754	0.2%	\$0	0.0%	\$32	0.0%
Sponsored Cocurr Activities	\$14,086	0.3%	\$46,067	0.6%	\$6,492	0.2%	\$46,622	0.6%
Sponsored Athletics	\$43,244	1.0%	\$0	0.0%	\$25,404	0.6%	\$0	0.0%
Other Instruction Program	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Community Services Program	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Total Instructional Cost	\$2,181,481	51.3%	\$3,104,124	43.5%	\$2,034,106	47.1%	\$2,983,631	38.9%
Undistributed Exp. - Ins.	\$74,594	1.8%	\$111,593	1.6%	\$41,983	1.0%	\$770,665	10.1%
General Administration	\$174,572	4.1%	\$248,016	3.5%	\$263,644	6.1%	\$269,902	3.5%
School Administration	\$123,514	2.9%	\$259,239	3.6%	\$127,626	3.0%	\$305,441	4.0%
Total Administrative Cost	\$298,086	7.0%	\$507,255	7.1%	\$391,270	9.1%	\$575,343	7.5%
Food Service	\$14,000	0.3%	\$0	0.0%	\$12,041	0.3%	\$0	0.0%
Health Service	\$32,921	0.8%	\$65,208	0.9%	\$46,557	1.1%	\$80,357	1.0%
Attendance & Social Work Service	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Students Related & Extra Service	\$70,586	1.7%	\$0	0.0%	\$0	0.0%	\$91,675	1.2%
Other Support Service	\$94,517	2.2%	\$478,914	6.7%	\$319,137	7.4%	\$351,028	4.6%
Other - Imp. of Inst. Service	\$43,916	1.0%	\$14,548	0.2%	\$5,358	0.1%	\$19,228	0.3%
Media Serv./School Library	\$67,231	1.6%	\$141,145	2.0%	\$98,544	2.3%	\$90,610	1.2%
Instructional Staff Training	\$6,220	0.1%	\$0	0.0%	\$4,934	0.1%	\$0	0.0%
Operation of Plant	\$326,357	7.7%	\$537,781	7.5%	\$311,119	7.2%	\$684,643	8.9%
Business & Other Support Services	\$484,211	11.4%	\$963,738	13.5%	\$474,259	11.0%	\$740,071	9.7%
Total Support Services	\$1,139,959	26.8%	\$2,201,334	30.8%	\$1,271,949	29.5%	\$2,057,612	26.8%
TPAF Pension & Reimb. SS	\$41,767	1.0%	\$43,285	0.6%	\$20,884	0.5%	\$15,796	0.2%
Reimb. TPAF SS Contrib.	\$183,314	4.3%	\$266,148	3.7%	\$168,164	3.9%	\$255,370	3.3%
Transportation	\$210,951	5.0%	\$595,098	8.3%	\$197,921	4.6%	\$757,941	9.9%
Capital Outlay	\$123,405	2.9%	\$314,688	4.4%	\$192,511	4.5%	\$247,277	3.2%
Special Schools	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Total General Fund Expenditures	\$4,253,557	100%	\$7,143,525	100%	\$4,318,788	100%	\$7,663,635	100%
Avg. Daily Enrollment	557		818		510		887	

Source: School districts' 1997-98 CAFR and N. J. Department of Education [Comparative Spending Guide](#), March 1999

*Unlike the other districts, which are members of a high school regional school district, Washington pays tuition for its high school students. In order to make proper comparisons, this amount was removed from Washington's revenues and expenses.

In addition to the total dollar amounts, the table above provides information about the percent of expenditures for line items in relation to total expenditures. This data indicates that the districts are roughly similar both in terms of expenditure amounts and as a percent of expenditures on specific line items. However, Delaware spends the highest percentage of funds on instruction (51.3%) compared to an average of 43.2% for the comparison districts. And, it spends the lowest percentage on administration (7.0%) compared to an average of 7.9% for the comparison districts. Delaware also is tied for the lowest amount spent on support services (26.8%), in comparison to an average of 29.0% for the three other districts.

The next table indicates the comparative per pupil costs for selected cost factors for the 1997-98 school year. The information on Delaware and the three comparison districts came from the NJDOE Comparative Spending Guide, March, 1999.

Analysis of Similar Districts Using Per Pupil Expenditures or Staffing Data*

	Delaware	Lebanon	Union	Washington	3-District Average
Total Cost Per Pupil	\$6,902	\$7,481	\$7,625	\$6,660	\$7,255
Total Classroom Instruction	\$4,165	\$4,437	\$4,467	\$3,794	\$4,233
Classroom Salaries & Benefits	\$3,962	\$4,186	\$4,186	\$3,500	\$3,957
Classroom General Supplies & Textbooks	\$172	\$197	\$243	\$278	\$239
Classroom Purchased Services & Other	\$30	\$53	\$37	\$16	\$35
Total Support Services	\$695	\$986	\$1,027	\$781	\$931
Support Services Salaries & Benefits	\$629	\$891	\$901	\$636	\$809
Total Administrative Cost	\$839	\$889	\$1,017	\$899	\$935
Salaries & Benefits for Administration	\$657	\$735	\$681	\$614	\$677
Operations & Maintenance of Plant	\$628	\$728	\$646	\$815	\$730
Salaries & Benefits for Oper./Maint. of Plant	\$340	\$424	\$278	\$319	\$340
Food Service	\$25	\$0	\$24	\$0	\$8
Extracurricular Cost	\$115	\$66	\$70	\$57	\$64
Equipment	\$78	\$101	\$332	\$319	\$251
Student/Teacher Ratio	14.0	11.7	16.6	13.7	14.0
Median Teacher Salary	\$50,878	\$50,615	\$43,671	\$36,000	\$43,429
Student/Support Service Ratio	100.9	82.1	98.4	98.9	93.0
Median Support Service Salary	\$50,763	\$44,916	\$55,272	\$36,175	\$45,454
Student/Administrator Ratio	181.7	205.3	128.7	176.0	170.0
Median Administrator Salary	\$70,125	\$77,735	\$67,036	\$74,672	\$73,148
Faculty/Administrator Ratio	14.7	16.4	10.8	14.6	14.0
Personal Service-Employee Benefits	14.2%	16.4%	14.8%	15.5%	15.6%

*The total cost per student in this table is not comparable with the previous table. The total cost per pupil here is calculated as the total current expense budget plus certain special revenue funds, particularly early childhood programs, demonstrably effective programs, distance learning network costs and instructional supplement costs. The calculation excludes the local contribution to special revenue, tuition expenditures, interest payments on the lease-purchase of buildings, transportation costs, residential costs and judgments against the school district. Also excluded from this per pupil calculation are equipment purchases, facilities acquisition and construction services, expenditures funded by restricted local, state and federal grants, and debt service expenditures.

A comparison of Delaware's per pupil costs with those of Lebanon, Union, and Washington Townships indicates that Delaware's cost per pupil is \$6,902. This is \$353 or 4.9% lower than the \$7,255 average per pupil cost for the comparable districts. Multiplying the \$353 lower costs per pupil at Delaware by the number of students at Delaware (557) indicates that the total dollar impact on Delaware's budget is \$196,000. In other words, if Delaware's costs equaled the average of the comparison districts, its costs would be \$196,000 higher.

A more detailed analysis of the data indicates that almost all of Delaware's costs are lower than the comparison districts. However, three areas are contrary to this trend and are higher than the comparison districts. Extracurricular, which is discussed in that section of this report, is \$51 or 78.8% higher than the comparison districts. Median teacher salary is \$7,449 or 17.2% higher

than the other districts and median support service salary is \$5,309 or 11.7% higher than the comparison districts. Both salary amounts are discussed in the collective negotiations section of this report.

The prior tables compared Delaware to three districts that were similar in terms of type, size and socioeconomic factors. The next comparison looks at Delaware in relation to the 70 other school districts in the state that are the same type (K-8) and size (401-750). Food Service was excluded from the analysis because most of the 71 districts did not provide data on this function. The districts are ranked from “1” to “71” with “1” being the lowest cost per student and “71” the highest cost per student. A ranking of 35 indicates that a district is about average, i.e., about half of the districts have higher and half have lower costs.

**Comparison of Delaware to 70 School Districts
Ranked from “1” (Low Costs) to “71” (High Costs) ***

	1996-97		1997-98		1998-99	
	Actual	Ranking	Actual	Ranking	Budget	Ranking
Cost Per Pupil	\$6,542	19	\$6,902	15	\$7,011	23
Classroom Instruction	\$4,263	23	\$4,165	19	\$4,500	31
Classroom Salaries & Benefits	\$4,050	25	\$3,962	23	\$4,268	32
General Supplies & Textbook	\$164	21	\$172	19	\$184	20
Purchased Services & Other	\$50	29	\$30	30	\$47	37
Support Services	\$560	26	\$695	23	\$755	22
Support Service Salaries & Benefits	\$529	30	\$629	34	\$670	30
Total Administrative Cost	\$837	8	\$839	6	\$897	13
Salaries & Benefits for Admin.	\$663	11	\$657	13	\$702	18
Operations & Maintenance	\$661	24	\$628	19	\$668	16
Salary & Benefits for Operation/Maint.	\$328	28	\$340	38	\$352	38
Food Service	\$24	20	\$25	17	\$24	24
Extracurricular Cost	\$144	66	\$115	64	\$128	66
Median Teacher Salary	\$47,992	48	\$50,878	56	\$53,400	62
Median Support Service Salary	\$43,155	46	\$50,763	62	\$52,900	63
Median Administrator Salary	\$66,900	29	\$70,125	28	\$72,750	35
Ranked High Ratio to Low						
Student/Administrator Ratio	178	17	182	17	182	19
Faculty/Administrator Ratio	15	21	15	22	15	23

Source: 1999 NJDOE Comparative Spending Guide

Total of 71 School Districts

*All districts did not respond to each function. Therefore, functions sometimes have less than 71 responses. Percentages in the analysis are based on the number of respondents.

The analysis of this comparison data again indicates that Delaware is outstanding in terms of cost effectiveness. A comparison of 18 functional areas for the two most recent school years indicates that the district ranks in the top half in 15 of 18, or 83% of the functional areas. In fact, in eight of the 18, or 44%, the district is ranked in the top one-third among the 71 districts. This pattern holds for the 1998-99 budget year although budget data is a planned expenditure that is therefore subject to change.

However, in each of the three years reviewed the district is below average in three areas, as noted earlier, extracurricular cost, median teacher salary, and median support service salary. In terms of extracurricular costs, the district's ranking ranged from 64 to 66 in all three years. The ranking for the median teacher salary ranged from 48 to 62 and the ranking for median support salary ranged from 46 to 63. As noted earlier these areas are discussed in other sections of this report. Recently, the district received a lower than average ranking in salaries and benefits for operation and maintenance of plant. From 1996-97 to 1997-98, the district's ranking went down from 28 to 38 and it again was ranked at 38 in the 1998-99-budget year. This is discussed in the facilities section of this report.

In the table below Delaware is again compared to the three select districts using more general data from the NJ School Report Card and the Comprehensive Annual Financial Report (CAFR).

Comparisons among Select Districts on General Characteristics

<u>Description</u>	<u>Delaware</u>	<u>Lebanon</u>	<u>Union</u>	<u>Washington</u>
County	Hunterdon	Hunterdon	Hunterdon	Mercer
District Type	II	II	II	II
Grades	K-8	K-8	K-8	K-8
District Factor Group	GH	GH	GH	GH
Certificated Employees	47	67	52	85
Other Employees	23	38	23	19
Total Employees	70	105	75	104
Square Miles	37	32	20	21
Number of Schools:				
Elementary	1	2	1	1
Middle				1
Total Schools	1	2	1	2
Average Daily Enrollment	557	818	510	887
Teacher/Student Ratio:				
Elementary	1:12.4	1:12.2	1:12	1:14.1
Middle School				1:10.2
Administrative Personnel 1997-98:				
Number of Administrators	3	4	4	5
Administrator per Students	1:183	1:205	1:125	1:176
Administrator/Faculty Ratio	1:14.7	1:16.4	1:10.8	1:14.6
Median Salary:				
Faculty	\$50,878	\$48,358	\$44,119	\$36,000
Administrators	\$70,125	\$77,735	\$67,036	\$74,672
Median Years of Experience:				
Faculty	16	16	16	9
Administrators	12	26	21	20
Instructional Time	5:30	6/6:10	5:10	5:50/5:28
Student Mobility Rate	4.9	7.3/3.8	2.1	5.2/6

Source: 1997-98 school report cards, 1997-98 CAFRs and 1999 NJ Department of Education Comparative Spending Guide.

This data indicates that, with one exception, Delaware compares favorably to the three districts. The district has the highest cost in terms of median faculty salary at \$50,878. Delaware has the lowest number of administrators. And, when adjusting the number of administrators to account

for the number of pupils, the district has the second best rating at one administrator per 183 students. It also has the second best ranking on the number of administrators per faculty with a rating of one administrator per 14.7 faculty members.

District Overview

The Delaware Township School District has one elementary school building with a current enrollment of about 550 students in grades K-8. The school is located on a 26 acre site in the village of Sergeantsville. The district is a constituent member of the Hunterdon Central High School District, Flemington, NJ, that serves township students in grades 9-12. Hunterdon Central also serves four other township or borough elementary school districts, including East Amwell, Readington, Flemington and Raritan.

The district operates two distinct educational programs in one building using a “school within a school” concept. The grade K-5 elementary wing houses about 365 students while the departmentalized middle school wing houses about 190 students in grades 6-8. An annex building that formerly housed the district’s kindergarten classes is now utilized for an after school program for over 30 students. District officials are currently conducting a study of school facility needs.

In the 1997-98 school year, the district employed approximately 48 certified and 22 non-certified employees. Excluding part-time personnel and plant & maintenance staff, working hours are 8:30 a.m. - 4:30 p.m. for instruction and 8:00 a.m. - 4:00 p.m. for office staff. Plant and maintenance staff work flex shifts providing coverage from 6:45 a.m. to 11 p.m. All employee title and job descriptions are available in the main administrative office and are incorporated into a recently updated personnel section of the board policy manual. Job descriptions are reviewed and updated periodically to meet district needs.

The district had an approximate salary cost of \$3,347,770 or 78.7% of 1997-98 general fund expenditures. This salary cost includes health benefits, longevity, extra payment stipends and overtime payments.

According to the NJEA research publication Basic Statistical Data, Bulletin A98-1, February, 1999, Delaware Township had an equalized valuation per pupil of \$544,547 in 1998. This placed the district in the range of the 55th to 60th percentile among 70 other K-8 districts with enrollments of 400 to 750 students. The professional staff per 1,000 students was 80.8 compared with an 84.1 staff ratio for the comparison group of districts. The staffing ratio is described as the total professional staff members divided by the average daily enrollment in the district, expressed as thousands. The equalized school tax rate was \$1.40 in 1998, with \$0.82 for the elementary school district and \$0.58 for the regional high school district. The Delaware Township 1998 school tax was 68.5% of the total property tax rate of \$2.04, compared to a Hunterdon County average of 68.6%.

BOARD OF EDUCATION

The Delaware Board of Education consists of nine members who are elected to serve overlapping three-year terms. Three members are elected each year, plus occasionally there is the replacement for any member who does not complete the three-year term. The board normally meets once per month and designates three other evenings for committee meetings. The superintendent, in consultation with the board president, the board secretary and any or all board members, and incorporating the committee report items, establishes the agendas for monthly board meetings. The agendas, with supporting materials, are distributed prior to board meetings with sufficient time for board members to give the items of business careful consideration. The agenda also allows time during the meeting for remarks by citizens, staff members or students who wish to speak briefly before the board.

Board standing committees include education, finance, operations, personnel/negotiations, policy and public relations. Committees are established through action by the board and the board president appoints the chairperson and members. The board president and the superintendent of schools are ex-officio members of all standing committees and are notified of the time and place of all meetings. These committee meetings that do not constitute a quorum of the board are held in closed session, as allowed by law. With the aid of the administration, committees develop goals and objectives for the year for board approval at the second meeting after reorganization. At the next regular board meeting following a committee meeting, the chairperson submits a summary of the topics discussed, the conclusions reached and pertinent recommendations. Standing committees are dissolved each year at the annual organization meeting. In addition, special committees may be created for special assignments and they are dissolved during the year upon completion of the specified function. The board also has individual members who serve as liaisons to the Township, Planning Board, Recreation Department, New Jersey School Boards Association, Educational Service Commission, Parent Teacher Association, etc.

Board policy indicates that the board exercises its powers through the legislation of bylaws and policies for the organization and operation of the school district. While pertinent state statutes, court decisions, etc., define the general powers and duties of the board, board policy acknowledges that individual board members have authority only when acting as a board legally in session and delegates the administration of the district to the superintendent.

At the time of the review, there were only eight members of the school board, as one member had moved out of district and consequently resigned. The review team interviewed seven of the remaining eight board members, the superintendent and the business administrator/board secretary. Board members expressed commitment to provide good educational experiences for students in a cost-effective manner. There has been a recent history of cooperative working relationships among the board of education and the two central office administrators, with all parties respecting the roles and functions of the others. As the membership of the board changes with a new board president and four new members within the current year, new member orientation and in-service training assume renewed importance.

Recommendation:

In addition to orientation sessions for new members, the board should continue to hold annual retreats with the guidance of an outside consultant (perhaps the New Jersey School Boards Association) to discuss board/administrator roles, functions and relationships, to identify achievements and prioritize needs, and to agree on goals and objectives for the near future.

Within the limits set by statute, state regulation, and code of ethics considerations, the method of operation of a local board of education is a matter for local determination. However, the review team has observed that the Delaware Township board relies heavily on a standing committee system where practically all matters, which come before the board, must be “filtered” through a board committee. The board agenda is organized on a committee chairperson report basis, with agenda items grouped under committee headings.

Standing committee meeting dates are scheduled monthly as follows:

- First Tuesday: 6:30 p.m. - Policy Committee
7:30 p.m. - Education Committee
- Second Tuesday: 6:30 p.m. - Finance Committee
7:30 p.m. - Operations Committee
- Third Tuesday: 6:30 p.m. - Public Relations Committee
7:30 p.m. - Personnel/Negotiations
- Fourth Tuesday: 7:30 p.m. - Monthly Board of Education Meeting

Standing committees obviously have advantages and disadvantages both for the board and the administration. Committees provide a mechanism for dividing board functions and concerns into categories and for board members to devote time and talent to specific studies and reports on school matters. The superintendent is present at most committee meetings, as lay committee members rely on the superintendent for communication, professional advice and information.

As indicated in the following table, the various board standing committees are well-organized with specific functions or goals:

Education Committee	Finance Committee
Oversee curriculum cycle	Structure building referendum debt
Increase communication with staff	Recommend bond counsel
Technology plan (goals)	Alternative funding sources
Professional development academy	2000-2001 budget
Personnel Committee	Policy Committee
Staffing plan	Policy audit and revision
Evaluation criteria	Board bylaws
Peer coaching	Legal mandates
Operations Committee	Public Relations Committee
Building specifications	Public information for building project
Weekly job site meetings	Citizen committees re: building project
Five-year facility plan update	Newsletter - Voice
Technology plan (implementation)	Web site
Shared services	Local press
Emergency management plan	
Crisis management plan	

Delaware Township has a very knowledgeable, personable and devoted superintendent and a committed and capable board of education, which serves without financial remuneration. However, frequent and numerous standing committee meetings, with the necessary preparations, data collections and follow-up activities, consume significant amounts of administrative time and energy, which could otherwise be directed toward daily school administration, supervision and instructional leadership.

Recommendation:

Delaware Township has a 550-pupil school building and limited administrative and supervisory personnel. The board should evaluate the necessity for the number of standing committees, the frequency of meetings and the proportion of administrative time needed for board activities, as contrasted to the amount of time needed for daily school leadership, curriculum development, staff selection and supervision, student activities, community relations, etc. It should be apparent the review team is referring to a matter of balance in allocating limited administrative resources between board and school functions, as both are clearly important and indeed related.

ADMINISTRATION

Upon the retirement of the district’s superintendent in 1995, the traditional model of superintendent and principal was changed to superintendent, supervisor, lead teacher and four unit leaders for grades K-2, 3-5, 6-8, and special areas. The former principal’s duties were divided among a supervisor, a lead teacher and four unit leaders. The part-time supervisor

primarily is responsible for the supervision of the teaching staff and the part-time lead teacher coordinates students activities and any discipline issues. The district organization chart shows that the business administrator/board secretary, K-8 supervisor, the lead teacher and the support staff report directly to the superintendent of schools. The four unit leaders report directly to the K-8 supervisor.

This reorganization was viewed as cost-effective and a professional model rather than a bureaucratic model of administration. All members of the leadership team, with the exceptions of the superintendent and business administrator, have teaching assignments. This model for shared decision-making is designed so that those closest to the delivery of instruction to students are empowered to make key decisions about instruction methodology. In addition, team members meet regularly with the superintendent to discuss district-wide developments.

The unit leaders report that there is more connectivity and communication among staff at the various grade levels. There is greater articulation and coordination of curriculum and programs among the grade levels and, equally as important, among regular classrooms and special education. Teachers now budget and plan their own instructional purchases and staff development activities that are tied to the district's stated goals.

After the administrative reorganization was implemented, a strategic planning council was formed for long-range planning and a process of continuous growth and improvement. Twenty-two people, representing the board, staff, parents, students and community met to express their beliefs about the education of students, to formulate a mission statement and to develop numerous goals. The leadership team was charged with the development of action plans for the support of the attainment of the goals. These action plans were reviewed by the strategic planning council and then presented for adoption by the board of education. The action plans were designed to meet the educational (academic) and social needs of students.

The review team observes that the supervisor, in particular, appears to have a heavy workload in performing most of the functions normally performed by a principal, except for student activities and discipline. The supervisor's job description includes management of the school, development, evaluation and revision of curriculum, observations and evaluations of teaching staff members, developing the master teaching schedule and classroom assignments, responsibility for school reports, records and other paperwork, etc. Implementation of state core curriculum requirements within relatively brief timelines has also added to the work responsibilities of the supervisor.

In evaluating the district's administrative costs, the review team utilized the data for K-8 school districts with enrollments of 401 to 750 students as reported in the Comparative Spending Guide, which was published by the New Jersey Department of Education in 1999. Per pupil costs for salaries and benefits for administration in 1996-97 were \$663, which ranked 11 of 71 school districts, and decreased to \$657 in 1997-98, or a ranking of 13 out of 71, or well below average in cost. The total administrative cost in the Delaware Township School District, in 1996-97, was \$837 per pupil, with a ranking of 8 out of the 71 K-8 school districts with a student enrollment of 401 to 750. Ranked low cost to high cost, the lower ranking indicates below average costs. The

1997-98 total administrative cost was \$839 per pupil with a ranking of 6 out of 71 school districts. The district's ranking on this indicator means that the district is grouped within the top 8% of those districts who have the lowest total administrative costs.

The number of administrators employed by the district was verified as below average with a student/administrator ratio of 181.7 and a ranking of 17 in 1997-98. Correspondingly, the student/administrator ratio in 1998-99 was 182.0 with a ranking of 19 out of 71 school districts. The faculty/administrator ratio was 14.7 in 1997-98 and 14.9 in 1998-99, or rankings of 22 and 23 respectively. These rankings place the district among the one-third of the districts with the lowest number of full-time equivalent administrators per faculty member.

The Delaware Township median administrative salary was \$70,125 in 1997-98, which ranked 28th. In 1998-99, the median administrative salary was \$72,750, or a ranking of 35th among 71 K-8 school districts, which falls within the mid-range of district median salaries.

Recommendation:

The district is commended for its cost-effective administrative reorganization, numerical staffing and administrative salary levels.

In the near future as the district increases in student enrollment, district officials should evaluate the adequacy of providing a part-time supervisor for 44 teaching staff members. As indicated in the technology section, the need for in-house technology support staff may make it feasible to relieve the supervisor of some of the technical functions regarding software and increase the amount of available supervisory time.

General Administrative Costs

The review team compared the district's 1997/98 costs for general administration (program 230) with the comparison districts (see table below). Delaware's total cost per student is \$313. This is \$62 or 16.5% less per student than the \$375 average for the three comparison districts. Multiplying the \$62 less per student to the total number of students at Delaware indicates that administrative costs are nearly \$35,000 below the average of the comparison districts.

Comparison of General Administrative Costs-School Year 1997-98 (1)

	Delaware Township	Lebanon Township	Union Township	Washington Township	3-District Average
# of Students	557	818	510	887	738
Salaries	\$93,000	\$146,000	\$127,245	\$122,365	\$131,870
Legal Services	\$2,475	\$9,556	\$13,806	\$27,022	\$16,975
Subtotal	\$95,475	\$155,556	\$141,051	\$149,387	\$148,665
Cost/Student	\$171	\$190	\$277	\$168	\$212
Purchased Prof./Tech. Service	\$18,057	\$30,716	\$27,841	\$28,631	\$29,063
Cost/Student	\$32	\$38	\$55	\$32	\$41
Communication Telephone	\$10,912	\$22,632	\$23,197	\$28,283	\$24,704
Cost/Student	\$20	\$28	\$45	\$32	\$35
Other Purchased Service	\$21,518	\$29,235	\$60,340	\$48,277	\$45,951
Cost/Student	\$39	\$36	\$118	\$54	\$69
Supplies/Materials	\$8,435	\$1,729	\$2,346	\$5,810	\$3,295
Cost/Student	\$15	\$2	\$5	\$7	\$4
Misc. Expenditures	\$19,970	\$8,167	\$8,869	\$9,511	\$8,849
Cost/Student	\$36	\$10	\$17	\$11	\$13
Total Expenditures	\$174,569	\$248,035	\$263,644	\$269,899	\$260,526
Costs/Student	\$313	\$303	\$517	\$304	\$375

(1) The actual expenditures were abstracted from the 1997-98 CAFR. For space purposes a line item in Delaware for \$202 for travel was excluded.

The review team completed a more detailed analysis to determine which of the various components of general administrative costs explained the \$62 per student difference. The analysis indicated that many components were below average, but two were above average.

The areas that explain most of Delaware’s somewhat lower costs are the two categories “salaries” and “legal services.” As the table shows, the cost per student for these two categories is \$171, or \$40 per student less than the \$212 average. This explains about \$22,000 or 64.5% of the lower costs at Delaware. These costs are low for two reasons. First, about one-half of this lower cost occurs due to that portion of the superintendent’s time when acting as principal, which is charged to support services, school administration rather than general administration. Districts with a full-time superintendent charge all of that time to general administration.

Second, the other half of the lower costs is due to modest legal service costs. The district keeps this cost low by not having an attorney on retainer. Instead, it pays a flat fee of \$110 per hour for legal services. This service usually involves reviewing contracts and providing legal advice regarding school operations. School officials keep this rate low by informally comparing it to rates paid by comparably sized districts.

The next area that explains why Delaware’s general administrative costs are lower than average is “purchased professional/technical services.” The cost per student is \$32 or \$9 lower than the \$41 average. This explains about \$5,000 of lower costs. These costs are low for several reasons. First, auditor fees of about \$8,500 in 1997-98 were relatively low. The business administrator

(BA), who stays in touch with the fees paid by comparably sized districts, knows that this is a good rate. Secondly, when district officials hire a professional service these services are used in a focused way. For example, the district hired a company to provide negotiation services. But they were requested to attend only specific meetings when the district was prepared to use their input, which was critical at that time.

“Communications/telephone” is another component of the district’s total general administrative costs that is relatively low. The expenditures in this category are almost all for telephone costs, with only a minor portion for postage. The district’s cost per student is \$20, which is \$15 lower than the \$35 average for all districts. This explains about \$8,600 of the lower costs at Delaware.

The category “other purchased services” is also low. The cost per student is \$39, or \$31 lower than the \$69 average. This explains about \$17,000 of the lower costs at Delaware; however, unlike the other categories reviewed, this is due to the wide variation of expenditures that occur in this category rather than anything done by the district. The team usually looks at two years of data to ensure that single year anomalies are identified. This occurred in this category as indicated by the fact that the average for these same three districts in the prior year was \$41 or 40.6% lower than the year under review. And, this is exactly the amount expended by Delaware in that year.

There were two areas where the district’s costs were higher than average. One area was “miscellaneous expenditures,” with \$36 costs per student. This was \$23 higher than the \$13 average costs. These costs were high partly because some expenses for the next fiscal year reportedly were incorrectly coded for the current year. This category also includes \$5,400 in board expenses, which are reasonable.

The cost per student for “supplies and materials” was \$15, which is \$9 higher than average. Reportedly, these costs were high because of one-time expenditures for storeroom equipment.

The team commends the district for its success in controlling administrative costs.

INSTRUCTION

The district master schedule for middle school, special education and basic skills instruction shows an eight period day from 8:50 a.m. until 2:55 p.m. There is a five-minute homeroom period in the morning and periods five and six are devoted to lunch and other activities, such as multiple intelligence classes and groups.

The two factors that have the greatest influence on instructional costs are the number of teachers and instructional support staff and the salary levels. According to the Comparative Spending Guide, the district had a 1997-98 student/teacher ratio of 14 and a ranking of 26 among 71 districts, which is slightly below average in numbers of teachers. Correspondingly, the student/support service (counselors, librarians, nurses, child study team members and other educational support personnel) ratio was 100.9 in 1997-98, with a district ranking of 18, which

was also below average. The district median teacher's salary was \$50,878 and support service staff median salary was \$50,763 in 1997-98, or rankings of 56 and 62 respectively, which is within the top one-fourth of the comparison group of 71 school districts.

Instructional costs for 1996-97 and 1997-98 are contained in the following table:

Delaware Township Classroom Instructional Per Pupil Cost				
	Actual 1996-97 Cost	1996-97 Ranking	Actual 1997-98 Cost	1997-98 Ranking
Salaries & Benefits	\$4,050	25	\$3,962	23
Gen. Supplies & Textbooks	\$164	21	\$172	19
Classroom Purchased Services	\$50	29	\$30	30
Total Classroom Instruction	\$4,263	23	\$4,165	19

Source: Comparative Spending Guide, published by NJ Department of Education, March 1999

With total classroom instructional per pupil costs ranking between 19 and 23 among 71 K-8 school districts with enrollments of 401 to 750 students, Delaware Township has below average expenditures in this area, which parallel the expenditure patterns in most other operational areas.

Class Sizes

The Delaware Township School enrollments on May 15, 1999 were as follows:

Grade	Class Enrollment	Grade Enrollment
K	20	
K	20	
K	19	59
1	18	
1	19	
1	17	54
2	21	
2	22	
2	20	63
3	22	
3	23	
3	23	68
4	17	
4	16	
4	17	50
5	19	
5	19	
5	21	59
6	19	
6	17	
6	19	55
7	22	
7	21	
7	21	64
8	22	
8	22	
8	23	67
Preschool Handicapped	10	10
Tuition Sent	3	3
Total		552

The average class sizes are as follows: a) in grades K-2 - 19.6 students, b) in grades 3-6 - 19.3 and c) in grades 7 & 8 - 21.8.

The district is commended for scheduling classes in a reasonably cost-effective manner.

Curriculum

Teachers have completed summer curriculum work in the areas of technology, science, foreign language, social studies and health/physical education. Current curriculum development is designed to align the district’s curriculum with the New Jersey Core Curriculum Content Standards and to prepare students for the more rigorous state assessments in the fourth and eighth grades. The schedule of curriculum review for the near future is as follows:

- 1998-99 - social studies, fine arts, academically talented, and guidance and counseling;
- 1999-00 - language arts and computer literacy;
- 2000-01 - mathematics and algebra; and
- 2001-02 - reading and library.

The district has installed a new computer lab in the middle school. The lab has 24 IBM computers that provide Microsoft Office applications, which are taught as part of the regular classroom instruction. The DTCEF donated \$10,000 toward the networking of the lab to a file server and for connection to the Internet via a T-1 line, which has been donated by a local resident. The foundation has also funded the training of 10 middle school teachers, who developed lessons to prepare students in the use of word processing and spreadsheet in the classroom. Each teacher has e-mail, a telephone in the classroom and voice mail. There are also opportunities for staff development through participation in the Educational Training Center.

According to the New Jersey School Report Card, the length of the school day is six hours and 10 minutes with instruction time of five hours and 30 minutes, with the latter equaling the state average of five hours and 29 minutes.

During 1997-98, the K-8 science curriculum was revised to meet the requirements of the New Jersey Core Curriculum Content Standards. The district has utilized an activity-based science approach whereby the students learn by conducting actual experiments. The district adopted new textbooks for all grades and new science kits to support the emphasis on experimentation.

The Delaware Township School District, with a relatively small K-8 school enrollment and with limited numbers of professional staff, is challenged by implementation of the New Jersey Core Curriculum Content Standards. However, district officials are commended for maintaining relatively small classes and offering a reasonable quality of instruction on a cost-effective basis.

Assessment and Basic Skills

The district has used several methods to assess programs for attainment of educational goals. District results on the Early Warning Test and standardized tests have been well above the state standards for district certification. In most areas more than 90% of the students exceeded state standards. In addition to reviewing the results of standardized testing and the Early Warning Test, district officials conduct an annual survey regarding the quality of district programs which is completed by parents, teachers and middle school students. The 1996 survey revealed a high level of satisfaction as demonstrated by the majority of ratings in the above average and commendable range. The exceptions to those generally high rankings were in the areas of science instruction and respect for self and others, which were only satisfactory. These later areas were identified as needs and incorporated into the 1996-99 action plans.

The Delaware Township School District had administered the California Achievement Test for many years until 1999, when the Stanford Achievement Test was given. The national averages on these standardized achievement tests are normed at the 50th percentile. The results for grades three and seven for 1995 through 1998 are presented in the following table:

Grade 3 – Achievement Test Results (Mean Percentile)				
Year	Reading Total	Language	Mathematics	Total Battery
1999*	83	90	88	86
1998	86	93	94	93
1997	85	93	96	94
1996	79	89	92	90
1995	82	91	96	93

Grade 7 – Achievement Test Results (Mean Percentile)				
Year	Reading Total	Language	Mathematics	Total Battery
1999*	80	84	83	82
1998	80	83	89	86
1997	80	82	92	87
1996	77	83	93	87
1995	77	82	88	84

*Stanford Achievement Test

The New Jersey Early Warning Test (EWT) is used as a primary indicator for identifying 8th grade students who may require instructional intervention in the areas of reading, mathematics and writing. The student test results are reported in three levels:

- 4) Level I, the highest level, indicates clear competence.
- 5) Level II, the middle level, shows at least minimal competence.
- 6) Level III, the lowest level, is below the state minimum level of competence.

The New Jersey School Report Card provided the following information for the Delaware Township School District for 1997-98:

Delaware Township - Early Warning Test – Grade 8

1997-98	Reading Levels			Mathematics Levels			Writing Levels		
	I	II	III	I	II	III	I	II	III
Delaware Twp.	56.9%	43.1%	0%	73.7%	24.6%	1.8%	89.7%	6.9%	3.4%
DFG**				56.2%	38.7%	5.1%	67.2%	25.6%	7.1%
State Average				44.4%	42.6%	13.1%	53.7%	29.1%	17.2%

**District Factor Grouping by socioeconomic level.

The EWT was replaced with the new grade eight proficiency assessment (GEPA) in 1998-99.

The Delaware Township school system presently has 15 students receiving basic skills instruction in grades pre-k through eight. This number has remained consistent for the past three school years.

Students are selected for this program at the elementary level based on factors such as the California Achievement Test results, teacher recommendations, report card grades and narratives, reading levels and writing samples.

Instruction at the elementary level is conducted both through in-class support and as pull-out classes. The target instruction time is approximately 235 minutes per week (i. e., 47 minutes per period).

Currently, basic skills services are provided during the multiple intelligence period at Delaware Township, the pull-out program with special education staff, and the after-school program which offers tutorial assistance.

The district spends approximately \$10,312 per year making it the most cost-effective among the comparable school districts.

	Delaware	Lebanon	Union	Washington
Total Cost	\$10,312	\$25,682	\$41,082	\$55,547
Total Enrollment	557	818	510	887
Cost Per Pupil	\$19	\$31	\$81	\$63

Bilingual/English Language Services

The district operates an English Language Services (ELS) program for anywhere from one to four students. This is one of several programs operated under the auspices of the State’s Bilingual Program. The ELS program provides language services where a small number of children (less than 10) speak a variety of languages. Related programs operated by the Bilingual Program include English as a Second Language (ESL) which contains 10 or more students who speak languages other than English and a Bilingual Program which contains 20 or more students who speak one native language.

The district is not required to have a certified language teacher because it has less than 10 students in the Bilingual/ELS program. Because of the small number of students requiring language services the district does not have separate bilingual classes; instead, it operates a “pull-out” program where students are taken from regular classes to receive instruction.

The analysis of the ELS program is based on interviews with the speech teacher, parents, and staff and a review of selected records of children receiving language services. The review team had only limited data available to analyze the Bilingual/ELS function. This is because of the small number of ELS students in Delaware and among the selected districts. In the 1997-98 school year, Delaware and two of the comparison districts each had only one ELS student. One district had no ELS students. Because of the small number of students, Delaware and two of the three comparison districts showed no expenditures for Bilingual/ELS services.

Even though our review was limited by the lack of comparison data, we identified important information regarding this function. The information demonstrates how the staff in a small district uses resources wisely by taking on multiple roles and working together to benefit students.

Like many staff in small districts the speech teacher has a variety of responsibilities. She primarily provides speech services but she is also responsible for the ELS program. In addition, she is the coordinator of the preschool handicapped program and is a member of the child study team for all preschool handicapped cases.

The information that demonstrates the wise use of resources concerns three children from a family that came into the district in the 1997-98 school year. Language tests documented that these children could not speak any English. The speech teacher had the district's foreign language teacher serve as a translator. Then she developed methods with the children and their parents to enable the children to select their food and get through the cafeteria line. She provided language services everyday and assisted them in the cafeteria. She worked closely with the classroom teachers. For example, she located one classroom book that was available in Spanish and purchased it (from her own funds). This helped one student keep up in the child's native language with the class material. The speech teacher also helped to coordinate the students' schedules to place them in classes where either the guidance counselor or an aide was available to provide extra help. The guidance counselor and the aides were given directions on how to assist with the language differences.

The impact of the district's commitment and coordination to help these children is dramatically demonstrated by the fact that after only one and one-half years, one of the three children made the honor roll and the other two students are achieving significant progress.

The input from teachers and staff indicated satisfaction with the Bilingual/ELS program. The results of these interviews and an analysis of the available data indicate that the program meets the district's language service needs.

The review team acknowledges the district's commitment to helping ELS students learn English quickly by coordinating with parents, teachers, support services, and aides. By learning English quickly these students no longer need the additional expense of ELS services and in the process further enhance educational achievements in the classroom.

Instructional Support

Guidance

The district has one guidance counselor who has been in the district for 27 years. For the first 20 years she was a fourth grade teacher. As is often the case in small districts, the guidance counselor has a variety of responsibilities.

She spends about 55% of her time doing school counseling with individual children and some group counseling. She spends about 10% of the time as the testing coordinator for all district wide tests and another 15% as an in-class aide for three special education students.

Another 10% of her time is spent on activities related to the class assistance committee. This committee tracks student behavior problems and coordinates monitoring and corrective efforts with teachers, parents, and administrators. About 5% of her time is spent helping students with

their class scheduling, particularly for high school. And, about 5% of her time is devoted to training and miscellaneous activities. Training areas include safety, manners, peer leadership, conflict resolution, and new school and guidance orientation.

The Hunterdon County Medical Center supplements the services provided by the guidance counselor. The Center provides a male youth counselor who is a social worker. He provides roughly three to four hours of counseling per week mostly to older students. These services are provided through a grant from the center at no cost to the district. The guidance counselor coordinates closely with this counselor on particular cases.

The guidance counselor believes that her function meets a key need in the district. That need is to provide students, and occasionally parents and staff, with a safe place to have someone listen to them in a non-threatening environment.

In terms of costs, in the 1997-98 school year the district spent \$70,585 on the guidance function. We compared the district's cost to the selected comparison districts. The average cost per student for the three selected districts is \$104 per student, while Delaware Township's cost is \$127. This is \$23 or 22.1% per student higher than the average for the comparison districts (see table below).

Guidance Services - School Year 1997-98

	Delaware Township	Lebanon Township	Union Twp.	Washington Township	3-District Average
Number of Students	557	818	510	887	738
Professional Salaries	\$66,058	\$63,961	\$64,359	\$90,655	\$72,992
Supplies & Materials	\$4,527	\$967	\$1,764	\$1,020	\$1,250
Total Expenditures	\$70,585	\$64,928	\$66,123	\$91,675	\$74,242
Per-Student Guidance Costs	\$127	\$79	\$130	\$103	\$104

The analysis of these differences led to the discovery that \$7 of the \$23 difference is due to the failure of the comparison districts to include the costs of district-wide test expenses in the guidance function. This was discovered through the interviews at Delaware and telephone interviews with the comparison districts. Delaware properly recorded \$3,500 for district-wide testing in the guidance function for school year 1997-98. This added \$6 per student to Delaware's costs. Adjusting for this error indicates that Delaware's costs are 15.4% higher than the comparison districts.

The review team does not consider the 15% difference to be significant for two reasons. Individual salary levels are usually higher for more experienced staff as in Delaware. And the cost per student for one of the three comparison districts (Lebanon) is 23% to 39% below the other three districts, which seems unusually low. Because the costs of three of the four districts reviewed are roughly similar, the guidance costs per student at Delaware appear reasonable.

The guidance counselor was observed at work and parents and staff were interviewed regarding guidance services. This information indicates high satisfaction with guidance services. The district's guidance function appears to be meeting the needs of the district's students and the cost of the guidance function is within the normal range.

Health

In 1997-98, the district's health services function was staffed with one full-time nurse (10-month contract) and one medical doctor who is contracted on an hourly basis to do student physical examinations. The district spent a total of \$32,920 on health services (see table below). About 92% of these expenditures were for salaries with the remaining expenditures for purchased services, i.e., the medical doctor, supplies and materials.

The nurse, who has been at Delaware Township for two years, assists with physical examinations, screens for scoliosis, completes audiometric and visual screenings, and maintains student health records. The nurse also provides a family life course for 5th graders which covers three periods, gives a fluoride rinse to students in the 1st through 5th grades and operates a program to instruct teachers and staff on peanut allergies. The nurse does not teach classes because of the large number of students in the school. The doctor provides physical examinations, health screenings and other services.

The team compared Delaware Township's expenditures for health services to the three selected districts (see table below). Delaware Township spends \$59 per student, which is 32.2% less than the \$87 average expenditure per student for the three selected districts.

Comparison of Expenditures for Health Services – 1997-98

	Delaware Township	Lebanon Township	Washington Township	Union Township	3-District Average
Number of Students	557	818	887	510	738
Salaries	\$30,432	\$62,290	\$73,891	\$43,244	\$59,808
Supplies & Materials	\$817	\$1,874	\$6,356	\$1,586	\$960
Purchased Services	\$1,671	\$1,044	\$110	\$1,727	\$3,272
Total Expenditures	\$32,920	\$65,208	\$80,357	\$46,557	\$64,041
Costs Per Student	\$59	\$80	\$91	\$91	\$87

The review team carried out informal interviews with teachers, staff, and parents regarding the quality of nursing services, and their input was very positive. The nurse was observed on several occasions interacting with students and coordinating closely with teachers and parents regarding illnesses and other health issues. In summary, nursing services are cost-effective and meet the needs of students at Delaware Township.

Library/Media Center

The library/media center is located in the addition to the building, which was completed in 1995. A computer lab is located adjacent to the media center, which is available for classroom instruction and independent work during regular school hours. The library provides Internet

service to the students for research purposes only. All staff members have mailboxes, which are accessible through the Internet. The media facility has sufficient space to serve the school and has a wide variety of materials available to serve the diverse population.

A teacher librarian and parent, community, and PTA volunteers staff the library. Instruction is provided to K-6 classes one day per week and middle school students are required to coordinate a research project that ties in with a social studies class. Instruction is also given to the middle school students on an as-needed basis. The card catalog is automated but it continues to be taught as a learning tool. A subject card catalog will continue to be maintained for complete bibliographic information.

The librarian maximizes on available funds by purchasing books and other materials from vendors who provide discounts. There is also a regional inter-library service, which allows the district's students to draw on the resources of public libraries in the Hunterdon County Public Library System. The service is free of charge, and includes weekly delivery of materials to the school.

Educational Media Services/School Library

	Delaware	Lebanon	Union	Washington
Salaries	\$58,900	\$119,581	\$84,647	\$38,335
Purchased Professional Education Serv.	\$0	\$3,889	\$2,114	\$0
Other Purchased Services	\$0	\$895	\$0	\$4,970
Supplies & Materials	\$108	\$18,165	\$11,783	\$47,306
Periodicals	\$1,146	\$0	\$0	\$0
AV Materials	\$1,057	\$0	\$0	\$0
Other Objects	\$0	\$2,106	\$0	\$0
Library Books	\$6,021	\$0	\$0	\$0
TOTAL	\$67,231	\$144,636	\$98,544	\$90,611
Total # Students	\$557	\$818	\$510	\$887
Library Cost Per Pupil	\$120.70	\$176.82	\$193.22	\$102.15
Source: 1997-98 Comprehensive Annual Financial Report (CAFR)				

In the 1997-98 school year, the line item of materials and supplies was broken out to include periodicals, AV materials and library books. The Delaware Township library/media per pupil cost for 1997-98 was \$121, or 23% below the three-district average of \$157.

Community Support

Districts can improve educational offerings and/or ease some of the financial burden on taxpayers through alternative funding sources, such as financial support from community groups or from grants. This section of the report focuses on district's efforts to obtain such funds.

The review team also acknowledges that community support in non-financial terms is invaluable. Examples include strong school support from parents, teachers and staff, using expertise and donated equipment from community members and obtaining volunteers to support classroom and other school activities.

Community Funding Sources

In terms of alternative sources of funding, the district does an excellent job in obtaining financial resources from the community. The district's two major sources of funding are the Parent Teachers Association (PTA) and the Delaware Township Community Education Foundation (DTCEF). These organizations provide the district with community input, volunteer support, and approximately \$47,000 per year in direct financial support.

Our interviews with the presidents of these organizations, parents, board members, teachers and staff indicate that the district enjoys strong community support. One of the major ways that the district maintains and fosters this support is through its strategic planning process.

This process began in 1995 with an advisory committee whose 22 members included parents, former students, community leaders, non-parents, and others. Members provide input and establish district-wide goals covering four areas of curriculum, facilities, funding and board relations. The plan is updated annually and is used to communicate with external supporters regarding the district's future direction, to obtain financial support, and to coordinate and evaluate results in light of established goals.

The district is commended for having a meaningful and effective strategic planning process. This process helps to strengthen the educational program by setting meaningful goals and obtaining strong financial and non-financial support from the community.

TECHNOLOGY

Integration of technology and office automation benefits both students and the administration, as students learn technology skills and the organization improves efficiency. The district also deals with the financial constraints associated with small, one-school districts as a limited budget impacts the development of a well-organized Management Information System (MIS) department. As a matter of practice, the team generally critiques the district's planning and effective use of technology. The team does not evaluate the process of software selection unless such processes are inefficient, which was not the case in the Delaware Township District.

The district currently does not have a full-time dedicated staff, but rather divides responsibilities associated with the operational needs among four individuals, with some network administrative functions outsourced to consultants. The superintendent oversees technology from a macro perspective, appointing the elementary supervisor to handle daily operational needs, in addition to her other responsibilities. There are two teachers who assist with technology issues, one instructional teacher assigned to the computer labs, and another teacher who spends one period per day handling computer problems. Each teacher specializes in one of the two operating platforms used in the district. All staff perform technology support secondary to their primary instructional responsibilities.

Technology Plan

Adequate planning is critical to the success of any venture. No company would devise strategies without careful planning on use of resources to achieve goals and objectives. A technology plan

serves this purpose as the district integrates technology into the organization. It is important that the technology plan integrate all departments of the organization, and not just focus on the instructional setting.

The district has two technology plans: a five-year technology plan and a distance learning plan, which were developed in 1994 and 1997, respectively. The 1994 technology plan was an in-depth guide into technology implementation since 1994 outlining the development of a technology committee, mission statements, policies and procedures, action plans, and an implementation schedule specifying purchases and installations. Attached to the plan was subsequent documentation specifying actual purchasing, donations and revised policies as specified in the plan.

In response to the Tele-Communication Act of 1996, the district developed a two-year distance learning plan that met the qualifications for the district to receive discounts for equipment and distance learning services. In 1997-98, the district received \$3,000 in discounts for technology. According to the NJDOE, the district may qualify for discounts up to 40% on distance learning technology purchases for the 1999-00 school year. Discounts are formula driven based on the number of free or reduced lunches served, and must meet the approval of the NJDOE. Additional information can be found on the NJDOE web site.

At the time of the review, the district had not performed a Y2K assessment and remediation plan. The district reported its intent to perform the review and addressed potential issues during the late 1999 summer months. While the initial tours indicated that the majority of the computer systems, fax machines and copiers appear to be Y2K compliant, the risk exposure associated with the facility could not be determined. Recognizing the risks associated with delays in addressing this issue, the review team concluded the field visitations with a verbal recommendation to the district to actively pursue the Y2K assessment.

Recommendation:

The district needs to be proactive in technology planning, as it is a dynamic field with new technologies constantly emerging along with volatile market prices. Therefore, the technology committee should update the technology plan every two to three years in order to keep stride with changing technology. A master five-year technology plan should include analysis and evaluation of all district operations.

Infrastructure

The district has a total of 126 computers operating on two different platforms. There are two networks and at least one computer in each classroom, as well as in the administrative offices. All computers are wired into a local area network with servers in the labs and a mail server and routers in a supply room located in the 1995 addition. The majority of the computers are new and still under warranty. At the time of the review, there were two consultants handling network administration for two platforms, repairing computers not under warranty and providing technical support as needed. A satellite on the 1970's addition provides access to the National Oceanic and Atmospheric Administration for meteorological distance learning.

The district began a major infusion of technology in the 1994-95 school year with a major investment of \$111,238. From 1994 through the 1998-99 school year, the district spent \$246,991 on hardware and \$33,399 in software purchases, a total of \$280,390. Of the \$280,390, the district received \$27,860 from the Parent Teacher Association (PTA) and \$57,800 from the Delaware Township Community Education Foundation (DTCEF). Together, both organizations contributed 30% of actual technology expenditures.

The LGBR team commends the DTCEF and PTA for their active role in fundraising for the district contributing over \$85,000 for technology purchases.

The district comparatively shops for equipment by comparing local retailer prices to the state contract. While the district has purchased from local retailers at 10% below state contract, the district should also periodically bid technology purchases, as many companies will beat the state contract by more than 10%. Also, direct purchasing by the DTCEF and PTA may save money, and many manufacturers will gladly transfer the warranty to the school district. If the district uses the DTCEF and PTA to purchase equipment, the district, prior to purchase, should establish strict selection criteria.

Recommendation:

While using the state contract for comparative shopping with local retailers has yielded 10% savings, bidding and using the PTA and DTCEF can produce additional savings over the 10% below state contract. The district should consider utilizing the bidding process and/or the PTA and DTCEF for comparative purchasing of technology products.

During the tour and interviews, the LGBR team found some situations that the district needs to address, including:

- The district currently uses a non air-conditioned supply closet for the mail server and district routers.
- The district does not have a current virus software package.
- Some of the hardware and software repairs take 2-3 weeks.
- Email server software was unreliable.
- There is no back-up protocol for either computer platform.
- The Internet guardian software package has never been updated.

These issues indicate that the district needs to redirect resources to the technology area. Our interviews found that these issues are not necessarily from intentional neglect, but most likely are the result of technology responsibilities being secondary to the staff's primary job duties. The risk exposure to a complete system loss is great due to the lack of a current virus definition table, a file backup system, an updated Internet guardian definition table and extended repair times.

The supply closet that houses the computer equipment does not have air conditioning. Computer equipment housed in non-climate controlled rooms shorten the life of the equipment. Fortunately, the closet is part of the 1995 addition, and the district should be able to tap air conditioning ductwork at a nominal cost.

Recommendation:

The district should consider installing air conditioning in the supply closet, thereby extending the life of the computer servers and routers located in the room.

Value Added Expense: \$700

The district does not utilize any work order repair system nor does it maintain a database of service calls on the equipment repaired by either vendor. Work order systems provide management additional data regarding repair trends on equipment. For example, the multiple replacement of a motherboard in one computer could suggest a power supply problem with the individual computer. A high failure rate of motherboards in a specific part of the building may suggest a batch of defective equipment or possibly a power supply problem in the facility. Regardless, without a tracking repair system, identifying recurring problems becomes difficult.

Recommendation:

Work order systems provide valuable data about technology assets. The district should consider implementing a technology request repair work order system. With a district wide E-mail system in place, the technology coordinator could easily develop a system using E-mail and subsequent data entry into a spreadsheet or data base software package.

The business office utilizes a PC based business package, which the BA reported the district is happy using. The district uses a comprehensive office package for student data and staff attendance. The payroll function is currently outsourced, while the student attendance package was purchased through the Hunterdon Educational Services Commission.

Internet access is available through fractional T-1 frame relay piping 128k baud rate into the facility. The district receives Internet service free, while only paying approximately \$4,000 annually for line connection. The district utilizes an Internet monitoring software package to prohibit contact with inappropriate web sites. The district provides E-mail to each teacher, and each classroom has a shared E-mail address for student use. The Internet service provider also provides technical support for the district's E-mail server. Students and employees are responsible for complying with a technology code of ethics.

District plans call for the integration of interactive distance learning (IDL). Unlike distance learning, interactive learning involves two-way communications. For example, many museum Internet sites are instructional and therefore qualify as distance learning. Interactive learning can link multiple schools with video conferencing that allows direct question and answering. The fractional T1 relay into the school, while free, cannot support current IDL technology. There are numerous delivery mechanisms and all have their own benefits and weaknesses. A complete and thorough evaluation of available IDL should be performed before committing to a specific IDL technology.

Recommendation:

The board should consider charging the technology committee with the responsibility of investigating and evaluating the best IDL technology, which meets the needs of the students and community.

Consultants

The district currently has three consultants: two supporting a platform each, and one performing as a web master. The district has developed outstanding relationships with and received quality service from the consultants. For example, one consultant eliminated the two- to three-week hardware repair delay, while another hosts and performs web master functions for a very nominal fee. Still, the district periodically re-bids to insure that comparable market prices are received for consultant services.

Technology Staff Development

The district has a proactive stance when promoting staff development. As a remote site for the county's Educational Training Testing Center (ETTC), the district offers employees technology training in a variety of areas. If there is insufficient enrollment, employees have the option to attend ETTC classes at Hunterdon Central Regional High School. According to district documents, the district spent \$14,371 for in-service summer technology training. The DTCEF funded 93% or \$13,448 of the training cost while the district contributed \$954.

The LGBR team commends the DTCEF for contributing \$13,448 towards staff training in technology.

Infrastructure Analysis

Many of the issues regarding technology and office automation are a result of the lack of a dedicated technology employee or an MIS department. In the Delaware Township School District, the problems listed above do not suggest neglect by the district, but rather a lack of MIS staffing. However, hiring a full-time staff or establishing a department can be expensive, and given the size of the district, it is more efficient to outsource the network administration. Still, the district needs an experienced individual who is able to handle daily responsibilities and the problems that emerge. In addition, a technically skilled employee can perform much of the research involved in technology acquisition.

Given the limited size of the district and its financial constraints, the district should seek to dedicate an employee to technology on a part-time basis. The team contacted one of the regional high school districts and received a favorable response to sharing a full-time employee. Furthermore, the district may even be able to create a joint MIS department, thus sharing the services of a full-time employee and increasing its buying power through cooperative purchases with the other district.

Recommendation:

The LGBR team recommends the district consider contacting the Hunterdon Central or Southern Regional High School districts to establish either a joint MIS department or share the cost of employing a full-time technology employee.

Value Added Expense: \$32,000

Communications

Delaware Township has more than one telephone area code within its jurisdiction. The district reduces the overall expense by monitoring phone usage and making employees responsible for non-business calls. The district has even negotiated a reimbursement plan with the education association in which the district provides two phone numbers for teacher use and requires that all calls, except those with district exchanges, are reimbursed by either the teachers or, if left unclaimed, by the association. The phone numbers are accessible from any of the phones installed in each classroom and in the break room. In 1997-98, the association reimbursed the district approximately \$1,020.

The district also enjoys long distance discounts of 5% and 10% for high volume usage and the NJ School Business Association discount, respectively. The district also receives a 20% discount on a “favorite nation plan” for e international calls made to Japan and the Netherlands. In 1997-98, the district saved \$1,278 on long distance bills.

In 1997-98, the district logged 6,891 local and 15,428 long distance calls for a total 22,409 phone calls. The 15,428 long distance calls totaled 581 hours or the equivalent of 73 workdays. The team was unable to perform a similar analysis on the local phone carrier bills. Of the \$7,421 total phone expense, \$2,480 was for local and \$4,941 for long distance calls. The LGBR review found that the local carrier was billing on behalf of the long distance carrier for some of the long distance calls. Since the long distance carrier did not bill these calls, the district could not qualify for the discounts. The LGBR team notified the business administrator who indicated a billing correction would be made with the local carrier. The LGBR team also found additional phone expenses dealing with directory assistance. There were 291 directory assistance calls for an additional cost of \$32 for local assistance and \$288 for long distance, and the two pay phones cost \$500 a year.

Recommendation:

The district could yield additional savings by reducing the directory assistance calls through the use of a phone directory installed on the district network. Negotiating reimbursement similar to the Education Association Agreement with the transportation and plant operation departments could also reduce the number and cost of long distance phone calls. The district should consider exploring these options for reducing communication costs by \$750.

Cost Savings: \$750

Special Education

According to December 1, 1998 enrollment, the Delaware Township School District has 52 classified students, including four students who are classified for speech only. Excluding speech, of the remaining 48 students, 37 are educated in resource rooms, eight are educated in self-contained classrooms, and three are educated out-of- district.

One special education (SE) student is sent to an Educational Services Commission (ESC) and two are sent to private day schools.

School Type	Number of Students	Est. Average Tuition Per Pupil
Private	2	\$24,095
County ESC	1	\$22,000

Based on the data provided by the school district, the average tuition cost-per-pupil for out-of-district SE was \$23,397. The district's overall additional special education cost-per-pupil as of June 1998 was \$7,250. This was \$2,686 lower than the three-district average of \$9,936.

Special Education <i>Fiscal Year Ended June 30, 1998</i>	Delaware Township	Lebanon Township	Union Township	Washington Township
<u>Revenues</u>				
Special Education Aid	\$202,330	\$389,349	\$233,320	\$497,091
<u>Expenditures</u>				
Instruction	\$301,891	\$458,978	\$338,167	\$322,801
Undistributed Expenditures-Instruction	\$74,594	\$111,593	\$41,983	\$768,565
Support Services	\$94,517	\$195,760	\$161,737	\$293,796
Transportation	\$949	\$90,348	\$41,202	\$82,182
Total Spec. Ed.	\$471,951	\$856,679	\$583,089	\$1,467,344
At Delaware Twp. Special Education Enrollment	471,951	422,966	624,712	892,619
Education Cost Per Spec. Ed. Student	\$7,250	\$6,498	\$9,597	\$13,713
Special Education Enrollment*	65	132	61	107

*December 1, 1997

There are eight tuition-paying SE students received from other districts. As of June, 1999, the school district anticipates four additional pre-school handicapped students for the 1999-00 school year. The district currently promotes increasing the number of tuition-paying special education students from other districts to fill available spaces.

The district provides many in-district placements of SE students in accordance with the individualized education plans (IEP's). Due to the size of the student population, personal assessments are made of the SE population and their very specific needs. All available resources are utilized in order to keep SE students within district. SE students are not sent out-of-district unless the district is unable to provide an appropriate level of education in a least restrictive environment.

The 8.6% classification rate of Delaware Township is also well below the 12.2% three-district average for school year 1997-98.

	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
Delaware Township								
Total Enrollment	532	534	540	531	516	533	537	547
Spec. Ed. Enrollment	58	56	66	60	59	58	56	47
Classification Rate	10.9%	10.5%	12.2%	11.3%	11.4%	10.9%	10.4%	8.6%
Lebanon Township								
Total Enrollment	639	651	651	716	743	789	829	824
Spec. Ed. Enrollment	60	69	59	74	84	107	101	100
Classification Rate	9.4%	10.6%	9.1%	10.3%	11.3%	13.6%	12.2%	12.1%
Union Township								
Total Enrollment	391	401	434	426	426	453	460	498
Spec. Ed. Enrollment	32	41	51	51	51	64	67	61
Classification Rate	8.2%	10.2%	11.8%	12.0%	12.0%	14.1%	14.6%	12.2%
Washington Township								
Total Enrollment	513	542	584	677	782	829	971	1,086
Spec. Ed. Enrollment	72	78	83	74	81	95	122	132
Classification Rate	14.0%	14.4%	14.2%	10.9%	10.4%	11.5%	12.6%	12.2%

Note: The date above does not include students classified for speech therapy only.

The district should continue to provide in-district special education programs whenever appropriate programs and services can be delivered in accordance with pupils' IEP's and federal and state laws regarding education of students with disabilities.

Special Education Medicaid Initiative (SEMI)

A review of the SEMI records reflects that the Delaware Township School District is not currently enrolled in the Special Education Medicaid Initiative. Through the SEMI program the State has distributed over \$12 million to the participating school districts. The Department of Education, Office of Special Education Programs has been asked to begin the SEMI enrollment process. The enrollment process involves certification by the NJ Department of Education and completion of a Medicaid application for the Department of Human Services.

The state provides on-site technical assistance to the school district during the application process and in setting up the claiming process. The state also provides regional training sessions, a centralized billing unit to prepare and submit the Medicaid claims, a toll free number to answer questions and discretionary funds distributed monthly to the district by electronic fund transfer.

The SEMI program is a joint project of the Departments of Treasury, Education and Human Services to claim Medicaid reimbursement for certain medical services provided to eligible special education pupils. Services include evaluations, speech therapy, nursing services, occupational therapy, physical therapy and psychotherapy.

Based on the Department of Education statistics, the district may expect to receive a minimum of \$1,000 per year from claims for evaluations and special education services. However, a nearby school district, Frenchtown in Hunterdon County, which also has few eligible special education pupils, has been receiving between \$4,000 and \$5,000 per year in Medicaid reimbursements.

Under the SEMI program, the district may claim retroactively for up to one year for the services already provided by the district to its eligible special education pupils.

Revenue Enhancement: \$2,000

Athletics/Co-Curricular Functions

The analysis of athletics and co-curricular activities begins with a financial analysis that combines the costs of both functions. It was necessary to combine these costs because two of the three comparison districts combined the costs of both functions into one total. This is somewhat typical of smaller districts. The information from the combined financial analysis is then used to analyze each function separately.

The analysis of combined costs indicates that Delaware’s cost per student is \$103 (see table below). This is \$46 or 80.3% higher than the \$57 average for the three comparison districts. If Delaware’s costs equaled the average of the comparison districts, its costs would be about \$26,000 lower (\$46 x 557 students).

Athletic and Co-Curricular Expenditures Combined – 1997-98

	Delaware Township	Lebanon Township	Union Township	Washington Township	3-District Average
Number of Students	557	820	510	887	739
Salaries	\$46,737	\$38,449	\$27,157	\$26,132	\$30,579
Purchased Services	\$5,830	\$3,650	\$0	\$0	\$1,217
Supplies, Materials & Misc. Exp.	\$4,761	\$3,968	\$4,739	\$20,489	\$9,732
Total Expenditures	\$57,328	\$46,067	\$31,896	\$46,621	\$41,528
Costs Per Student	\$103	\$56	\$63	\$53	\$57

Further analysis of this data examined cost per student but separated these costs by salaries, purchased services, and supplies and materials. This analysis indicates that of the \$46 difference between Delaware and the comparison districts, \$41 or 89.1% is due to higher salary expenditures (see table below).

Cost Per Student Analysis for Line Items 1997-98

	Delaware	3-District Average	Amount Delaware Above (Below) Average
Cost/Student Salaries	\$84	\$43	\$41
Cost/Student Purchased Service	\$10	\$1	\$9
Cost/Student Supplies/Material/Misc.	\$9	\$12	\$(3)
Total	\$103	\$57*	\$46

*Does not add due to rounding.

If Delaware’s salary cost equaled the average of the comparison districts, it would be \$22,837 less. More detailed data available from Delaware indicates that athletic salaries account for 70% of total salary expenditures for the combined functions of athletics and co-curricular. Therefore, 70% or about \$16,000 of the higher combined salary costs is attributable to the athletics function. And, 30% or about \$7,000 is attributable to the co-curricular function.

In addition, the detailed data indicates that the \$9 per student higher costs for purchased services is due to the athletic function. The extra \$9 per student totals about \$5,000 in higher costs. The next section analyzes these higher costs in the athletics and co-curricular functions.

Athletics

The district operates a strong athletic program and has a high participation rate. Nine different sports, including soccer, cross-country, field hockey, cheerleading, boys and girls basketball, gymnastics, boys baseball and girls' softball, operate throughout the school year.

The athletic function is managed by one person who is responsible for a wide variety of school functions including co-curricular activities, discipline, events planning, field trips, and liaison with the township recreation committee.

The district has a no-cut policy except for gymnastics, where there are safety concerns. The no-cut policy results in a higher student participation rate. In the 1997-98 school year, approximately 195 students in grades 4 through 8 participated in the program. Although there is some duplication from students who participate in multiple, i.e., both fall and winter, sports, this represents 66.1% of the number of students in grades 4 through 8. This is a high participation rate based on LGBR's experience with other districts.

As a result of the high participation rate, the district has two teams for most of the sports. The district believes in a strong coaching function, therefore, each team has its own coach and the three sports that have one team (cross-country, boys' baseball and girls' softball) each has two coaches. As a result, the district has a total of 17 coaches. The stipends for these coaches come from the athletic salary line. The major reason for the \$16,000 in higher salary costs is the district's commitment to an athletic program that has a high participation rate combined with more coaching positions.

The \$5,000 higher purchased services costs are for fees paid to umpires or referees at athletic events. Only Lebanon reported any expenditure for purchased services (\$3,650). Calls to the other districts confirmed that they too have paid officials, but they report these expenditures differently. While there is insufficient data to draw firm conclusions, it appears that Delaware's expenditures for purchased services are reasonable. And, this is the second time (guidance cost was the first) where Delaware properly categorized costs and other districts did not. The team commends the district for accurately accounting for these relatively minor expenditures.

The team's review of the financial and programmatic operations of the athletic function lead us to conclude that the program is well-managed, appears to meet the needs of students and costs significantly more than the comparable districts.

Recommendation:

The district's athletic program costs the district roughly \$16,000 per year above the average for the comparison districts. The district should consider moderating these excess costs somewhat by reducing some coaching positions and related expenses. For example, the district could abolish one of the two coaching positions from those sports that have one

team but two coaches (cross-country, boys' baseball and girl' softball), which would eliminate three coaching positions. Some communities are successful in recruiting community coach volunteers for assisting the school certified coaches.

Cost Savings: \$8,000

Co-Curricular Activities

This section analyzes the district's effort regarding district sponsored co-curricular activities such as clubs, bands, entertainment, and publications. Some of the extracurricular activities at Delaware are the after-school tutorial, woodwind ensemble, 5th grade band, jazz band, spring musical, yearbook, and student council. About 150 children or 50% of the approximately 300 students in grades 4 through 8 participate.

The district also operates an after-school enrichment program twice a year in November and April. Students meet twice per week for four weeks for chess, radio, art, computers and swing dance. Teachers and volunteers staff the enrichment program. The district has a strong student participation rate in these activities.

The earlier analysis estimated that co-curricular salaries were about \$7,000 higher than the comparison districts. Stipends paid to teachers who carry out co-curricular activities comes from that salary line. The higher salary cost at Delaware is due to the high participation rate and the number of clubs and activities offered by the district that result in more stipends paid to teachers.

The review team concludes that the co-curricular program enriches the students' learning and experience, is well-managed and costs significantly more than the comparable districts.

Recommendation:

The district's commitment to providing a wide variety of co-curricular activities costs the district roughly \$7,000 per year above the average of the comparison districts. The board should periodically confirm these higher costs are worth the value the district gains by having a wide variety of co-curricular activities.

BUSINESS OFFICE operation

Purchasing

This section analyzes the district's purchasing function. Only about \$906,000 or 21.3% of the district's \$4.3 million in school year 1997-98 expenditures are for purchased items. The majority of the district's expenditures are for salaries (\$2.9 million) and pension, social security contributions, and health benefits (\$.5 million). The district spent the \$906,000 to purchase textbooks, supplies, equipment, contracted services, heat and electricity and other such items. These types of purchases are the focus of this section.

The district processes roughly 1,200 purchase orders per year. The district uses various purchasing methods depending on which one provides the best value. One method is to purchase

jointly through the Education Services Commission (ESC) of Hunterdon County. All but a few of the 28 districts in Hunterdon County are members of the ESC. The Commission combines the needs of all districts and does a joint bid for products and services. Currently, the district purchases gasoline and diesel fuel (which it shares with the township), janitorial supplies, and paper, school and office supplies through the ESC. In the future the district is looking to obtain telephone services in this way.

The district also uses state contracts when they offer better terms, prices, or quality. District officials currently purchase copiers, telephone services, computer equipment, and furniture under state contract.

The third method the district uses to purchase products and services is to request RFPs, bids or quotations if it believes that this method offers a better value than the ESC or state contracts. Examples of items purchased this way are lawnmowers, buses, food services and the replacement windows in the school.

The district has written purchasing procedures which are kept current. Generally, the purchasing process begins in March with the business office sending forms to obtain requests for any items needed to complete the current year. By the middle of April the business office approves and processes these requests for the current year. After current year requisitions are processed, the business office sends to the managers and supervisors next year's budget allocation along with forms to request supplies for next year.

At the beginning of May the business office approves requisitions for next year and combines individual amounts to enable bulk ordering of supplies. Around June 30th, the business office sends orders to vendors. In July and August, the district receives the purchased supplies. Maintenance personnel gather the supplies needed for each teacher and deliver them to the teacher's room.

The team's review of the district's purchasing function indicates that the district uses a variety of purchasing methods to obtain good value for the taxpayer's purchasing dollar.

Insurance

The Delaware Township School District, like most small school districts, has few options when it comes to procuring the least expensive insurance policy. A limited budget coupled with the risks associated with public facilities provides limited options for districts to find insurance on the open market. However, N.J.S.A. 18A:18B et. seq. permits schools to participate in Joint Insurance Funds (JIF's). These funds effectively allow small districts to share their risk modifier among a larger group, which results in lower premium rates. In the 1997-98 school year, the district paid \$53,190 for insurance coverage in its JIF. This has since decreased to \$46,714 for the 1999-00 school year. JIF's remain a cost-effective alternative as long as all participating districts actively work to reduce risk. The following table outlines district coverage:

Joint Insurance Fund Coverage

Property	
Buildings, Contents, Extra Expenses, Valuable Papers, Property in Transit, EDP Equipment/Media	\$100,000,000
Newly Acquired Property	\$5,000,000
Builders Risk	\$5,000,000
Contractor Mobile Equipment	\$5,000,000
Unnamed Locations	\$5,000,000
Demolition and Increased Cost of Construction	\$5,000,000
Earthquake/Flood	\$5,000,000
Fine Arts	\$200,000
Loss of Rents	\$200,000
Comprehensive General and Automobile Liability	
Comprehensive General Liability	\$1,000,000
Employee Benefit Liability	\$1,000,000
Business Automobile Liability	\$1,000,000
Excess School Board Legal Liability	\$5,000,000/\$5,000,000
Boiler Machinery	\$50,000,000 (\$1,000 deductible)
Workers' Compensation	Statutory Limits
School Board Legal Liability	\$1,000,000/\$1,000,000 (\$2,500 deductible)
Student Accidents	\$25,000 per accident
Bonding	
Custodian of School Monies	\$75,000
Business Administrator/School Board Secretary	\$20,000
Public Employees' Blanket Bond	\$2,500

Recommendation:

The LGBR team commends the district for participation in a Joint Insurance Fund. While the JIF remains the best insurance solution for the district, the recent trend of competitiveness in the insurance market warrants comparative shopping. It is therefore recommended that the district competitively shop for insurance every three years to insure the best possible price.

Risk Management

The district has the responsibility of providing a safe and secure facility for students, employees and visitors. A conscious effort toward this goal reduces work/school-related injuries, which result in fewer claims and ultimately lower premiums for coverage. A review of the insurance loss-run report shows the district has incurred 13 claims since September, 1997. Of the 13 claims, eight have been closed with a payout of \$4,054. As part of the review, the team toured the facility and grounds. The following is a list of examples the team identified as potential risks: 1) electrical boxes were blocked with storage boxes; 2) open and exposed wiring in boys

shower room; 3) the art storage room was extremely cluttered; 4) exposed exterior lighting fixtures; 5) teachers must stand on chairs or desks to operate air conditioners; 6) field bleachers are situated on uneven surfaces; and, 7) improperly installed ceiling tiles.

As a requirement of the JIF, the district must establish a safety committee. The committee assesses the district's exposure to liability in an effort to assure safety and to reduce the potential of an insurance claim. District officials reported a three-member committee consisting of the superintendent, business administrator and the director of plant operations. However, there were no records regarding the committee's activities, except for a completed work sheet supplied by the insurance carrier for an annual inspection.

Recommendation:

Districts should be diligent in reducing the risk of insurance claims. It is therefore recommended that the district establish a formal safety committee that meets quarterly. The committee should be staffed with a member from each negotiations unit, and report all findings to the board for corrective action. The district should consult with the third party administrator or JIF for assistance in developing procedures for the committee.

Inventory

The most recent audit reviewed (1997-98) had only one finding which dealt with updating the fixed asset inventory. The district has recently addressed the issue. Generally Accepted Accounting Principles (GAAP) mandate that proper accounting requires establishing a General Fixed Asset Group of accounts and providing an inventory method to quantify the historical costs of fixed assets (value \$500 or more).

According to board policy-file code: 3440 readopted March, 1998, "property shall be inventoried by physical count every year at the end of May. Portable capital equipment of \$100 unit value or more shall be inventoried annually and any loss reported to the board. Consumable supplies shall be maintained on a continuous inventory basis." Delaware Township uses a computer spreadsheet to maintain and update a list of assets as required.

When the district purchases new equipment, the BA uses the purchase order to enter the new item into the fixed asset group. The BA removes items whenever the equipment is sold or discarded. And, the district has a policy for disposal of unused or broken school equipment and supplies. Each year the district disposes of a few items of unused or broken school equipment.

The Auditor's Management Report, June 30, 1998, states in part that "facilities' improvements made during the year were not added to the General Fixed Assets Account Group." The auditors use the updated asset list to depreciate selected items on the list. The district also uses the list to generate required financial reports and to submit reports to the insurance company that insures its property.

For the 1998-99 school year, the district contracted with a vendor to do an inventory appraisal and apply bar coded tags to each fixed asset. The cost of this service is \$1,100. The vendor updates the inventory each year at a cost of \$600. The vendor also includes in this process “critical control items” that cost less than \$500, such as audiovisual equipment, TVs, and faxes.

The current fixed asset process at Delaware appears to operate effectively to ensure the district’s fixed assets are accounted for and properly reported.

Federal and State Grants

The district spends about \$1.4 million each year in federal and state grant funds. These funds are awarded to the district based on formulas or grant requirements. The district does an excellent job in using the allocated grant funds. In 1997-98, the district used every dollar of funds allocated and did not return any funds to the grantor. While the district does an excellent job with formula or entitlement grants, it can do a better job with competitive grants.

Competitive grants require a district to compete with other districts for very limited grant funds. The application process can be time-consuming, and often is targeted to lower socioeconomic districts, and many applicants do not receive an award. For these reasons, the district does not apply for competitive grants from the Department of Education. The district believes that the time it takes to apply for the grant is unproductive because of the likelihood that the grant would not be funded. The review team analyzed this issue and identified the potential for the district to obtain some competitive grant funding while requiring a limited amount of staff and/or volunteer time.

The review team appreciates that personnel resources in smaller districts are more limited because staff members often perform multiple jobs. However, the review team identified one K-8 district with roughly similar socioeconomic characteristics as Delaware’s that won a competitive grant for \$50,000.

The review team suggests that Delaware Township consider the following approach to focus efforts to win one or more competitive grants. Connect with the DOE Website (www.state.nj.us/education) to review the list of grantees (i.e., school districts that have been awarded competitive grants). Find grants that are consistent with the district’s philosophy, plans and goals and determine whether the funds are available for the next year. If so, examine the applications of the successful districts (these are available 30 days after DOE makes awards) and using that information and pertinent district data apply for the grant in response to the next announcement. This process could be completed through the combined efforts of district officials and talented community volunteers.

Recommendation:

The district should consider forming a committee of professional staff and community volunteers to focus efforts to win competitive grants. Our review of awards for similar districts in terms of size and socioeconomic status suggest the potential for the district to win some competitive grant awards. Some districts also offer financial incentives to staff for writing successful applications for grants.

Copiers

The Delaware Township school leases two copiers for use within its school and administrative offices. The copier utilized by the administration produces 50,000 copies per year and the school copier produces about 800,000 copies per year.

In 1997-98, the school district leased copiers from a private vendor for an annual sum of \$13,495 including equipment, parts and supplies but not including paper or staples. During 1998-99, the school district began to investigate alternative contracts. Consideration was given to a cost-per-copy contract with the Educational Services Commission (ESC), a copier purchase contract offered by the State of New Jersey, and a copier purchase contract with a private vendor.

In July, 1999, the private vendor was selected for copier service with a three-year lease-purchase agreement. This included a trade-in and credit of the old equipment and replacement with new equipment. The total annual contract cost is \$15,589, which includes the total cost of copiers, financing, maintenance and supplies not including paper and staples.

1999-2002 Delaware Copier Contract						
	Annual	Monthly	Copier/	Maintain/	3 Year	Total
Copier	Copies	Volume	Finance \$	Supplies \$	Contract \$	Annual \$
Administration	50,000	4,167				
Central School	800,000	66,667				
Totals	850,000	70,833	\$27,247	\$19,520	\$46,767	\$15,589

In undertaking our analysis, a five-year copier life was assumed. This reduces the annual copier/finance costs to \$5,449. The annual maintenance/supplies cost are \$6,507, assuming fixed costs beyond the three-year contract. The total annual costs would thus be reduced to \$11,956.

The state recently entered into a cost-per-copy contract, which in essence enables entities, including school districts, to contract for the procurement of *photocopies*, rather than photocopier equipment. Under this arrangement, the vendor provides the agency or district with a copier for its use. The agency or district does not rent, lease or buy the copier, but rather purchases the photocopies. All equipment, parts, and supplies, with the exception of paper and staples, are included in the monthly fee. The contract makes accommodations for machines with as few as 1,250 copies or as many as 100,000. Machines which have a greater number of copies are included in this contract on a per copy basis.

	Annual	Monthly	Monthly	Difference	Total	Total	Cost/Copy	Cost/Copy
Copier	Copies	Volume	Minimum	Min/Capacity	Monthly \$	Annual \$	Minimum	Excess
Administration	50,000	4,167	1,000	3,167	\$94.59	\$1,135	0.0227	0.0227
Central School	800,000	66,667	45,000	21,667	\$593.34	\$7,120	0.0089	0.0089
Totals	850,000	70,833	46,000	24,833	\$687.93	\$8,255		

The annual cost savings between the state cost-per-copy contract of \$8,255 and the private lease contractual cost of \$11,956 is \$3,701.

Recommendation:

Delaware Township should consider utilizing the state's cost-per-copy contract. Based upon the 1999-2002 cost of photocopier equipment and supplies and other related charges, potential annual savings to the district are approximately \$3,700.

Cost Savings: \$3,700

Audits

The district has a written agreement for auditing services and has used the current auditor for several years. The district periodically obtains proposals from other auditing firms to ensure that a good rate is received. The latest proposals were for the 1998-99 school year. The district's current auditor presented the least expensive proposal and the district is continuing with that firm.

The review team reviewed three years of audit reports to determine whether the district implemented recommended improvements and maintained proper accounting controls. The district does an excellent job in implementing prior year audit findings and has made good progress in improving financial controls over the past two years, as indicated by the significant decrease in the number of audit findings.

In the 1996-97 audit there were four findings:

5. the fixed asset group was not updated;
6. \$286 in expenditures were not properly classified;
7. the food service cash account was not properly reconciled; and
8. the free lunch reimbursements were not properly reconciled with meal count records.

All prior findings were implemented, except referencing the Chart of Accounts Handbook for proper classification of expenditures.

In the 1997-98 audit, there was one finding concerning updating the fixed asset group, and all prior findings were implemented.

Overall, the district currently has a very good method of selecting auditors, and maintains proper financial controls and implements needed improvements.

Surplus Funds

Surplus funds (i.e., unreserved, unallocated fund balances) are included in a district's budget in order to provide funds for emergencies or other items beyond the district's control. Sound financial controls are required to ensure that surplus funds are accurately estimated. Accurate estimates are important because overestimating surplus (i.e., having less than anticipated) can lead to drastic cutbacks in expenditures in order to avoid deficit spending. On the other hand, underestimating surplus (i.e., having more than estimated) could mean that the district raised more taxes than necessary to fund operations. Surplus amounts are created by the interaction of revenues, expenses, and current year surplus.

The district's accurate estimate of surplus is a function in establishing sound financial controls. These controls ensure district officials:

- develop accurate surplus estimates;
- monitor accounts to determine that budget revenue and expense estimates in the budget are achieved; and
- take corrective action when significant deviation from these estimates occurs. For example, if actual expenses start to exceed estimated amounts, then expenses may be reduced to avoid deficits.

There are critical aspects of school district revenues, expenditures, and current year surplus that enable school districts to accurately estimate surplus. In terms of revenues, after any state aid issues are resolved, local officials know up to 94% of the amount of revenue the district will receive for the upcoming budget year. Over the past four years (starting in 1994-95) the percentages of Delaware's revenues from the local tax levy and from state aid have ranged from a low of 97.6% in 1997-98 to a high of 98.9% in 1996-97. Over this time period, the amount of revenue anticipated and actually received was exactly the same except for a \$464 net increase in 1994-95. The precise knowledge of the amount of revenue to be received in the next budget year means that the major challenge is controlling expenses.

Approximately 70% of Delaware Township's expenses are for salaries. Except during contract renewal periods, district officials know salary amounts for all positions in the next budget year either through contracted labor agreements or particular position amounts. Therefore, the necessary salary amount can be identified fairly precisely. Moreover, these estimates are usually higher than the amount that ultimately is needed because of employee terminations, retirements, and resignations.

The non-salary portion of the budget, the remaining 30%, is somewhat more variable. However, many of these costs can be accurately predicted and accounted for if work is done through contracted service, purchase agreements with specific prices or ranges, or if a capital reserve account is established to annually set aside funds to coincide with the expected life of major equipment, buses, or building repairs as authorized by statute (N.J.S.A. 18A:21-1 et. seq.). Capital Reserve accounts should be established by New Jersey school districts for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years, in lieu of utilizing surplus funds.

In terms of the amount of surplus left over in the current year, annual budgets are resolved in March/April, when the district estimates anticipated surplus in the current and next school year. At that point the district has had nine months experience to estimate the expenditures and revenues for the last three months of the year. These estimates should be quite accurate as three-quarters of the budget has been expended or committed.

The above information indicates that the district can accurately estimate current year surplus, revenues and expenses in the proposed budget year. The variable decision, however, is the amount of funds that should be left as surplus, i.e., unreserved, undesignated fund balance. This amount varies according to the number and extent of items in the budget where costs are

variable. In education, some of the more variable items are special education costs, enrollment changes, transportation costs, costs related to facility improvements in older buildings that may not have been anticipated, and any employee contract costs related to negotiations in progress. The amount of surplus to leave in a budget can range from under 2% to 6% of anticipated expenditures.

Surplus Analysis

The district has a very commendable record in terms of accurately estimating surplus amounts (see table below).

Surplus Estimates and Actual Surplus as a Percentage

School Year	Surplus Estimate as a Percent of Total Expenditures	Actual Surplus as a Percent of Total Expenditures
1997-98	5.8%	5.0%
1996-97	4.7%	5.5%
1995-96	4.6%	3.5%
1994-95	4.3%	5.9%
Average	4.9%	5.0%

Estimates of expenses and revenues also impact on these surplus amounts. In terms of expenditures, the differences between the district’s estimates and actual amounts are consistently within the normal range (see table below). Normally, districts spend less than anticipated, which increases surplus.

Expense Estimates as a Percent of Original Estimate

School Year	Estimated Expenses	Actual Expenses	Amount of Overestimate	Percent Overestimate of Original
1997-98	\$4,248,607	\$4,028,469 (*)	\$220,138	-5.2%
1996-97	\$4,050,579	\$3,936,120 (*)	\$114,459	-2.8%
1995-96	\$3,953,970	\$3,911,017 (*)	\$42,953	-1.1%
1994-95	\$4,031,783	\$3,896,602	\$135,181	-3.4%

(*) Excludes TPAF amounts to make comparisons more accurate.

In terms of revenues, the difference between estimates and actual amounts are also consistently within the normal range.

Revenue Estimates as a Percent of Original Estimate

School Year	Estimated Revenues	Actual Revenues	Amount of Underestimate	Percent Underestimate of Original
1997-98	\$4,149,981	\$4,180,165 (*)	\$30,184	0.7%
1996-97	\$3,952,381	\$3,981,046 (*)	\$28,665	0.7%
1995-96	\$3,800,477	\$3,816,373 (*)	\$15,896	0.4%
1994-95	\$3,681,787	\$3,687,574	\$5,787	0.2%

(*) Excludes TPAF amounts to make comparisons more accurate.

In the last four years the district officials decided that a prudent level of financial protection from unexpected and/or emergent situations could be obtained through estimating surplus amounts ranging from 4.3% to 5.8%, for an average of 4.9% over the past four years. If the district had achieved in 1997-98 the estimated surplus average over the last four years, it could have reduced balances on a one-time basis by \$4,904.

The team believes that the district can continue to do an excellent job in estimating expenses, revenues and surplus. Sound financial controls enable the district to achieve earlier estimates and actual surplus amounts. The amounts estimated and achieved provide a prudent reserve and minimize the tax burden on citizens.

Cash Management

This section analyzes the district's management of cash balances. Specifically, we assess whether the district obtains competitive interest rates from banks and whether it operates efficiently, e.g., by monitoring bank fees, maximizing interest earnings and combining or closing small accounts to reduce bank charges.

The analysis of Delaware Township's cash balances is based on discussions with the business administrator who is directly responsible for managing the district's bank accounts. A detailed analysis was completed of 12 monthly bank statements for each account to identify average daily balance, fees charged, interest paid, if any, and the interest rate. All the data is for school year 1997-98.

The team determined whether the district could obtain higher interest rates from its bank by comparing its bank's rates to the New Jersey Cash Management Fund (NJCMF) and to the 90 Day US Treasury CD rate. Unlike banks, these funds do not provide banking services and they are not required, as banks are, to keep 10% of their balances on hand. These funds therefore, earn interest on their total balance. The following adjustments were made in order to have a fair comparison between the rates paid by these funds and bank rates. First, that portion of the bank account balance that is used to pay for its fees was excluded. Second, the remaining balance was reduced by another 10% to account for the bank's reserve requirement.

In cases where no interest amount was earned, different adjustments were required. In these cases, banks did not charge fees and hence there is no offsetting balance, and they did not take the 10% reserve requirement. In order to compare the interest rates on these accounts, fees are estimated based on our experience with banks statewide and the remaining balance is reduced by 10% to account for a reserve requirement.

The district's average daily bank balance in all accounts totals approximately \$1.1 million. The district maintains all accounts in one bank. LGBR believes that districts should have one main bank but keep at least one account in a second bank. This helps to foster competition between banks, and dealing with more than one bank helps to keep the district informed of new developments and products in the banking world.

Recommendation:

The district should consider using two different banks. This helps to foster competition and keeps the district informed of new banking developments.

The district tries to maintain a competitive environment among banks in the area by periodically receiving proposals for its banking business. It recently received proposals and began using a new bank in January, 1998.

The district maintains seven accounts in this bank. In 1997-98, the district received approximately \$35,000 in interest. The bank receives payment for fees by adjusting the interest rate it pays, including not paying interest on selected accounts. In Delaware, the bank paid a good rate (4.96%) on the district's main account that contained 65.5% of its balances.

However, the bank did not pay interest on the other accounts and, in fact, required a \$100,000 balance to be kept in one of them. The combined balance of these non-interest-bearing accounts is \$376,044. These balances earn significant interest that the bank uses to pay for fees. For example, at a 5% interest rate they earn approximately \$18,802 per year. The district is unable to determine if the \$35,000 interest earned is reasonable because it does not receive reports from the bank that detail monthly fee amounts for all accounts and the balances required to pay these fees.

Information on balances and fees for all accounts is available when accounts are grouped together which is normally done to receive a higher and more uniform interest rate. The district has not grouped all of these accounts together. This would enable total balances and fees to be easily identified. Such information is available in a report which banks refer to as an account analysis or a customer profitability analysis.

Recommendation:

The district should know the balance in all of its accounts, the fee charges to maintain them, and the combined net interest earned. Therefore, the district should group its accounts together and receive monthly reports from the bank that provides this information.

The team developed rough estimates of fees for each of the district's accounts (including payroll charges). A review of the district's balances, interest earned, fee estimates and the 5.4% average NJCMF rate in 1997-98 lead to the conclusion that the district could earn about \$5,000 more in annual interest.

Recommendation:

According to the Auditor's Management Report, June 30, 1999, school officials should analyze the actual bank fees and charges and compare these amounts to actual interest

earned at the bank. The entire cash management portfolio should be reviewed annually with the bank representative. The district should negotiate with its bank to increase its interest earnings by approximately \$5,000 per year.

Revenue Enhancement: \$5,000

FOOD SERVICE

Food Services have been privatized in the Delaware Township School District since the early 1980's. Several different contracted food service companies have provided management services for the operation of the cafeteria. At the end of each contract period, the school district has gone out to bid but has received limited responses on each occasion.

According to the Comprehensive Annual Financial Report (CAFR) and budget guidelines, the entire operation of a school district's food service program must be recorded in a separate enterprise fund if the district receives state and/or federal reimbursement for food service costs and collects fees from students for the cost of meals. If the board funds the entire cost of the food service operation, the expense should be reported in the general fund. However, if the board contributes any funds toward the food service operation, it is to be recorded in the enterprise account as a lump sum contribution.

The Delaware Township School District receives state and federal reimbursements and collects fees from the students for meals; therefore, the district reports the entire food services operation in the enterprise fund. Enterprise funds are used to account for operations that are financed and conducted in a manner similar to private business enterprise with the intent that the costs of providing goods or services be financed through user charges.

Scope of Program

Lunches are produced and served in the school cafeteria. During the 1997-98 school year, the district served 22,874 paid lunches, 736 free lunches and 2,135 reduced-cost lunches for a total of 25,745 meals.

Staffing for the food service program is comprised of a manager and an assistant manager (who also function as servers during meal times), one cashier and a foodservice employee. Elementary and middle school teachers supervise students in the cafeteria.

When comparing the percentages of expenses to industry averages, the acceptable margin is between 39% to 45% of total operating expenses. The Delaware Township payroll costs comprise 38.8% of the total operating expenses for 1997-98.

The salaries for school year 1997-98 for food service workers is between \$8.40 to \$12.00 per hour for cafeteria cooks and \$5.50 to \$7.60 per hour for cafeteria attendants. The \$6.75 to \$7.73 ranges paid to Delaware Township's multiple-function food service workers are well within this spectrum. Only the food service director receives health benefit coverage.

As demonstrated in the following chart, 75% of the staff works five hours per day or less. This is the ideal standard to smoothly meet the demands of service.

Delaware Township Food Service Staff				
F/T	P/T	P/T	P/T	
Manager	Asst. Manager	Cashier	Food Service	TOTAL
(7 hr/day)	(5 hr/day)	(4.5 hr/day)	(3 hr/day)	
1	1	1	1	4

The current cafeteria facility is inadequate for both service of students and seating of the student body. The storage area for food supplies is severely lacking in space and proper storage facilities for food commodities.

The planned relocation and expansion of the cafeteria will address space constraints in the kitchen, serving and storage areas. This should enable a larger group of students to be served more efficiently and enable the contracted food service company to order food supplies less frequently and in greater quantities.

Financial

The results of operation of the district food service program for the years 1994-98 are illustrated as follows:

Township of Delaware						
Results of Operation for the Years Ended 1995, 1996, 1997 and 1998						
	1994-95	1995-96	1996-97	1997-98	1997-98	% CHANGE
					% Total	96-97
					Operating	to
					Expense	97-98
INCOME						
Food Service Sales	\$60,047	\$63,403	\$67,975	\$70,332	67.5%	3.5%
State School Lunch Program	\$1,290	\$1,442	\$1,170	\$1,112	1.1%	-4.9%
Nutrition Reimbursements	\$7,198	\$8,609	\$7,553	\$8,520	8.2%	12.8%
U.S.D.A. Commodities	\$3,955	\$6,174	\$4,598	\$4,645	4.5%	1.0%
Interest Income	\$133	\$76	\$209	\$33	0.0%	-84.2%
Total Revenues	\$72,623	\$79,705	\$81,505	\$84,643	1%	-1%
OPERATING EXPENSES						
Salaries	\$34,574	\$32,996	\$40,013	\$40,436	38.8%	1.1%
Employee Benefits	\$9,936	\$8,942	\$10,779	\$11,982	11.5%	11.2%
Management Fees	\$8,629	\$10,534	\$10,532	\$11,176	10.7%	6.1%
Supplies and Materials	\$1,680	\$2,165	\$3,408	\$138	0.1%	-96.0%
Depreciation	\$0	\$1,157	\$2,504	\$2,504	2.4%	0.0%
Cost of Sales	\$26,375	\$30,153	\$31,132	\$31,337	30.1%	0.7%
Other	\$1,579	\$1,380	\$5,874	\$6,337	6.1%	7.9%
Total Operating Expenses	\$82,774	\$87,328	\$104,242	\$103,910	99.7%	-0.3%
Operating Income (Loss) Before Transfer	(\$10,151)	(\$7,624)	(\$22,737)	(\$19,267)	-18.5%	-15.3%
Board Contribution	\$11,000	\$14,200	\$13,000	\$14,000	13.4%	7.7%
Net Income (Loss)	\$849	\$6,576	(\$9,737)	(\$5,267)	13.4%	7.7%

Based on the information listed above, the district's food service program has not been profitable. Board contributions were an average of \$13,050 for the school years 1994-98.

The district privatized the food service program in the early 1980's and has contracted with various food service companies to furnish a school lunch program. The contract with the private food contractor should state that the vendor is responsible for any annual financial operational losses.

The district's food service program charges \$1.70 for elementary and middle school lunches. Teachers and staff members' lunches are priced at \$2.25. Students and teacher/staff members may also purchase specific items from the a la carte menu.

Recommendation:

The maximum allowable lunch price under state guidelines is \$1.85 for elementary lunches and \$2.25 for middle school students. It is recommended that the district raise their school lunch prices to more accurately reflect current pricing. This would generate approximately \$6,610 based on 22,874 total meals served in 1997-98.

Revenue Enhancement: \$6,610

The Bureau of Child Nutrition within the Department of Education stipulates that a child must select three of five basic food groupings: protein, fruit, vegetable, milk and bread. Once the lunch meals meet the criteria, they are eligible for school lunch reimbursements in direct cash and commodities from state and federal agencies.

In order to maximize state and federal reimbursements under the lunch package, the contracted food service company prices a la carte items to encourage students to buy government-funded lunches. As an example, the total of three a la carte items is priced higher than the lunch meal, so students should perceive funded lunches as a better value. The private food contractor has carefully analyzed profits on a la carte menus to insure that it is not losing money as a result of price restructuring.

The contracted food service company is attempting to enhance its menus by offering more "popular" preferred items to students. This includes offering promotional food days and offering favorite fast food items from private vendors. Such proactive attempts have increased student, faculty and staff participation in the district's food service program.

Vending machines provide additional revenue from after-hour sales that can be used to defray operating costs. Statistics show that a vending machine will generate approximately \$0.12 to \$0.19 per day per student. Machines could be purchased outright or leased/purchased through a distributor.

The cost/benefit analysis outlined below shows a profit the district could realize with supplemental vending. The estimates utilize conservative numbers and do not include staff or visitor participation.

Delaware Township Food Service Vending Machine Sales Projections	
Estimated Per Capita Daily Spending	\$0.12
Estimated Profit by School Per Vending Machine	
Estimated Sales Per Day (Population 537) School Year 1997-98	\$64.44
Projected Annual Sales (180 Days)	\$11,599.20
Estimated Product Cost (55%)	\$6,379.56
Annual Lease Cost (\$115 X 12)	\$1,380.00
Estimated Annual Profit at Delaware Township	\$3,839.64

Recommendation:

The district should investigate the placement of two vending machines with revenue enhancement of \$3,840 per machine to areas accessible during after-school programs and extracurricular activities. Machines should be strategically placed to allow access whenever the buildings are open.

Revenue Enhancement: \$7,680

FACILITIES & OPERATIONS

The Delaware Township School is comprised of an original 1950 structure with five additions. The district constructed the first addition in 1954. A second was added in 1968 along with an external kindergarten modular facility, and in 1970 a separate intermediate facility was constructed on the same property. Separated by a parking lot, the 1970 addition housed middle school students while the original facility accommodated elementary students. From 1970 to 1995, students walked through the parking lot in all weather as the elementary facility housed the cafeteria and the middle school housed the gym. Finally, in 1995 the district linked the two buildings with the most recent addition. The current facility has 29 classrooms, six special education/resource rooms, two computer labs, two music rooms and an art room. In order to accommodate projected growth, the district is currently reviewing its facility needs and at the time of the review, preparations were underway for a \$5.7 million addition.

According to the 1997-98 CAFR, the district spent \$77,064 in 1997 and \$70,244 in 1998 in heating and electricity. Compared to its projected budgeted expense of \$78,050 for 1997 and \$70,411 for 1998, the district had a margin of error of less than 1%. The district heats the facility with fossil fuel cooperatively purchased through the Hunterdon Educational Services Commission. In the 1997-98 school year, the district purchased 7,900 gallons of fuel at an average cost per gallon of \$.59, a total heating cost of \$4,680. The district currently does not have access to natural gas.

The 1950, 1954 and 1968 additions are heated with two boilers whose burners fire #2 oil. Currently operating at 85% efficiency, both boilers have effectively reached their life cycle. These boilers will most likely need to be replaced within the next several years. In 1997, a district-funded facility study recommended replacing the boilers as part of a long-range facility

plan. Cross-checking the 1997 facility study recommendation with the district's long-range facility plan spreadsheet for fiscal years 1998-2003 indicates the district is not planning on replacing the boilers.

The boilers are also the only source of hot water for the older sections and the cafeteria. The director of plant operations estimates it costs the district approximately one dollar per heated gallon of water. This requires the district to fire up the boilers on warm days for hot water service to rest room facilities and the cafeteria. It is an inefficient method of heating water and should be addressed when the existing boilers are replaced. The 1970 and 1995 additions are heated with #2 oil, however a hot water heater in the intermediate addition supplies heated water to the 1970 and 1995 sections.

The elementary and middle school classrooms of the facility all have individual 18,000 BTU air conditioners, however, the hallways and restrooms are not climate controlled. The district elected to spend approximately \$45,000 on air conditioners and electrical upgrades as an alternative to a central system that would have cost approximately \$250,000. While the district based its decision on economics, the existing set up is not as efficient because internal areas of the school remain significantly warmer than the classrooms. During our tours, the hallways were approximately 15-20 degrees warmer than the classrooms. As a result, additional costs are incurred as individual cooling units are faced with the task of cooling heated internal walls while dealing with the temperate air loss during period changes. The district should consider installing self-contained cooling units in the hallways to improve the overall energy efficiency of the facility. The team feels the increase in electric consumption will be negligible, as the installation of the units will reduce the workload of the individual classroom units. Other recent facility upgrades include T-8 energy efficient lighting and replacement of old windows in the elementary wing with insulated windows.

The team identified facility issues that raise concern and merit attention in our report as follows:

- The district's cafeteria is the original facility designed for the capacity of the original 1950's structure. There is no storage. In order to accommodate the enterprise contractor, the district was forced to convert a nearby classroom into a storage area. The refrigerators are located in the 1954 addition in a room that appears to have improper ventilation. District officials acknowledge the problem and are hoping to address the issue in the near future.
- The 1968 modular building electrical service runs from the 1968 addition to the outside of the structure. It appears the service wire has been secured to a twisted steel cable using electrical tape, which upon inspection is worn out in many areas.

In addition, the district will need to address the maintenance needs of the 1950 building, aging roofs on the 1954 and 1968 additions and the poor conditions of glazing and open sill joints on other additions. These issues should be addressed in the five year facility plan.

Demographics

School officials are concerned with projected enrollment as increasing student populations affect student-teacher ratios, facility needs, and the instructional environment. The Delaware Township School expansion and renovation plan bases future enrollment on 24 new single-family dwellings each year. The township clerk reports that Delaware currently has a 23-unit development in construction with a potential for at least two more developments adding approximately a total of 39 new homes. Furthermore, the township estimates it issues 30 - 40 single home permits annually. Demographic information found in the Delaware Township master plan, 1994 revision, establishes 1,341 senior residents within the ages of 55 to 74. The senior population impacts the district's student population estimates because it represents housing that most likely will produce additional school age children in the future as senior residents sell their homes to couples with pre-or school age children.

Using a multiplier of 1.62 children for single 4-5 bedroom family homes as developed for the Middle Atlantic Region and listed in the "The New Practitioner's Guide to Fiscal Impact Analysis" (Burchell, Listokin, and Dolphin: 1985, Center For Urban Policy Research -Rutgers University, New Brunswick, NJ), the team estimates a student population growth of approximately 48.6 children per year. The team considers this number conservative as the recent migration of families from urban to suburban areas and suburban to rural areas suggest that Delaware Township may begin to experience incremental growth as approximately 75% of the township remains undeveloped. The projected number also includes potential high school age children, which impacts the overall tax rate, as Delaware Township is a sending district to the Hunterdon Central Regional High School District. To further illustrate this point, the district's 1995-2000 facility plan filed with the Department of Education in 1995, projected an increase of 10 students for the 1997-98 school year with an enrollment of 502. On October 15, 1997, enrollment was 542, or 32 more students than had been projected in student population growth. As a result, the Delaware Township School District, like most rural school districts, must remain vigilant of population growth and its impact on the district facilities and budgets.

Facility Plan

The LGBR team requested a copy of the five-year facility plan and was able to retrieve the 1990 and 1995 copies from the county superintendent's office. While the 1990 plan provided a one-paragraph statement of facility needs, the 1995 plan fell far short of providing information regarding the district's facility needs.

A five-year facility plan provides more than cohort survival number and projected student population growth. While required by the NJ Department of Education, a five-year facility plan becomes a mechanism to inform the public of district facility needs. When reviewed and updated annually, it becomes a measuring instrument for the district to show residents that their public property is maintained and that the district is addressing community growth. When included with a projected budget, it provides justification for yearly budget requests and the funding of a capital reserve fund to cover intermediate and long-range needs.

In addition to NJDOE's requirements, the document should include mission statements, a list of accomplishments and immediate (0-1 years), intermediate (1-5 years) and long-range (5+ years) projects. It should be a resident's facility-needs guide to the school.

Recommendation:

The five-year facility plan serves a dual function of providing facility information for residents and a budgeting guide for the board. It is, therefore, recommended that the district update the five-year facility plan. The district should contact the New Jersey Department of Education and the New Jersey School Board Association for assistance. The district could also request copies from other districts throughout the state.

Energy Management

The LGBR team was informed that the district had never requested an energy audit from its local electric utility. However, the district has retrofitted the lighting systems throughout the school with energy efficient T-8 lighting. In 1995, the energy consultant estimated the district consumed 101,400 watts of electricity each year. Under a T-8 lighting system, it was estimated that the district would reduce energy consumption 45.54% to 55,227 watts, for annual savings of \$12,600. The project cost taxpayers approximately \$56,000, which included a \$5,986 rebate from the local power utility. The retrofit was financed over a seven-year period with annual payments of \$11,016, generating an estimated net savings of at least \$1,500 a year. The team could not confirm the actual savings analysis since the 1995 addition increased the size of the building and modified energy usage.

Recommendation:

The district is commended for upgrading the lighting system for annual savings, which exceed the annual seven-year finance payments.

The district should consider contacting the local power utility to request a free Commercial and Apartment Conservation Survey (CACS). The district could also engage the services of an engineering firm to perform an in-depth energy audit, which may qualify for a 50% of the cost rebate from its power utility.

Asbestos

An Asbestos Control Management Plan (ACMP) was performed in 1989. At that time exposed, hazardous/potential risk materials were identified and removed by a professional company. Under the Asbestos Hazardous Emergency Response Act, contained asbestos material did not have to be removed provided Delaware Township School District performed biannual inspections by a trained in-house person or an accredited consultant. In addition to biannual inspections, a review of contained asbestos in the facility was required every three years by an EPA certified consultant.

According to the ACMP, there appears to be asbestos in most of the instructional classrooms located in the 1970 addition, primarily in the vinyl flooring, the tile adhesives, the panel above the door entrances and the insulation material located in the panels above the windows. As long as the materials remain self-contained, the district is not under obligation to remove the asbestos, nor is there danger to facility users.

As part of the ACMP plan, the asbestos manager is responsible for training all new employees with a two-hour instructional class explaining the risks of asbestos. In addition, the asbestos manager must perform biannual inspections of all asbestos areas. Until all asbestos is removed from the school, the district must pay a consultant to inspect the facility every three years.

The district needs to improve asbestos awareness and monitoring according to the ACMP. A review of the tri-year reports found the logs for the biannual inspections had not been properly completed. Furthermore, the district does not have the required training for new employees and most employees who were questioned had not received asbestos awareness training.

Recommendation:

Asbestos exposure has led to numerous lawsuits and expenses in both the private and public sectors. It is therefore recommended that district officials review the 1989 asbestos management program and implement the protocols as defined in the original report and subsequent inspections as required by law.

Facility Rentals

The local community enjoys active use of school facilities at little or no cost. Board Policy 1130 promotes active use of the facility at no cost to any organization whose primary purpose is to serve the children of the community, providing the rental occurs during normal district staffing hours. If there are no regularly scheduled employees working, the board has established a rental rate of \$15 an hour. The board, on a case-by-case basis, determines rental fees for “for-profit” organizations. In the 1997-98 school year, the district generated rental revenues totaling \$3,210 on facility rentals.

Using the average custodial position cost of \$31,813, the district incurs an overtime-adjusted cost per hour of \$24. This does not include the facility expense of heating and lighting, which would increase the hourly expense to approximately \$30. Based on the 1997-98 total revenues, it appears the district incurred an operating loss of approximately \$3,210.

Recommendation:

Charging for facility use by non-profit organizations when the district employees are not scheduled to work helps cover the operating expenses incurred. However, the establishment of an hourly rate should consider position and administrative cost. It is, therefore, recommended that the district increase hourly rental rates to \$30 an hour for a revenue enhancement of \$3,210. The district should evaluate the need for an additional charge for kitchen privileges. The hourly rate should be reviewed periodically to make inflationary adjustments.

Revenue Enhancement: \$3,210

Plant Operations - Custodial, Maintenance & Grounds

Small districts like Delaware Township School District generally do not have plant operations separating custodial, maintenance and grounds. As a result, the LGBR team reviewed the department recognizing that each function interacts as staff is often cross-utilized based on need.

In the 1997-98 school year, the district spent approximately \$175,408 in salaries and direct benefits. The district appropriated \$22,229 and expended \$16,849 in supplies for custodial, maintenance and grounds. When possible, supplies are purchased through a cooperative purchasing agreement with the Hunterdon Educational Services Commission. According to the CAFR, the district spent a total of \$326,357 or 7.7% of its annual budget, the second highest of the four comparative school districts.

The staff of four full-time equivalents (FTE), two part-time, and one seasonal part-time employee share and rotate the performance of custodial, maintenance, and ground functions. The staff of seven are responsible for a 62,300 square foot facility located on a 25.6 acre parcel of which approximately 14 - 16 acres are fields, which are used extensively by the district, year-round athletic associations and summer recreation programs. The district uses flexible staffing coverage by assigning the majority of the workforce to non-instructional hours. The following chart illustrates the staffing of the seven district employees:

Shift	Number of Staff
6:45am - 4pm	1 FTE
9am - 2pm (split position with transportation)	.5 FTE
12pm - 8pm	1 FTE
3pm - 11pm	2 FTE
3pm - 5pm	.5 FTE & .5 FTE summer

The district is commended for efficiently optimizing staffing by placing the majority of the staff on the second or third shifts. Based on prior reviews, the LGBR team found a 30% increase in productivity in this type of shift structure while reducing the need for overtime during evening activities.

The team generally reviews school districts' plant operations using several methodologies. The first approach involves assessing the cleanliness of the school based on the Association of Physical Plant Administrators of Universities and Colleges' Facilities Management: A Manual for Plant Administration (APPAUC). This study identifies staffing levels based on standards or level of cleanliness for schools. To identify appropriate staffing levels, the district needs to have detailed architectural data. If the architectural data is not available, we use an in-house staffing assessment in conjunction with averages from a survey performed by the American Schools & University (AS&U) periodical that collects data from schools identifying cost averages for various regions around the country, including the New Jersey-New York region. Costs are provided by square footage, staffing and per pupil for maintenance, grounds and custodial operations.

According to the AS&U, schools located in the New Jersey - New York region average one full-time day custodian for every 19,956 sq. ft., one full-time day maintenance position for 107,147 sq. ft. and one full-time groundsman for every 29 acres. Based on prior reviews in K-8 schools in suburban and rural settings, the LGBR teams have seen custodial coverage closer to 30,000 sq. ft. in staffing structures similar to Delaware Township School District when cleaning is an after school function.

Given the nature of small, one-school districts and the tendency for plant crews to perform additional duties such as porter services, the team allowed for an additional one part-time position during school hours. In addition, multi-purpose rooms sharing athletic, auditorium and cafeteria functions create additional responsibilities for plant operations. Not only does Delaware Township School District have a multi-purpose room, but also a secondary gym, a large media center, and extensive carpeting throughout the school.

Custodial Operations

In order to develop a fair assessment of cleanliness, the team inspected the facilities both during the initial tour of the district and on several unannounced tours. The APPAUC identifies five levels of cleanliness: Level 1 - Orderly Spotlessness, Level 2 - Ordinary Tidiness, Level 3 - Casual Inattention, Level 4 - Moderate Dinginess and Level 5-Unkempt Neglect. Schools should maintain a level 2, which the APPAUC defines as:

- h) floors and base moldings are bright and clean;
- i) no more than two days worth of dirt, dust, stains or streaks;
- j) all vertical and horizontal surfaces are clean;
- k) washroom and shower tile and fixtures gleam and are odor-free;
- l) washroom supplies are adequate;
- m) trash containers and pencil sharpeners are emptied daily; and
- n) chalkboards are clean.

The team found the condition of the school to be at Level 3 and in some cases, Level 4. On subsequent tours, before the arrival of the students, we found the conditions had not improved. Chalkboards consistently were not cleaned, heavy dust was on classroom shelving, bathrooms were not properly stocked, thick cob webs were on the ceilings, trash was on the grounds and there were dirty water fountains, baseboards, and light fixtures. The team recognizes that year-end activities tend to overcome cleaning efforts; however, interviews confirmed that these conditions generally exist throughout the school year.

An in-depth review of the department found a need for structure and organization in the custodial functions. Currently, the district does not have formal cleaning procedures that identify daily, weekly and monthly tasks. For example, in a structured organized department, fountains, bathrooms, locker rooms, floor sweeping and vacuuming, trash removal, litter patrol, chalkboards and light dusting are done a daily basis. Weekly tasks include high dusting, floor washing and spot carpet shampooing. Cleaning of light fixtures and baseboards can be done on a monthly basis. An appropriate division of labor may involve assigning specific tasks to after-school custodians, who then proceed to clean the entire building as a team. Districts may then elect to hire a 10 a.m. – 2 p.m. custodian assigned to porter services, cafeteria or special cleaning tasks. Another methodology involves task/team cleaning where the facility is divided in four quadrants and each quadrant is detailed clean in addition to regular restrooms and sweeping. Another alternative involves task cleaning or a division of labor as the cleaning crew moves throughout the school performing assigned tasks or team cleaning where the facility is divided in four quadrants and each quadrant is cleaned in addition to regular restrooms and sweeping. Regardless of the cleaning system the school implements, the adoption of a structured routine will dramatically improve the appearance of the facility and allow the elimination of one FTE.

Maintenance

The LGBR team found similar conditions regarding general maintenance and long range facility planning. The district performed a facility study in 1995 that made several recommendations regarding facility repairs. The report made numerous recommendations including repointing cracks (repointing is the patching of cracks or missing cement used to bind bricks/cinder block), window replacement, boiler replacement and removing slag (stone) buildup in the gutters. While the district is currently replacing windows, we could not find evidence that the re-pointing, gutter cleaning and boiler issues are being addressed.

A tour of the roof found drains clogged with leaves and other debris. Hanging gutters containing slag are subjected to additional weight, which results in additional costs when the gutters begin to sag. This issue was presented in the report. Routine cleaning of gutters prevents overflow and reduces the risk of damage to both the gutters and the facility.

The team also noticed that the damaged walls in need of repointing as reported in the study are still in need in repair. The team found a significant need for repointing in a structural corner by the multi-purpose auditorium that was not included in the 1995 study. The team also found ceiling tiles out of their tracks, several ceiling leaks, an exterior door that showed daylight between the door and the jam, and outside fixtures hanging from the building.

According to the AS&U report, one part-time maintenance position is all that is required to handle the one-school district. The team feels that the district can employ one full-time position that would also be responsible for grounds operations. This is dependent upon the district reorganizing the plant operations department and following the work order recommendation below.

Recommendation:

The current structure of the department encourages crisis management as maintenance is performed on an ad hoc rather than planned basis. District officials should consider developing a regular maintenance schedule for the staff to follow. Such a schedule would list monthly inspections of the facility, routine cleaning of gutters and intake air ducts and maintenance of grounds equipment.

At present, the department does not have either an electronic or manual work order system in place. It was reported that maintenance requests are either verbal or written on post-it notes and placed on the maintenance department's door. Plant operations does not have a computer to track supply consumption or hook into the school network. The plant operations director, however, maintains stock consumption records on his personal computer at home. He uses this information for placing orders for the next school year.

A work order system is critical to plant operations. It maintains data regarding supply consumption and actual costs associated with each job performed, providing management with data to determine the cost-effectiveness of a project. In addition, a history of work orders helps identify problem areas within the school. For example, excessive light bulb replacement in a

localized area may be attributable to a power regulating issue. Without a documented history, the tendency of the district may be to increase its light bulb inventory or even replace the fixtures themselves.

While there are numerous software packages available, the size of this district will allow a computerized system where requests are generated via E-mail through the superintendent or business office specifying the need. The department can then enter the data into a computer spreadsheet or database.

Recommendation:

A work order system helps management identify the effectiveness of plant operations, identify the true cost of repairs and identify problem areas. District officials should consider supplying the plant operations department with a computer and E-mail capability and implement a work order system.

Value Added Expense: \$1,500

The team noticed that the district does not have a tool inventory for the maintenance department. During a recent refurbishing of doors, the director personally supplied all the machinery to strip, sand and refinish the doors. It was reported that when repairs are needed, the staff turns to the facility director's toolbox located in the rear of his vehicle. Were the facility director to seek employment elsewhere, the district would be left with few tools to maintain the school.

The municipality recently gave the district a light dump truck complete with a plow for snow removal and other maintenance needs. The vehicle is not registered for use on public roads and is generally used only for snow removal. Employees are offered mileage reimbursement when personal vehicles are used for school business. The district needs to weigh the decision of not supplying the department with a vehicle for district use. While the use of private vehicles for maintenance, grounds, and custodial functions seems cost-effective, such industrial use tends to be more risky as the district may become involved in litigation regarding any accidents or damage to personal vehicles as the result of transporting district materials.

Recommendation:

Personal use of vehicles for district plant operation functions presents a greater risk than traditional personal usage, such as traveling to conferences. District officials should consider soliciting the township for a pickup truck the next time the township retires or upgrades its fleet.

An alternative may be to register the light dump truck until such time a vehicle becomes available. As municipal registrations are provided by the state at no cost, the only expense would be associated with a nominal titling fee.

Grounds

The school has approximately 14 - 16 acres of maintainable grounds. Responsibilities of groundwork are rotated within the department, similar to custodial and maintenance.

Reportedly, grounds work takes up to three days as mowing and trimming must rotate around field usage by the students and other events. Several tours of the grounds found a need for trimming and trash removal. A school the size of Delaware Township's needs less than one FTE to adequately maintain the fields, and the AS&U recommends one FTE for every 29 acres. An inventory of grounds equipment found mowers that were suited for residential use or were inefficient compared to available commercial equipment. The main industrial tractor is 27 years old and fitted with a six-foot under-carriage mowing deck. The department has two push mowers, a residential riding mower and a couple of weed-whackers for trim work.

In addition to inefficient equipment, the team identified two additional factors that contribute to the excessive length of time it takes to mow the grounds. At the present time, there is not a regular schedule or staff person assigned to grounds work. With efficient commercial equipment, the assignment of one individual to the task, and with occasional assistance from the custodial staff, mowing could be completed in one day. The other factor impacting grounds operations is the district policy to terminate all mowing activity when the fields are in use by students.

Under current conditions, the need to update existing grounds equipment could cost the district approximately \$16,500 for a tractor and commercial grade mower deck from a local industrial dealer. The district may be able to reduce the capital investment of a new tractor by purchasing a larger rear deck-finishing mower for the existing tractor at a cost of approximately \$5,000. If the district entertains the purchase of a new mower deck, a professional assessment of the current tractor by a certified mechanic of the manufacturer may be advisable to verify the useful life of equipment. In addition, commercial walk-behind mowers with larger deck mowers offer the same versatility of a push mower and can cut grass three times faster than the district's existing riding mower.

During the interviews it was revealed that the district attempted to establish a shared service with Delaware Township municipality governing grounds, custodial, and maintenance services. It appears the agreement is under consideration as logistics and equity issues regarding cost sharing are still under negotiations. Nonetheless, the township owns a lawn tractor with a 16-foot tow mowing deck. This piece of equipment is designed for large fields and is capable of mowing the district's fields almost three times faster than the current six-foot deck. In performing its own grounds work, the township does not have enough fields to use the mower deck more than once a week.

Recommendations:

The district could mow its lawns in one morning with mowing operations beginning at 6:30 a.m. if the township agrees to lend the 16-foot mower deck. Since the majority of the fields border farmlands, there would be little disturbance to residents. The district could easily cut the fields before the beginning of gym classes, which start at 9 a.m. It is, therefore, recommended that the district enter into an arrangement with the municipality to use the township mower. Such an arrangement would save approximately \$16,500 by removing the need to purchase a new lawn tractor and deck mower.

Cost Savings: \$16,500

School officials should consider conducting a feasibility study on other buildings and grounds functions that could be mutually shared. The district should also consider making application for a Efficiency Development Incentive Act (REDI) grant for either a feasibility study, or for implementation purposes, which could ultimately lead to a shared services agreement between local units.

The district should consider reevaluating the inventory and purchasing commercial grade equipment that is more efficient than the existing equipment. Actual purchasing may be performed over a two to three year period.

Value Added Expense: \$3,000

Staffing Conclusions

The AS&U provides a cost per square foot for cleaning, maintenance and grounds labor for the New Jersey - New York Region. The following chart provides a specific breakdown:

Labor Description	AS&U Labor Cost per Square Foot
Custodial	\$1.70
Maintenance	\$0.41
Grounds	\$0.21
Total	\$2.32

Our analysis totaled the labor cost per square foot, because under existing conditions, there is no clear delineation of responsibilities or assignment of personnel in the district. Based on \$175,400 salary cost and 62,300 square feet of space, the team found a district cost per square foot of \$2.82, as compared with the AS&U cost of \$2.32.

The LGBR team recognizes that the high cost of living in Delaware Township will result in a higher payroll cost. In addition, the district consciously chooses to maintain a custodial staff as a prior experience with privatization in the early 1980’s brought dissatisfaction from school officials and parents. Documents were not available concerning prior privatization so the team could not assess if the dissatisfaction was a result of a weak request for proposal as the team has found in other reviews.

The overlay of duties of custodial, grounds and maintenance is not unusual in a small district. However, without clear tasks, structure, organization and equipment, the department can easily become overwhelmed by duties and subsequently become overstaffed. The lack of organization and inefficient equipment has created the appearance that the school needs additional manpower, however, the LGBR team feels the following staff of six persons, listed as either full-time or part-time, would be appropriate after a restructuring and reorganization occurs;

FTE	Shift	Function
1	6:30 a.m. - 3:45 p.m.	Grounds/Maintenance/Custodial
2	3 p.m. – 11 p.m.	Custodial
1/2 flex	7 a.m. – 11 a.m. seasonal grounds 3 p.m. – 7 p.m. winter custodial	Grounds and Custodial
1/2	5 p.m. – 9 p.m.	Custodial
1/2	10 a.m. – 2 p.m.	Floater (FTE shared with transportation)

The team included a “floater” position to assist the department with the porter assignments that are often associated with small schools.

Recommendation:

The current staffing arrangement has the potential for maximizing worker productivity. However, the overall lack of structure and a work order system effectively neutralizes and reverses any efficiency of the schedule. The district should consider implementing a work order system and custodial task/cleaning schedule. Once job responsibilities are clearly defined, the district should be able to eliminate one full-time position for savings of \$31,965. The team cautions the district not to reduce staff until the organizational restructuring is complete and the overall cleanliness of the facility is brought up to acceptable levels. In addition, if future expansion plans are approved by district taxpayers, then existing staffing levels should suffice for the additional square footage.

Cost Savings: \$31,965

TRANSPORTATION

With the exception of joint transportation agreements (JTA’s) with Hunterdon Central Regional High School (HCRHS) and the Hunterdon County Educational Services Commission (HCESC) to transport two special needs students, the Delaware Township School District operates an in-house system for pupil transportation. The district operation consists of 14 buses, nine drivers, and a part-time transportation coordinator and a part-time custodian who drive regular routes. During the 1997-98 school year, 557 students were transported to and from school on 11 routes.

Expenses for the 1997-98 school year for transportation were \$210,951, with transportation state aid totaling \$165,472, or 78% of costs.

Delaware Township’s transportation costs are remarkably low in comparison to other districts in the area, leading the team to search for an explanation as to how a small K-8 district with an in-house transportation operation can operate so frugally.

Special education transportation is an important factor in higher costs within a district, but with only two out-of-district placements, Delaware Township has very small special needs costs. These costs are further reduced with the utilization of the JTA’s with HCRHS and HCESC. Additionally, with an all-day kindergarten program, the expense of noon routes is avoided.

An innovative negotiated agreement with the bus drivers allows the district to save money on benefit packages. The details of this agreement are outlined in the appropriate section of this report. The usage of the transportation supervisor and part-time custodian as route drivers enables the district to further save on benefit packages. Utilizing joint purchasing for fuel, negotiating attractive vehicle maintenance packages which are 10% under state contract costs, and turning buses over when repair expenses reach a high level all add to the efficiency of the department.

The Efficiency Rating Guidelines, as established by the DOE, set a vehicle utilization standard of 120%. This rating is calculated by dividing student ridership by vehicle capacity. Vehicle capacity is 90% of the total number of seats available for district use. Student ridership includes all transported eligible resident district students, nonpublic school students, charter school students, special education students without special transportation needs, and students from other school districts for whom the host district provides transportation services. Normally, one of the ways in which this standard can be reached is by “tiering” routes, e.g., running a middle school route and then an elementary school route utilizing the same vehicle.

However, a lack of mid-day kindergarten routes reduces “tiering” options and lowers the transportation efficiency rating of the district. Assuming that the district is utilizing a 54-passenger bus, and that all seats are filled on both routes in the morning, and assuming 20 students for kindergarten, the utilization factor for that vehicle is 2.37. This presupposes that there are no courtesy students being transported on these routes.

Delaware Township, with one school building and a full-day kindergarten, has been unable to take full advantage of the “tiering” efficiencies and has a current rating of .861. In the past, as a cost-cutting measure, the district did “double up” the routes, use buses as shuttles and thereby run fewer routes. This did add the expense of paid aides or teachers to supervise the students before and after school. The district also has considered running an adjusted educational program with middle school and elementary school students arriving at different times to allow for reduced costs in transportation. Parental concerns regarding the length of the school day, students from the same household taking two buses at two separate times, etc., have eliminated these ideas from further discussion.

If the current efficiency rating system is utilized for computing transportation aid in the future, without substantial changes to reflect the anomalies seen in Delaware Township, financial aid will be reduced for at least some districts whose management is efficient by all other standards.

III. COLLECTIVE BARGAINING ISSUES

The three following sections of the review report which cover the respective negotiated agreements are presented separately, as school officials cannot unilaterally alter the terms of the negotiated agreements. *Any of the recommendations in the following sections, which involve changes to the negotiated agreements, necessarily would require negotiations and agreement by the respective parties in order to be implemented.* These sections will deal with those aspects of the contract, which have more direct financial or productivity implications.

Education Association Agreement

The Agreement with the Delaware Township Education Association (DTEA), effective 1995-98, covers classroom teachers, supplemental teachers, guidance counselors, nurse, librarian, psychologist, social worker, learning disability specialist, speech therapist, special education teachers, and instructional aides. (The lead teacher and unit leaders were added in the 1998-00 contract). Excluded are administrators, bus drivers, cafeteria workers, custodians, non-instructional aides, per diem substitutes, secretaries, and the transportation coordinator. The 43-page contract contains many articles which are more procedural than economic, such as board rights, recognition, negotiation procedure, grievance procedure, teacher rights, association rights and privileges, teacher assignment, voluntary and involuntary transfers and reassignments, teacher evaluation, teacher facilities, complaint procedures, extended leaves of absence, maintenance of classroom control and discipline, personal and academic freedom, miscellaneous provisions, etc. This report will deal with those aspects of the contract, which have more direct financial or productivity implications. Pertinent contractual provisions are summarized in brief outline form with attention to 1997-98 salary guides, which is the year selected for financial comparisons with other benchmarks. It should also be noted that the district has signed a successor agreement for the period 1998-00.

Teacher Work Year

Teachers employed for 10 months have an in-school work year, which may not exceed 184 days, at least two of which are in-service days. A new teacher orientation day is in addition to the in-school work year.

Teaching Hours and Teaching Load

All teachers have a seven-hour day, which includes at least a 30-minute duty-free lunch period. The workday includes at least 30-minutes preparation time per day and a minimum of 200 minutes of preparation time per week. With three calendar days notice and without additional compensation, teachers may be required to remain after the end of the regular workday for four days each month to attend faculty or other professional meetings. Teachers attend one back-to-school night and teachers in special areas attend two such nights. Whenever the district schedules parent-teacher conferences, either in the afternoons or evenings, students are scheduled for half-day sessions.

Teacher participation in field trips, which extend beyond the teacher's in-school workday, is voluntary. (In the 1998-00 contract, teachers are paid \$50 to \$100 for lengthy or overnight field trips.) Teachers who are requested to serve on summer workshop curriculum committees are compensated at a daily rate of 1/200th of their annual salary.

Many districts are able to negotiate less than full salary guide payment for summer curriculum work.

Teacher Employment

Initial salary guide placement is at the step agreed to by the board and the employee at the time of hire, but may not exceed total years of teaching experience as otherwise specified in the contract. Credit not to exceed four years for military experience or alternative civilian service required by the Selective Service System is also given upon initial employment.

Salaries

The salaries of all teachers and teacher aides are set forth in Schedule C for 1997-98.

Teachers' Salary Guide – 1997-98				
Step	Years	Bachelors	BA+20	BA+40/MA
1	1	\$30,372	\$31,664	\$33,011
2	2	\$31,434	\$32,772	\$34,166
3	3	\$32,580	\$33,964	\$35,387
4	4	\$33,764	\$35,178	\$36,651
5	5	\$34,992	\$36,446	\$37,958
6	6	\$36,265	\$37,760	\$39,314
7	7	\$37,585	\$39,119	\$40,717
8	8	\$38,953	\$40,530	\$42,171
9	9	\$40,370	\$41,991	\$43,678
10	10-11	\$41,839	\$43,508	\$45,236
11	12-13	\$43,360	\$45,029	\$46,851
12	14-15	\$44,937	\$46,515	\$48,631
13	16-17	\$46,573	\$48,050	\$50,479
14	18	\$48,267	\$49,635	\$52,398
15	19-20	\$50,111	\$51,200	\$54,368
16	21+	\$51,799	\$52,829	\$56,586

Teachers' Salary Guide – 1997-98				
Step	Years	MA + 20	MA + 40	MA + 60
1	1	\$34,416	\$35,879	\$37,405
2	2	\$35,633	\$37,137	\$38,704
3	3	\$36,893	\$38,437	\$40,046
4	4	\$38,198	\$39,783	\$41,435
5	5	\$39,549	\$41,177	\$42,873
6	6	\$40,947	\$42,619	\$44,360
7	7	\$42,396	\$44,113	\$45,899
8	8	\$43,894	\$45,656	\$47,490
9	9	\$45,447	\$47,257	\$49,137
10	10-11	\$47,054	\$48,911	\$50,842
11	12-13	\$48,718	\$50,624	\$52,605
12	14-15	\$50,618	\$52,398	\$54,430
13	16-17	\$52,592	\$54,233	\$56,318
14	18	\$54,644	\$56,132	\$58,272
15	19-20	\$56,900	\$58,200	\$60,398
16	21+	\$58,942	\$60,276	\$62,350

Note: In 1997, there was a transition from old credit columns in August to new credit columns in September as follows:

BA+15 became BA+20	MA+15 became MA+20
BA+30 became BA+40/MA	MA+30 became MA+40
BA+45/MA went Off Guide	MA+45 went Off Guide

Longevity for 1997-98 was as follows:

20 th -24 th year-	\$700
25 th year or more-	\$1,400

The district expense for longevity payments in 1997-98 was \$16,380 for 17 teaching employees.

Change in Teacher Assignment

Teachers who incur a change in their teaching assignment for the succeeding school year are compensated at the rate of \$22 per hour up to a total of 14 hours for preparation at the discretion of the superintendent. Teachers who have a change in their room assignment for the succeeding school year receive, at the discretion of the superintendent, \$22 per hour up to a total of seven hours.

The district had no expense in this category in 1997-98, although there is the potential for expense in the future.

Teachers Aide Salary Schedule

	1997-98	
Step	Years	Salary
1	1+	\$11,845

Sick Leave

All teachers are entitled to 12 sick days per year and a maximum of 10 unused sick days per year are accumulated from year to year with no maximum limit. Part-time teachers receive sick days and personal days on a prorated basis.

Employees who retire are compensated for unused accumulated sick leave as follows:

One day for every three days of unused accumulated sick leave is compensated at the substitute teacher's rate, but not to exceed one-third of the employee's final contract year's salary modified by a formula based on attendance in the final year.

Recommendation:

District commitments for unused sick leave payments were \$159,265 on June 30, 1998. Reportedly, there were no payments in 1997-98. Teacher use of sick leave during 1998-99 ranged from 0 to 15 days and averaged 3 days. District officials should consider negotiating a maximum payment for unused sick leave of \$15,000 rather than one third of the employee's final contracted annual salary.

After at least six years of employment in the district and upon voluntary resignation of employment, the district compensates an employee for unused accumulated sick leave on the following basis:

- c) The employee must have accumulated a minimum of 20 unused sick days.
- d) The days are compensated on the basis of one day for every two days of unused accumulated sick leave at the substitute teacher's rate of pay to a maximum of 100 compensated days or 200 accumulated days.

The district is commended for the contracted reasonable rate of reimbursement at the substitute teacher's pay level for limited numbers of unused sick leave days.

Temporary Leaves of Absence

Full-time teachers are entitled to three personal days per year with full pay, professional days at the discretion of the superintendent, and five additional leave days for good cause and at the discretion of the superintendent, but such approval may not be unreasonably withheld.

Recommendation:

During 1998-99, teachers utilized an average of 2.6 personal days for all reasons, with a range of 0 to 7.5 days. Delaware Township teacher utilization of personal days appears very reasonable. However, the contracted three personal days and an additional five leave

days “for good cause,” or a total of eight days, are vague in definition and could potentially become costly to the district, as approval may not be “unreasonably withheld.” Other benchmarks indicate that three personal days per year should be adequate except for death in the immediate family and other temporary leaves as defined by statute. District officials should consider negotiating a reduction in days or a more specific definition of the additional five temporary leave days.

Sabbatical Leave

A teacher with 10 years service and eight years of service in the district may request one full school year sabbatical leave with 50% salary payment or as otherwise indicated. No more than one sabbatical leave can be approved annually. The teacher, upon completion of such leave, must remain as a district employee for two years (except for death or permanent disability) or reimburse 100% of the monies received or on a prorated basis.

One teacher was granted sabbatical leave for 1998-99 at half pay with a cost of \$27,300.

Professional Development

The district pays the cost of tuition, books and fees up to \$1,500 per year for all graduate courses taken for professional improvement. The district pays the full cost of tuition and other reasonable expenses incurred in connection with any courses, conferences, workshops, etc., which a teacher is required or requested to take by the administration.

The district paid \$4,835 for professional development of staff for 104 teacher/activities in 1997-98.

About 60% of the teachers had one or more professional days in 1998-99, with a range of 0 to 4 days and an average of 1.2 days.

Personal Property Damage

The district reimburses teachers for any work-related loss, damage or destruction of clothing or personal property on a school-sponsored activity or on school property, unless due to teacher’s negligence.

There were no reimbursements to teachers for personal property damage in 1997-98.

Health Care Coverage

The district pays the full premium for each full-time teacher and for the family plan, when appropriate, for Blue Cross, Blue Shield, Rider J and a Major Medical program. Part-time teachers with at least 20 hours of employment per week receive all insurance protection.

Dental Care Coverage

The district offers to each full-time teacher dental insurance under plan “Program II,” 100% preventive and diagnostic and 70/30 for remaining basic services as described by the NJ Dental Association. The district pays the full premium for single coverage and the following amounts for other-than-single coverage:

Two party - \$36.18/month
Three party - \$60.02/month

Prescription Plan

The district provides a maximum reimbursement for prescription drugs of \$200 for single employees and \$300 for employees with dependents.

Recommendations on health and dental insurance are contained in the section on insurance.

Extracurricular Activities

Teachers are paid \$22 per hour for supervising and/or participating in extracurricular activities. After consultation with the teacher(s) involved, the superintendent determines the nominal number of hours per activity.

The district paid \$43,233 for teacher/coach supervision of extracurricular activities in 1997-98.

Bus Drivers Association

The current Agreement with the Delaware Township Bus Drivers Association (DTBDA) covers the two-year period 1997-99. The 10-page contract contains a number of articles (such as board rights, recognition, future negotiation procedure, grievance procedure, employee rights and privileges, employee evaluation, complaint procedures, etc.), that are more procedural than economic. This report will deal with those aspects of the contract, which have more direct financial or productivity implications. Pertinent contractual provisions are summarized in brief outline form with attention to the 1997-98 salary guide, which is the year selected for financial comparisons with other benchmarks.

The work year is consistent with the published school calendar. A full-time driver works a minimum of 20 hours per week, while an hourly driver works less than 20 hours a week.

All transportation personnel who work at least 20 hours per week receive medical insurance benefits. Drivers who receive such benefits contribute an extra 15 hours of service to defray the increased cost of the health benefits package.

Drivers are eligible to receive 12 sick days with pay each year. Unused sick days may be accumulated from year to year with no maximum limit.

All drivers are eligible to receive up to two personal leave days with pay per year.

Time and payment for all class, athletic and extracurricular bus trips are part of the driver's basic annual contract. If actual trip time exceeds the time in the basic annual contract, reimbursement for the additional hours is paid at the driver's hourly rate of pay.

Bus Driver Salary Schedule A – 1997-98		
Step	Experience	Hourly
1	1-3	\$12.65
2	4	\$13.00
3	5-6	\$13.65
4	7-8	\$15.55
5	9-11	\$16.20
6	12+	\$17.30

Daily Work Schedule and Route Assignment

The district informs the association by August 15 of the bus routes for the coming academic year. Each member of the association has the opportunity to request a particular route or designate the route of his/her choice. However, seniority is the factor that determines the designation of a driver to his/her preferred route and the order for any layoffs in the event of a reduction in force.

Under normal conditions, a permanent bus driver does not drive more than two runs in the morning and two runs in the afternoon and a noon kindergarten bus driver does not drive more than one discharge run and one pickup run. Based on seniority and documented job performance, hourly drivers may be offered full-time driving positions when available.

Support Staff Handbook

Support staff, including secretaries, custodial and maintenance personnel, have working conditions defined in the support staff handbook. Reportedly, salaries are set by the calculation of average salary ranges paid for the respective positions as determined by studies of comparable school districts. The district provides health care, prescription and dental insurance coverage for non-professional contractual employees, who work a minimum of 20 hours per week in one position, and their eligible dependents.

The district issues a calendar for all professional and clerical staff on 12-month contract, with a list of paid holidays for the next school year. Twelve paid legal holidays and one floating holiday are allowed each employee.

The superintendent may grant two non-cumulative personal days per year for legal, business, household or family matters. The district grants the necessary time off with pay for appearance in any legal proceeding connected with employment by the district or in any other legal proceeding if the employee is required by law to attend.

Leave with pay may be granted as follows:

- A maximum of five days in the event of death or serious illness of a member of the employee’s immediate family, as defined.
- One day in the event of death of a relative outside of the immediate family.
- The superintendent may grant time off for an appropriate number of employees to attend the funeral of a student or teacher.

All employees of the district covered by this policy are eligible to receive 12 sick days with pay each year. Unused sick leave may be accumulated from year to year with no maximum limit.

All 12-month, full-time non-instructional employees are granted paid vacation days per year in accordance with the following schedule:

Years 1 to 5	10 working days
Years 6 to 10	15 working days
Years 11+	20 working days

Vacation time is not cumulative and must be taken during the applicable year, except in an emergency, when the superintendent may approve carrying vacation days into the next year. Employees do not receive financial reimbursement for unused vacation time.

All hourly non-instructional employees who work five or more hours per day take a half-hour lunch break without pay.

Employees are reimbursed for actual and reasonable travel expenses incurred in carrying out authorized duties. Authorized use of a district employee's automobile is reimbursed at the Internal Revenue Service mileage rate.

The district pays the full cost of tuition and/or other reasonable expenses incurred in connection with any courses, workshops, seminars, conferences, in-service training sessions, or other such sessions which an employee attends as required and/or requested by the administration.

The district contracts with certain non-instructional employees on an annual basis and does not grant tenure to any custodial employee, or any other employee, for whom tenure provision is not required by law.

Health Insurance

The Delaware Township School District (DTS) offers employees medical benefit coverage for health, dental and prescriptions. According to the administration office, DTS reluctantly joined the State Health Benefits Plan (SHBP) when their previous private insurance provider implemented a rate hike of 32%. In the 1997-98 school year, the district spent approximately \$300,108 for medical benefits. The district's primary concern with the SHBP was the lack of flexibility regarding cost containment. Still, the district has few options given its relatively small work force.

The SHBP does allow for premium sharing for other-than-single coverage. The review team suggests exploring various sharing percentages, which will generate reasonable savings. For example, a 5% premium sharing cost will yield a \$13,434 savings, a 10% sharing will yield \$26,869 and 20% will yield \$56,738. Employee contributions will average \$10 to \$50 per pay period depending on percentage, coverage and plan. The district reported an interest in continuing to examine all options concerning health care coverage.

Recommendation:

The SHBP currently allows participants to pass to district employees the cost for other-than-single coverage. Given the private sector initiative to have employees share in the cost of health care coverage, the team recommends the district consider negotiating 20% premium sharing for health care insurance.

Potential Cost Savings: \$56,738

Dental Insurance

The district provides dental coverage to its employees through a private insurance carrier. Total cost of the policy in the 1997-98 school year was \$47,391. The district currently has a cost containment feature built into the contracts which requires a district cost for premium sharing for other-than-single coverage of \$36.18 for two party and \$60.02 per month for three or more. Employees are responsible for paying the difference between the board obligation and the actual monthly cost of the policy. This cost containment feature currently applies to members of the educational association and annually saves district taxpayers approximately \$7,312.84.

The district is commended for this cost-saving initiative regarding dental insurance coverage for members of the educational association.

Recommendation:

At the present time, dental cost sharing applies only to the members of the educational association. Uniform application of premium sharing to all district employees will yield additional savings. It is, therefore, recommended the district negotiate dental premium sharing for all employees for savings of \$2,803.

Potential Cost Savings: \$2,803

Vision Care

Currently DTS does not offer vision care, which is a significant district cost saving. Since most of the managed health care plans under the SHBP include provisions for vision care, the district may be able to reduce employee participation in the more costly traditional plan by touting the extra benefits of the managed care plan, such as vision coverage. Currently, there are approximately 20 employees in the traditional plan.

Recommendation:

Traditional plans are generally the most expensive. The LGBR team suggests that through better marketing of the various features of the managed care plan, such as vision care, the district may be able to reduce the number of participants in the traditional plan. The district should consider developing a marketing strategy to encourage employees to join managed care programs. A migration of 10 employees to a managed plan will generate savings of \$14,224.

Potential Cost Savings: \$14,224

Prescription

The district negotiated prescription coverage of direct reimbursement with a yearly limit of \$200 for single and \$300 for other-than-single coverage. Employees are responsible for their own coverage once they have received the maximum reimbursement permitted. Based on the 1997-98 payroll, the district budgets \$17,700 a year to cover the maximum liability. Another alternative for the district may be to implement a 100% co-pay program through a private vendor. At a district cost of \$25 per prescription card, each employee would become eligible to purchase all prescriptions at wholesale prices. Based on the 64 employees enrolled in the health benefits program, the district would spend \$1,600 for the prescription plan and realize savings of \$16,100.

Recommendation:

The LGBR team recommends that the district consider negotiating a 100% co-pay prescription plan for a savings of \$16,100.

Potential Cost Savings: \$16,100

IV. SHARED SERVICES

Tremendous potential for cost savings and operational efficiencies exists through the implementation of shared, cooperative services between local government entities. In every review, Local Government Budget Review strives to identify and quantify the existing and potential efficiencies available through the collaborative efforts of local officials in service delivery in an effort to highlight shared services already in place and opportunities for their implementation.

District/Municipal

Representatives of the Delaware Township Committee and the Delaware Township School District have met to discuss present and proposed shared services in a continuing effort to control costs. Most of the following arrangements are informal in nature and should be included in interlocal agreements with a written record to track the progress of the respective mutually beneficial shared service activities.

- The township and the school district participate in the same fuel oil/gasoline/diesel fuel purchases through the Hunterdon County Educational Services Commission (HCESC). The township saves significantly due to the volume of the school purchases. The township can also join in the telephone consortium with the HCESC.
- The school district utilizes the HCESC Cooperative Pricing for paper, central and art supplies and janitorial supplies. The school district could purchase maintenance supplies for the township by establishing a separate internal service fund for reimbursement by the township. This account would not increase district expenditures or affect the budget cap.
- The school district parks its school buses and refuels some of them at the township garage. The district also provides its school buses for summer field trips sponsored by the township recreation department.
- The school district currently is a member of an energy coalition, which is limited to school districts.
- The school district currently receives safety training for employees from the School Alliance Insurance Fund. The township may wish to contact the Somerset County Alliance for the Future, which provides information and encourages the sharing of municipal services.
- The school district currently has an Internet access, which potentially could be made available to the township.
- The township has a 16-foot grass mower, which could be used to mow the lawns and athletic fields for the school district. The current grass-cutting equipment used by the school district is quite inefficient and the grounds maintenance activity consumes far too much time of the school custodial staff.
- The school district has been able to train teachers, secretaries and administrators in computer application skills through filling available class seats in training sessions at business and industry sites. Similar services could be offered to the township.
- The school district has contracted for a payroll service, which is capable of servicing the township at a nominal monthly fee, which could be paid by the bank serving the township.

- The school district has maintenance employees who could provide some minor repairs at township facilities within the limitations of schedule, available time and expertise.
- The school district has arranged maintenance services for school buses at 10% below the state contract price. Municipal government could possibly benefit from a similar arrangement for township vehicles.
- The school nurse could periodically inventory the township First Aid kits and order any missing or needed supplies under a separate line item for reimbursement by the township. This could replace a costly private service contracted at township expense.
- Other items under discussion include the possibility of jointly contracting for the maintenance of business equipment, such as computers, copiers, postage meters, etc.

Recommendation:

The township and school district are commended for exploring many avenues for sharing services. It is recommended that the township and school district finalize the process by entering into written agreements which are mutually beneficial in terms of equal or improved services, cost effectiveness and efficient utilization of tax dollars.

Dual District

A joint in-service day for teachers was held with the East Amwell School District in September, 1999. This joint venture should provide improved in-service choices at a reduced cost for both districts, which for the Delaware Township School District is estimated as about \$1,700 in savings.

In addition to savings to be realized by joining services, there are two new state programs designed to encourage and reward local governmental units and their taxpayers for regionalizing, sharing and joining services with other units of local government. The Efficiency Development Incentive Act (REDI) provides funds to local units to study the feasibility of joining services. The second program, REAP (Regional Efficiency Assistance Program), provides direct tax relief for any local government regional service agreement signed after July 1, 1997. These programs are administered by the New Jersey Department of Community Affairs (DCA), Division of Local Government Services. The city is encouraged to contact DCA for additional information.

V. STATUTORY AND REGULATORY REFORM

The fifth and final section of the report, Statutory and Regulatory Reform, attempts to identify those areas where existing State regulations or statutory mandates, which appear to have an adverse effect on efficient and cost-effective local operations, are brought to the attention of the LGBR review team by local officials. It is common for local officials to attribute high costs and increased taxes to “state mandates.” Each review team is then charged with reporting those areas in this section of the report. The findings summarized below will be reviewed by the appropriate state agency for the purpose of initiating constructive change at the state level.

Board of education members and key administrators were interviewed and given the opportunity to express their concerns regarding the various regulations that impact the public schools. During interviews district officials expressed some concerns in the following areas:

Transportation Efficiency Rating

Delaware Township’s transportation costs are remarkably low in comparison to other districts in the area. However, since the district has full-day kindergarten, the lack of separate kindergarten routes lowers the transportation efficiency rating of the district. The Efficiency Rating Guidelines, as established by the DOE, rewards a district that can demonstrate utilizing a vehicle over 120% (1.2) each day. This can be accomplished by “tiering” routes, e.g., running a middle school route at 7:30 a.m., then an elementary school at 8:00 a.m., with a noon kindergarten. Assuming that the district is utilizing a 54-passenger bus, and that all seats are filled on both routes in the morning, and assuming 20 students for kindergarten, the utilization factor for that vehicle is 2.37. This presupposes that there are no courtesy students being transported on these routes.

Delaware Township, with one school and a full-day kindergarten, cannot take advantage of the “tiering” efficiencies and has a current rating of .861. In the past, as a cost-cutting measure, the district did “double up” the routes, using buses as shuttles and thereby running fewer routes. This did add the expense of paid aides or teachers to watch the students before and after school. The district has also considered running an adjusted educational program with middle school and elementary school students arriving at different times to allow for reduced costs in transportation. Parental concerns regarding length of school day, students from the same household taking two buses at two separate times, and traveling many of the same routes twice in the a.m. and p.m., etc., have eliminated these ideas from discussion.

If the Efficiency Rating System is utilized for computing transportation aid in the future, without substantial changes to reflect the anomalies seen in Delaware Township, aid will be reduced for those districts whose management is efficient by all other standards.

Other Areas of Concern

Delaware Township, with a relatively small K-8 school enrollment and limited numbers of professional staff, is challenged by frequent state mandates for curricular change with limited timeline allowances for implementation.

School officials have also expressed concern about the impact of budget caps on districts with relatively low per pupil expenditures and the continuing uncertainties about annual state financial aid.

**LOCAL GOVERNMENT BUDGET REVIEW
ACKNOWLEDGMENTS**

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