

Government That Works!

NEW JERSEY DEPARTMENT OF THE TREASURY

LOCAL GOVERNMENT BUDGET REVIEW

PRINCETON REGIONAL SCHOOL DISTRICT

CHRISTINE TODD WHITMAN
Governor

ROLAND M. MACHOLD
State Treasurer

AUGUST, 2000



GOVERNMENT THAT WORKS

OPPORTUNITIES FOR CHANGE

The Report of the Princeton Regional 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
PRINCETON REGIONAL SCHOOL DISTRICT**

The Local Government Budget Review (LGBR) unit of the New Jersey Department of Treasury conducted an extensive study of the Princeton Regional School District in response to a request of the Board of Education. Some 30 areas were reviewed resulting in recommended cost savings, commendations and/or managerial reform. Six areas and numerous activities 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:

Administration

The district could save approximately \$100,000 in excess cost for school administrative secretarial staffing. Also, by implementing the recommendations listed in the report, the district could save approximately \$30,203 by reducing telephone costs.

Instruction

By reducing the expenditures for classroom purchased services, the district could save approximately \$120,000.

With high basic skills costs, district officials should consider more cost-effective practices in identifying students and in providing instruction, with a cost savings of \$69,600.

The district could yield a savings of \$138,000 by reducing the cost of the Bilingual Education Program. Also, the team recommends that the district examine the cost for support services for a possible reduction of \$270,000 in numbers of staff and \$102,900 for other non-staff expenses.

The district should consider educating 30 additional handicapped students in-district rather than out-of-district for a savings of \$240,000. Also, by filling, on a tuition basis, empty seats in special education classes with 20 special education students from other school districts, the district could yield a revenue enhancement of \$300,000.

Business Office Operation

While the purchasing procedures are generally functioning well, the district could save \$74,795 by purchasing school supplies through a large school district cooperative.

The district should take further actions under workers' compensation insurance to prevent injury, accident and lost time with a potential savings of \$17,500.

The district should request that the bank increase the interest paid on the unemployment account, which could produce an additional \$1,800 per year in revenue.

Food Service

The district should consider expanding the program, by placing vending machines in all schools, for revenue enhancement of \$43,762.

Facilities

The team recommends outsourcing for facility cleaning, building maintenance and grounds services, while keeping the administrative staff and four maintenance staff to perform renovations and small construction projects for a savings of \$469,000.

As an alternative to outsourcing, the district could consider negotiating a significant reduction in custodial and grounds salary levels, reducing non-recoverable overtime, and shifting some maintenance salaries, when appropriate to capital improvement accounts, for a potential savings of \$227,000.

Collective Bargaining Issues*Health Insurance*

The district should consider negotiating at least one additional month of premium charges for a potential savings of \$244,000.

<u>Areas Involving Monetary Savings</u>	<u>Annual Savings/ Expense</u>	<u>* Potential Savings</u>	<u>Totals</u>
Administration			
Excess secretarial staff cost	\$100,000		
Reduce telephone expense	\$30,203		
			\$130,203
Instruction			
Reduce expenditures for classroom purchased services	\$120,000		
Reduction in basic skills costs	\$69,600		
Reduction in bilingual education program costs	\$138,000		
Reduction in staff for support services	\$270,000		
Reduction in other support service expense	\$102,900		
Educate 30 additional SE students in district	\$240,000		
Fill empty seats on a tuition basis for a revenue enhancement	\$300,000		
			\$1,240,500
Business Office			
Purchase school supplies through cooperative	\$74,795		
Increase interest on unemployment account	\$1,800		
Improve workers' compensation insurance		\$17,500	
			\$76,595
Food Services			
Place vending machines in schools	\$43,762		
			\$43,762
Facilities			
Outsource cleaning, maintenance and grounds services	\$469,000		
			\$469,000
Collective Bargaining Issues			
Negotiate one additional month of premium charges		\$244,000	

Total Recommended Savings	\$1,960,060	\$261,500	\$1,960,060
Total Recommended Savings	\$1,960,060	\$261,500	\$1,960,060

*\$261,500 not included in savings of \$1,960,060.

Total Amount Raised for School Tax (1997-98)	\$29,747,627
Savings as a % of School Tax	6.6%

Total General Fund Expense (1997-98)	\$35,464,616
Savings as a % of Budget	5.5%

Total State Aid (1997-98)	\$4,403,496
Savings as a % of State Aid	44.5%

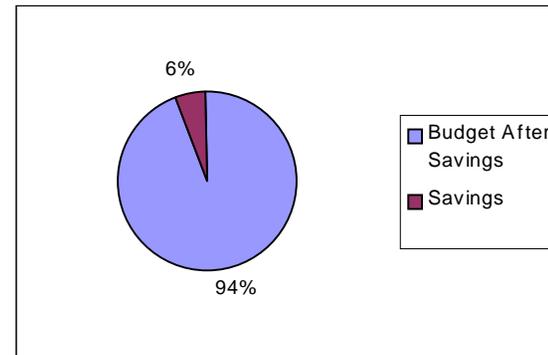
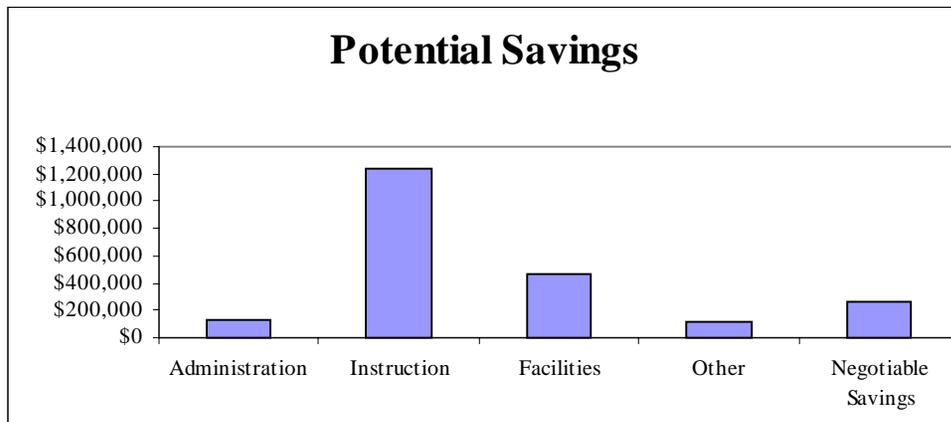


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COMMUNITY OVERVIEW

The Princeton Regional School District is composed of two municipalities, Princeton Township (Township) and Princeton Borough (Borough). The school district, a type-two district, is governed by a board of education consisting of five members from the township, four from the borough and one member from the Cranbury District, which sends students on a tuition basis in grades nine through twelve. The district is comprised of seven buildings: a central office in Valley Road School; four elementary schools, Community Park School, Littlebrook School, Johnson Park School and Riverside School for grades K - 5; John Witherspoon School for grades 6 - 8; and Princeton High School for grades 9 - 12. The central office houses the superintendent, assistant superintendent for instruction, business administrator/board secretary, and the offices of personnel, student services, transportation, and maintenance and facilities. The following table provides the dates of construction and additions for each school building.

School	Date Constructed	Additions	Grade Level
Princeton High School	1927	1955 & 1978	9 - 12
John Witherspoon School	1965		6 - 8
Littlebrook School	1957		K - 5
Johnson Park School	1960	1981 & 1992	K - 5
Community Park School	1962		K - 5
Riverside School	1960	1972	K - 5

The Princeton Regional School District and the respective municipalities are located about midway between New York City and Philadelphia in Mercer County and serviced by Routes 206 and 1, and nearby Interstates 295 and 195. The district has a total of 435 employees, (293 certified and 142 non-certified) and a K - 12 enrollment in October, 1998, of about 3,100 students.

The Princeton Regional School District officials and the residents and municipal officials of Princeton Borough and Princeton Township are commended for their foresight in establishing a regional K - 12 school district. This organizational structure substantially enhances the ability of the public schools to offer comprehensive and quality educational programs for students on a cost-effective basis.

The Township of Princeton was established in 1837, when the County of Mercer was formed from portions of the counties of Burlington, Hunterdon, Middlesex and Somerset. The township is bounded on the north by Somerset County, on the east by the Millstone River, on the west by the Provinceline, (original boundary for provinces of East and West Jersey) which separates it from Hopewell and Lawrence, and on the south by the Delaware and Raritan Canal. The township is about five miles in length from north to south and three miles in width.

Princeton Borough has been in existence since 1813, when the legislature granted it a charter for a municipal government. The borough is situated in the south central portion of the township, on an elevation of about 220 feet above sea level. Currently, the borough has a land area of about 1.84 square miles and a population density of 6,535.7 per square mile. In 1996, the borough had

an estimated population of 11,869, with an ethnic composition of 9,915 whites, 1,022 blacks, 28 American Indians, 850 Asian/Pacific Islanders, 616 persons of Hispanic origin and 201 others. The average per capita income in 1989 was \$21,551, the median family income was \$60,927 and there were 687 persons in poverty. The median rent was \$673 and the median value of a single family home was \$286,400.

The borough, with limited undeveloped land area, has little space for increased residential development. According to the district 1997 long-range facilities plan, the borough had one development with 97 units planned and 17 residential units completed. Only five permits were issued between 1989 and 1996 in the borough, or about one new home per year.

The township has a land area of 16.39 square miles and a density of 805.3 persons per square mile. In 1996, the township had an estimated population of 13,909, with 11,095 Whites, 908 Blacks, 16 American Indians, 975 Asian/Pacific Islanders, 525 persons of Hispanic origin and 204 others. The average per capita income in 1989 was \$39,767, the median family income was \$76,091, and there were 765 persons in poverty. The median rent was \$547 and the median value of a single family home was \$345,700.

According to the 1997 Princeton Regional Schools Long-Range Facilities Plan, the township, at that time, had 14 developments in progress with about 1,000 units planned and 370 residential units completed. During the period 1989-1996, the township issued 729 permits for residential construction, including 514 attached and detached single family structures.

Cranbury, a sending district for high school students, has a land area of 13.42 square miles and a population density of 186.3 per square mile. In 1996, Cranbury had an estimated population of 2,613, with 2,296 whites, 102 blacks, three American Indians, 92 Asian/Pacific Islanders, 44 persons of Hispanic origin and seven others. The per capita income in 1989 was \$31,466, the median family income was \$75,147 and there were 98 persons in poverty. The median rent was \$582 and the median value of a single family home was \$278,400. The Cranbury School District had a K - 8 enrollment of 435 students in 1996-97.

I. BEST PRACTICES

A very important part of the Local Government Budget Review report is the Best Practices section. During the course of every review, each review team identifies procedures, programs and practices, which 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 cost-effective effort. The following are those best practices recognized for cost and/or service delivery effectiveness.

Technology

The district technology coordinator has been instrumental in the purchase and installation of the fiber optic cable for the district network in a very cost-effective manner. The district network includes six schools and central office, the two municipal complexes, the learning center, the public library and the senior center. The district network is connected to the Princeton University network, which provides Internet access, and to MercerNet countywide distance learning/data network. The LGBR team was favorably impressed with the technical knowledge, leadership skill in utilizing outside resources and resulting hardware and software procured by the technology coordinator.

Facilities Management

The district facilities program integrates good building management practices with the educational goals of each school facility and the district. The director has developed a business plan that includes an automated work order process that equitably allocates and accounts for the district's manpower and material resources. These practices also help protect the health and safety of students and staff.

In schools, all custodial and maintenance staff (including management) wear uniforms that are easily recognized by students, staff and parents. Cleaning "systems" (chemicals and equipment) are standardized and efficient and include methods that are in compliance with indoor air quality guidelines. There are regular monthly roundtable meetings for all school custodial supervisors where new initiatives and common problems are introduced and discussed. There is also an aggressive playground safety and inspection program.

Two specific items deserve special mention. The first is a district initiative. The district's web site includes "Right to Know" data sheets for all chemicals used in the district. The list is inclusive, from cleaning supplies to chemistry class experiments. This provides ready and immediate access to statutory information by school medical staff, as well as local or regional medical personnel in case of an emergency.

The second is the “Spic and Span Award,” given each month to the cleanest classroom(s) by the custodial supervisor at the Littlebrook School. The custodian rewards the class with cookies or snacks that he personally provides. Although a small item, it is identified as a best practice because the custodian has introduced students to the concept of cooperative participation in a common goal (“we want cookies”), in the context of “shared savings” at a micro level. If the room is left cleaner, the custodians have more time to work on other priorities. It also demonstrates a school wide sense of cooperation and caring. As in all successful “joint ventures”, everybody wins.

Partnerships with the Private Sector

The district is part of a four-district consortium with Bristol-Myers/Squibb (BMS). BMS provides scientists to work with classroom teachers and has pledged over \$150,000 over five years to support an inquiry-based, hands-on, K-8 science program.

Local merchants support special events with donations of goods and services, thus helping to defray district expenses.

- Bloomberg Communications provides 50 “Power-Lunch Readers” who volunteer to read with elementary pupils once per week. The *Everybody Wins Foundation* coordinates the effort.
- Princeton Young Achievers, an after-school literacy-tutoring and homework-help program, has an advisory board that annually raises \$30,000 to \$60,000 to support the program’s activities.

Princeton High School’s Environ Mentors Program, in its fifth year, matches students to adults to create environmental projects, which the high school students present to classes in elementary or middle schools. More than a dozen local science, technology and environmental firms provide released time for their employees to participate in this project that is open to all, but affirmatively works with minority students.

Engaging Community Members

A coordinator of volunteers at Princeton High School matches over 100 community members (retired teachers, university students and professors, business people, and homemakers) with students who need temporary or ongoing assistance with their academic studies.

Another volunteer coordinator, who is funded by a grant from the *America Reads Challenge*, links community members and middle and high school students in one-on-one tutoring relationships with elementary school students, particularly in grades K - 3, in reading–support activities. The grant also provides for ongoing training of volunteer tutors.

As a result of the elimination of library-assistant positions from the budget several years ago, each school Parent Teacher Organization (PTO) annually organizes a substantial cadre of parent volunteers to assist with the labor-intensive tasks necessary for the library to function effectively.

One elementary school principal estimates, on average, about 120 hours per week by community and PTO volunteers, who donate their time and talents to help in the classroom, library,

computer laboratory, playground and cafeteria. Based on a non-certified instructional aide's base hourly wage of \$9.25, the savings to the district for volunteers in one school would total about \$45,000 annually.

Seniors as Educational Partners

Community Park and Littlebrook Schools, in collaboration with the Senior Resource Center, engage over 100 seniors in activities such as reading to and/or with students. The program, *Grandparents, Grandpartners*, began three years ago with the support of the Princeton Education Foundation. Next year, the program is expected to expand to Johnson Park School.

At John Witherspoon Middle School, seniors (many current or former lawyers) and eighth graders challenge each other's views on governmental issues during the Jefferson Debates, which supplement the civics focus of the social studies curriculum.

Parent Involvement

Each school has a PTO, whose members provide ongoing programmatic and financial support, such as the following examples:

- Community Park School: arts residencies and after-school clubs.
- Johnson Park School: school-wide art projects and creation of outdoor-learning opportunities.
- Littlebrook School: development of an environmental trail based on children's literature and partial sponsorship of a fifth-grade overnight trip to Gettysburg.
- Riverside School: creation of theme gardens and development of school-wide pupil broadcasts.
- John Witherspoon Middle School: support for grade-level environmental trip, Washington, DC trip and funding of teachers' curricular initiatives.
- Princeton High School: support of a recycling program with containers and sponsorship of a post-prom party to ensure students' safety and supervision.
- PTOs provide mini-grants to classroom teachers to enhance their educational programs.

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 operation in the district, which will provide local resources for enhancing educational offerings to meet student needs in a suburban/urban setting.

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 Princeton Regional 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 district expenditures. One method is to compare districts to one another using information from the New Jersey Department of Education (NJDOE) and from the annual comprehensive financial audit. Districts may be compared to appropriate statewide averages or medians. Other times districts that are similar in type, (e.g., K - 12) size and socioeconomic characteristics are compared. 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 Princeton Regional include the school district of the Chathams, Summit City, Bernards Township and Hopewell Valley Regional. These districts were selected 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 is based on the 1997-98 Comprehensive Annual Financial Report (CAFR):

Revenue Comparisons 1997-98

REVENUES	<u>Princeton</u>		<u>Chatham</u>		<u>Summit</u>		<u>Bernards</u>		<u>Hopewell</u>	
County Mercer		%	Morris		Union		Somers		Mercer	
							et			
General Fund										
Local Tax Levy	\$29,747,627	79.2%	\$23,370,513	84.3%	\$25,168,208	84.7%	\$25,864,997	82.0%	\$26,044,438	79.0%
State Aid	\$3,498,667	9.3%	\$2,863,712	10.3%	\$2,909,988	9.8%	\$3,167,538	10.0%	\$3,588,992	10.9%
Tuition	\$1,328,206	3.5%	\$41,502	0.1%	\$54,844	0.2%	\$30,446	0.1%	\$18,510	0.1%
Miscellaneous	\$409,046	1.1%	\$252,003	0.9%	\$430,628	1.4%	\$446,039	1.4%	\$427,393	1.3%
Total	\$34,983,546	93.2%	\$26,527,730	95.7%	\$28,563,668	96.1%	\$29,509,020	93.5%	\$30,079,333	91.2%
Special Rev. Fund										
State Aid	\$904,829	2.4%	\$166,759	0.6%	\$326,161	1.1%	\$236,678	0.8%	\$147,504	0.4%
Federal Aid	\$456,348	1.2%	\$240,090	0.9%	\$486,267	1.6%	\$228,359	0.7%	\$290,058	0.9%
Other	\$21,209	0.1%	\$1,020	0.0%	\$331,433	1.1%	\$0	0.0%	\$0	0.0%
Total	\$1,382,386	3.7%	\$407,869	1.5%	\$1,143,861	3.9%	\$465,037	1.5%	\$437,562	1.3%
Debt Service Fund										
Local Tax Levy	\$1,172,538	3.1%	\$775,868	2.8%	\$0	0.0%	\$1,579,887	5.0%	\$2,353,579	7.1%
State Aid	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Other	\$2,239		\$16,482	0.1%	\$0	0.0%	\$0	0.0%	\$104,897	0.3%
Total	\$1,174,777	3.1%	\$792,350	2.9%	\$0	0.0%	\$1,579,887	5.0%	\$2,458,476	7.5%
Total Revenues	\$37,540,709	100%	\$27,727,949	100%	\$29,707,529	100%	\$31,553,944	100%	\$32,975,371	100.0%

Source: School district's 1997-98 CAFR actual amounts.

The data indicates that, with the exception of tuition revenue, Princeton is roughly comparable with the other districts. For all of the districts, including Princeton, the large majority of total revenue (82% to 87%) comes from the local tax levy, including the general and debt services funds. The next highest source is state aid that accounts for 10.9% to 11.7% of revenue. Federal aid represents 0.7% to 1.2% of revenue and miscellaneous and other sources account for another 1% to 2.5%. Princeton's tuition revenue is 3.5% of total revenue, while in each of the other four districts this revenue does not exceed one-quarter of one percent. Princeton Regional is the receiving district for Cranbury high school students.

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

General Fund Expenditure Comparisons 1997-98

	<u>Princeton</u>	<u>%</u>	<u>Chatham</u> s	<u>%</u>	<u>Summit</u>	<u>%</u>	<u>Bernards</u>	<u>%</u>	<u>Hopewell</u>	<u>%</u>
Regular Program Inst.	\$12,239,004	34.5%	\$10,953,921	41.0%	\$12,099,454	41.5%	\$11,199,884	38.6%	\$11,996,294	39.8%
Special Education	\$1,656,288	4.7%	\$1,291,320	4.8%	\$1,610,524	5.5%	\$1,812,259	6.2%	\$1,037,659	3.4%
Basic Skills-Remedial	\$361,341	1.0%	\$204,931	0.8%	\$141,458	0.5%	\$281,159	1.0%	\$276,203	0.9%
Bilingual Education	\$624,570	1.8%	\$69,576	0.3%	\$242,990	0.8%	\$55,518	0.2%	\$18,911	0.1%
Spon. Cocur. Activity	\$93,503	0.3%	\$182,323	0.7%	\$135,844	0.5%	\$142,069	0.5%	\$112,620	0.4%
Sponsored Athletics	\$464,867	1.3%	\$353,229	1.3%	\$556,269	1.9%	\$433,263	1.5%	\$422,567	1.4%
Other Instruc. Program	\$88,055	0.2%	\$29,900	0.1%	\$63,119	0.2%	\$0	0.0%	\$0	0.0%
Comm. Services Prog.	\$0	0.0%	\$3,446	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Total Instruct. Cost	\$15,527,628	43.8%	\$13,088,646	49.0%	\$14,849,658	51.0%	\$13,924,152	47.9%	\$13,864,254	45.9%
Undistributed Expense Instruction (Tuition)	\$1,815,704	5.1%	\$815,912	3.1%	\$692,693	2.4%	\$1,172,843	4.0%	\$1,213,261	4.0%
General Admin.	\$676,243	1.9%	\$638,041	2.4%	\$737,993	2.5%	\$576,403	2.0%	\$652,395	2.2%
School Admin.	\$1,385,078	3.9%	\$1,237,472	4.6%	\$1,500,908	5.2%	\$1,449,684	5.0%	\$1,326,477	4.4%
Total Admin. Cost	\$2,061,321	5.8%	\$1,875,513	7.0%	\$2,238,901	7.7%	\$2,026,087	7.0%	\$1,978,872	6.6%
Health Service	\$319,213	0.9%	\$402,192	1.5%	\$404,718	1.4%	\$256,601	0.9%	\$321,452	1.1%
Att.& Soc. Work Serv.	\$30,070	0.1%	\$22,785	0.1%	\$2,000	0.0%	\$0	0.0%	\$0	0.0%
Support Serv. Student.	\$328,469	0.9%	\$207,579	0.8%	\$173,663	0.6%	\$188,246	0.6%	\$186,963	0.6%
Other Supp. Svc. Stu.	\$2,038,652	5.7%	\$1,515,276	5.7%	\$1,382,471	4.7%	\$1,693,891	5.8%	\$1,371,884	4.5%
Other/Imp. Inst. Serv.	\$641,134	1.8%	\$347,548	1.3%	\$49,087	0.2%	\$444,998	1.5%	\$347,233	1.2%
Media Serv./Sch. Lib.	\$656,122	1.9%	\$676,393	2.5%	\$700,179	2.4%	\$497,233	1.7%	\$463,021	1.5%
Instruc. Staff Training	\$0	0.0%	\$60,177	0.2%	\$35,682	0.1%	\$0	0.0%	\$32,327	0.1%
Operation of Plant	\$2,841,390	8.0%	\$2,396,231	9.0%	\$2,908,183	10.0%	\$2,688,002	9.3%	\$2,785,969	9.2%
Bus & Other Sup. Serv.	\$695,895	2.0%	\$331,989	1.2%	\$358,229	1.2%	\$270,249	0.9%	\$564,955	1.9%
Total Supp. Services	\$7,550,945	21.3%	\$5,960,170	22.3%	\$6,014,212	20.6%	\$6,039,220	20.8%	\$6,073,804	20.1%
Reimb. TPAF Pension	\$529,487	1.5%	\$153,774	0.6%	\$445,867	1.5%	\$285,767	1.0%	\$294,958	1.0%
Reimbursement TPAF SS Contrib.	\$1,220,576	3.4%	\$1,040,586	3.9%	\$1,129,960	3.9%	\$1,058,553	3.6%	\$1,046,466	3.5%
Transportation	\$1,172,720	3.3%	\$935,193	3.5%	\$195,228	0.7%	\$1,770,089	6.1%	\$2,045,080	6.8%
Capital Outlay	\$1,542,603	4.3%	\$673,420	2.5%	\$759,480	2.6%	\$740,136	2.5%	\$935,770	3.1%
Special Schools	\$471,336	1.3%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$46,509	0.2%
Employee Benefits	\$3,572,296	10.1%	\$2,163,478	8.1%	\$2,807,555	9.6%	\$2,023,538	7.0%	\$2,679,748	8.9%
Total Gen. Fund Exp.*	\$35,464,616	100%	\$26,706,692	100%	\$29,133,554	100%	\$29,040,385	100.0%	\$30,178,722	100.0%
Avg. Daily Enroll.**	3,027		2,663		2,855		3,230		3,321	

Sources: School district's 1997-98 CAFR* actual amounts and the NJ Department of Education Comparative Spending Guide March, 1999. **

In addition to the total dollar amounts, the table above provides information about the percent of expenditures for line items in relation to total district expenditures. Princeton has particularly high percentages in four areas.

1. Princeton spends 5.1% for undistributed expenditures, which is 50.0% higher than the 3.4% average for the comparison districts (the averages are not displayed because of space limitations in the table). These expenditures, which are primarily for tuition for special education students, are analyzed in the special education section of this report.
2. Princeton's capital outlay is 4.3%, which is 59.3% higher than the 2.7% average for the comparison districts. Since capital outlay varies from year to year, the comparative data may be useful to school officials in making such decisions annually.

3. Princeton Regional has a charter school that utilized 1.3% of its expenditures in 1997-98. Only one of the other four districts had expenditures for special schools and those expenditures were less than 0.25% of total expenditures. This expenditure in Princeton Regional increased considerably in 1998-99 in accordance with the charter with the commissioner of education and is beyond the control of local school officials.
4. Princeton spends 10.1% of total general fund expenditures on employee benefits, which is 20.2% higher than the 8.4% average for the other districts. This issue is discussed in the collective negotiations section of this report.

The next table indicates the comparative per pupil costs for selected cost factors for the 1997-98 school year. The information on Princeton Regional and the four comparison districts was obtained from the NJDOE Comparative Spending Guide.

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

District County	Princeton Mercer	Chathams Morris	Summit Union	Bernards Somerset	Hopewell Mercer	Four District Average
Total Cost Per Pupil *	\$10,123	\$9,150	\$9,688	\$7,888	\$7,850	\$8,644
Total Classroom Instruction	5,730	5,239	5,650	4,580	4,547	5,004
Classroom Salaries & Benefits	5,459	5,011	5,383	4,276	4,286	4,739
Classroom Supplies & Textbooks	168	188	240	264	183	219
Classroom Purchased Services	103	40	27	39	78	46
Total Support Services	1,293	1,215	1,076	874	833	1,000
Support Services-Salaries & Benef.	1,136	1,104	955	737	710	877
Total Administrative Cost	1,262	1,074	1,051	987	979	1,023
Salaries & Benefits for Admin.	1,020	930	913	775	793	853
Total Operations & Maint. of Plant	1,030	953	1,093	832	902	945
Sal. & Benef Oper./Maint. Of Plant	667	508	608	2**	505	540
Extracurricular Cost	208	219	264	193	175	213
Total Equipment	\$170	\$76	\$66	\$162	\$212	\$129
Student/Teacher Ratio	13.5	14.1	12.9	15.1	14.0	14.0
Median Teacher Salary	\$58,304	\$61,199	\$50,300	\$49,904	\$45,000	\$51,601
Student/Support Service Ratio	86.0	85.9	92.2	104.0	91.3	93.4
Median Support Service Salary	\$68,380	\$72,748	\$56,406	\$48,604	\$56,800	\$58,640
Student/Administrator Ratio	169.2	149.7	129.1	219.1	166.6	166.6
Median Administrator Salary	\$93,025	\$95,455	\$83,733	\$78,500	\$83,782	\$85,368
Faculty/Administrator Ratio	14.5	12.4	11.4	16.6	13.7	13.5
Personal Service-Employee Benefits	15.9%	11.7%	13.9%	11.7%	14.2%	13.5%

Source: 1999 NJDOE Comparative Spending Guide

*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.

**The \$2 amount for Bernards in this function is excluded from the average for the comparison districts.

A comparison of Princeton's per pupil costs with those of the Chathams, Summit, Bernards and Hopewell indicates that Princeton's total cost per pupil is \$10,123. This is \$1,479 or 17.1% higher than the \$8,644 average per student cost for the comparable districts. Multiplying the \$1,479 higher costs per student at Princeton by the number of students at Princeton (3,027) indicates that the total dollar impact on Princeton's budget is \$4.5 million. In other words, if Princeton's costs equaled the average of the comparison districts, its costs would be \$4.5 million less.

Further examination of the data indicates that most of Princeton's higher costs are in salaries and benefits. The combined costs of classroom, support services, administration, and operation and maintenance salaries and benefits totals \$8,282 per student, which is \$1,290, or 18.5%, above the average of \$6,992 for the four comparison districts. Multiplying the \$1,290 times the average daily enrollment of 3,027 students equals \$3.9 million, which is about 86.7% of Princeton's higher cost per pupil. The salary levels, the benefits paid and the number of employees determine these costs. Issues and recommendations on salaries, benefits and number of employees are analyzed in the relevant sections of this report.

Two categories that are not salary or benefits provide additional detail to partially explain Princeton's higher costs. The "Classroom Purchased Services and Other" cost is \$103 or 123.9% higher than the \$46 average for the comparison districts. This translates to \$0.17 million in higher costs. And, the "Equipment" costs per student is \$170 or 31.8% higher than the \$129 average for the comparison districts. Multiplying this difference of \$41 by the number of students at Princeton indicates that this increases costs by about \$0.12 million.

The prior tables compared Princeton to four districts that were similar in terms of type, size and socioeconomic factors. The next comparison looks at Princeton in relation to the 75 other school districts in the state that are the same type (K - 12) and size (1,801 - 3,500). Food service was excluded from the analysis because most of the 75 districts did not provide data on this function. The districts are ranked from "1" to "75" with "1" being the lowest cost per student and "75" the highest cost per student. A ranking of 37 indicates that a district is about average i.e., about half of the districts have higher cost and half have lower cost.

**Comparison of Princeton to 75 School Districts
(Ranked from "1" (Low Costs) to "75" (High Costs) ***

	1996-97 Actual	Ranking	1997-98 Actual	Ranking
Cost Per Pupil	\$9,445	71	\$10,123	71
Classroom Instruction	\$5,766	69	\$5,730	68
Classroom Salaries & Benefits	\$5,454	69	\$5,459	68
General Supplies & Textbooks	\$188	42	\$168	25
Classroom Purch. Services & Other	\$124	68	\$103	68
Support Services	\$985	66	\$1,293	73
Support Serv. Salaries & Benefits	\$865	65	\$1,136	72
Total Administrative Cost	\$1,296	69	\$1,262	67
Salaries & Benefits for Admin.	\$1,014	69	\$1,020	69
Operations & Maintenance of Plant	\$1,131	67	\$1,030	52
Salary & Benefits for Operat./Maint.	\$663	66	\$667	69
Food Service	\$46	31	0	
Extracurricular Cost	\$200	38	\$208	41
Median Teacher Salary	\$61,778	70	\$58,304	55
Median Support Service Salary	\$66,843	68	\$68,380	67
Median Administrator Salary	\$88,097	55	\$93,025	64
Ranked High Ratio to Low				
Student/Administrator Ratio	162.7	28	225.6	11
Faculty/Administrator Ratio	14.2	20	18.2	7

Source: 1999 and 1998 NJDOE Comparative Spending Guides

Total of 75 School Districts

*All districts did not respond to each function. Therefore, functions sometimes have between 72 and 75 responses. Percentages in the analysis are based on the number of respondents.

In 1996-97, the data indicates that in more than two-thirds of the functional areas reviewed (12 out of 17) Princeton was ranked from 65 and higher. This put the district in the most expensive 13% of the 75 districts in each of the 12 different areas. These areas included cost per pupil, classroom instruction, classroom salaries and benefits, etc. Of the remaining five functional areas reviewed, Princeton had an average or mid-range spending ranking in three of them. These were general supplies & textbooks (42), extracurricular (38), and median administrator salary (55). Princeton ranked better than average, or lower expenditure, in only two areas, which were student/administrator ratio (28) and faculty/administrator ratio (20).

This pattern was repeated for the most recent year 1997-98. In two-thirds of essentially the same functional areas Princeton was ranked from 65 and higher. This put the district in the highest 15% of all the 75 districts in terms of expenditure ranking on these functional areas. Princeton was ranked below average in expenditure in the same two functional as the prior year. These were student/administrator ratio (25) and faculty/administrator ratio (21).

This comparison indicates that Princeton's cost per student in relation to 75 school districts is high, ranking in the top 13% - 15% in the two school years reviewed. This is consistent with the earlier comparisons, which show Princeton's costs are generally high in relation to the four selected districts.

In the table below Princeton is compared to the four comparable districts using more general statistical data. This data is from the NJ School Report Card and the Comprehensive Annual Financial Report (CAFR).

Comparisons among Select Districts on General Characteristics

Description	Princeton	Chathams	Summit	Bernards	Hopewell
County	Mercer	Morris	Union	Somerset	Mercer
District Type ^④	II	II	I	II	II
Grades ^③	K-12	K-12	K-12	K-12	K-12
District Factor Group ^①	I	I	I	I	I
Certified Employees ^②	293	246	277	299	247
Other Employees ^②	142	115	73.2	63	187
Total Employees	435	361	350.2	362	434
Square Miles ^②	28.0	12.0	8.5.0	15.5	60.0
Number of Schools ^②					
Elementary	4	4	5	3	3
Middle	1	1	1	1	1
High School	1	1	1	1	1
Total Schools	6	6	7	5	5
Average Daily Enroll ^③	3,027	2,663	2,855	3,230	3,321
Teacher/Student. Ratio ^②					
Elementary	1:14.0	1:14.0	1:19.0	1:14.0	1:14.0 *
Middle School	1:12.0	1:12.0	1:20.0	1:14.0	1:14.0 *
High School	1:13.0	1:12.0	1:16.0	1:11.0	1:14.0 *
Admin. Personnel ^①					
Number of Administrators	18.4	17.8	22	14	19.5
Administrator per Students	1:169.2	1:149.7	1:129.1	1:229.9	1:166.6
Admin/Faculty Ratio	1:14.5	1:12.4	1:15.4	1:16.6	1:13.7
Median Salary ^①					
Teacher	\$ 58,304	\$61,199	\$42,113	\$49,904	\$45,000
Administrators	\$93,025	\$95,455	\$79,847	\$78,500	\$83,782
Median Yrs Experience ^①					
Faculty	15	17	14	9	10
Administrators	22	29	27	22	25
Scholastic Tests 97-98 ^①					
Average Math Score	595	564	566	564	556
Average Verbal Score	598	554	557	545	548
Post Grad. Plans ^①					
4 year College/Univ.	77%	79%	86%	85%	74%
2 year College	8%	12%	10%	9%	14%
Other College	0%	0%	0%	0%	1%
Post-Secondary School	1%	0%	2%	3%	0%
Full-time employment	3%	0%	1%	2%	11%
Unemployed	0%	8%	0%	0%	0%
Other	4%	0%	0%	1%	0%
Undecided	7%	1%	1%	0%	0%
	100%	100%	100%	100%	100%
Instructional Time ^①	5 hrs.,52 min	5 hrs, 44 min	5 hrs,31 min	5 hrs,44 min	6 hrs,46 min**
Student Mobility Rate ^①	6.5%	3.8%	9.2%	3.8%	5.4%
Dropout Rate ^①	1.1%	0.8%	1.2%	0.3%	0.8%

Sources: 1997-98 school report cards^①, 1997-98 CAFRs^② and 1999 NJ Department of Education Comparative Spending Guide^③ and DOE School Directory^④.

*The amount for each school level was not available from the audit for Hopewell. The amount shown is the average for the district.

**Hopewell schools place a priority on increasing instructional time. They achieve an added hour of instructional time in the high school by limiting time between periods and having a longer school day i.e., from 7:45 to 2:45.

This data indicates that in most respects Princeton Regional has comparable characteristics to the other four districts. Some slight exceptions are Princeton; a) has the highest number of employees (by only one); b) tied for the lowest median years of experience of administrators; and c) has the highest math and verbal scores of all the four districts.

ADMINISTRATION

District Overview

The district consists of four elementary schools (K - 5), a middle school (6 - 8) and a high school (9 - 12). The student enrollment has been increasing for several years, with the largest increase at the elementary school level. At the beginning of the 1993-94 school year, district officials opened a fourth elementary school to accommodate the bulge in student population. The district K - 12 student population of over 3,000 is large enough to enable a quality education with reasonable economy of scale and yet small enough to avoid the potential loss of student identities, personal opportunities and responsibilities often associated with large institutions.

In addition to permanent residents of Princeton and Cranbury high school students, the district serves students from families temporarily affiliated with the Institute for Advanced Study, Princeton University, the Princeton Theological Seminary and the many multinational corporations in the area. Princeton students include all major ethnic groups, including 72% white, 11% African-American, 10% Asian, and 7% Hispanic. Twenty-two percent of students have one of 43 languages other than English as their first language. The district operates within, and as part of, a rich institutional and diverse cultural environment.

The regional district, with a district factor grouping of I (next to the highest grouping), has well above average resources to support a quality school system. According to NJEA Research Bulletin A98-1/February, 1999, Basic Statistical Data, 1998 Edition, Princeton Regional had a 1998 per pupil equalized valuation of \$980,800 and an equalized school tax rate of \$1.04. This per pupil valuation places the district around the 90th percentile (top 10%), i. e. a significantly high level of resources and below the 20th percentile in equalized school tax rate, i.e. a relatively low tax rate. District total expense per pupil and teachers' salary cost per pupil were also around the 90th percentile (highest 10%) among K - 12 school districts with enrollments of 1,801 to 3,500 students. Property values and the resulting assessments are high in Princeton. Consequently property taxes are high, even though the property tax rates are more moderate. The municipalities are affected by the tax-exempt status of institutions of higher education, although benefits are derived from the jobs and income, which such institutions provide for residents of the district.

The Princeton Regional School District is somewhat a study in contrasts. The LGBR review team is impressed with the prevalent value placed on a quality public education by the persons who were interviewed. However, there are conflicting philosophies by well-educated and intelligent citizens, which have generated considerable controversy about how education should be delivered in the district. The differences are so intense that three former board members

joined with other citizens to form a charter school. These differences have also resulted in turnover in board of education membership, changes in board majorities, shifting district programmatic and funding priorities, turnover in administrative and supervisory staff, and a number of studies of district needs and issues with only occasional concrete action. The regional district has many of the symptoms commonly associated with a troubled school district.

While the leadership at the highest levels has been turbulent and transient, in contrast the district continues to offer, at the school level, many exceptional quality programs for students and maintains high academic expectations and achievements for most students. For example, the district music program has an excellent reputation, with the choral and instrumental groups typically winning state and national competitions. The art program is exemplary, with each school sponsoring art shows that include the work of all the art students and are exhibited at school and in the community. The district foreign language program at the elementary, middle and high school levels is undoubtedly one of the model programs in the state. The district offers 17 Advanced Placement courses for academically proficient students. Last year, 279 students took 389 examinations and over 80% scored 3 or better (potential scores 1 to 5) for college placement. As previously indicated under Best Practices, the district has utilized community and parent volunteers on an extensive basis to provide enriching educational experiences for students.

Board/Superintendent Relations

The Princeton Regional Board of Education is composed of ten members with five elected from the township, four members from the borough and one member from Cranbury, which sends its high school students to PHS on a tuition basis. The board also has two student members who present the student point of view, particularly with reference to any high school issues. The board normally holds meetings twice per month. The board has a number of standing committees, including the personnel/policy/legislative committee, the finance committee, program committee, and minority education committee, which usually meet in public and function as follows:

- The finance committee advises, monitors and audits the administration and makes recommendations to the full board on bonding, insurance, budget process, budget recommendations, referenda, business office organization and operation, purchasing, facilities for buildings and grounds, building renovations, building projects, capital expenditures and transportation.
- The personnel committee reviews administrative policies and procedures regarding sound employment practices, including the recruitment, selection and hiring of staff and the maintenance of personnel records in accordance with board policies, district goals and state requirements. The personnel committee also has responsibility for reviewing, revising and/or writing district policies for formal board action. The committee also hears grievances at the board level when appropriate and reviews other personnel actions for recommendation to the full board.
- The program committee monitors and revises policies pertaining to instruction and, with the superintendent, evaluates proposed changes in relation to district goals. The committee reviews the five-year curriculum and program cycle, charges committees for program and curriculum development and periodically reviews the work of these committees.

- The minority education committee strives to be a source of readily available information to the board and administration on issues that impact the educational experience of minority students in the district. The committee sponsors forums and other events to encourage dialogue between school officials and the community. The committee provides feedback to school officials on progress in achieving the board's stated goal of improving the educational experience of minority students.
- The board also authorizes ad hoc committees to study more specific issues, such as re-districting, student enrollment projections, long-range planning, etc.

Each Parent Teacher Organization has a board member assigned as a liaison to attend meetings and major functions. The liaisons also report on board decisions, interpret district activities to parents and relay parental concerns back to the board. The board also has a legislative/NJ School Boards Association representative and a member to attend the monthly meetings of the Princeton Alcohol and Drug Alliance (PADA).

The review team interviewed each member of the present board of education and examined the recent history of the relationships that has existed between school boards and superintendents in the district. From July, 1986 through May, 1999, a period of about 13 years, the district has employed six different administrators to serve as superintendent or interim superintendent. The most recent superintendent served for four years and then was on paid leave during the 1998-99 school year. The present business administrator/board secretary was appointed as interim superintendent from February, 1998 until April, 1999. When the review team arrived in the district, the board was in the final stages of selecting a superintendent. However, the two outside final candidates withdrew from the process and the board declined to appoint the third finalist, the local candidate. Instead, the board announced that it was seeking an experienced superintendent, advertised and reopened the vacancy and appointed another interim superintendent.

Recommendations:

The selection of a superintendent is strictly a local board of education responsibility and, perhaps, its most important function. Since this review deals with the effective use of resources, the recent history of "revolving door" superintendents and interim superintendents makes it necessary to point out the inefficiencies associated with rapid turnover of chief school administrators over an extended period of time. A reasonable level of stability and continuity of employment is necessary for a superintendent to provide leadership and management skills for the district. While spending considerable sums of money in administrative salaries, contract termination expenses, and in repeated search processes, the district is obtaining substandard results in terms of identifying and retaining consistent administrative leadership and management.

The Princeton Regional School District has many programmatic, budgetary, personnel, facilities, community relations and long-term planning challenges that require highly skilled professional management. Creation of an environment within the district, which permits the selection and retention of such talent should be a top priority for the district. The board of education should define its role as a policy-making body and delegate the

administration of the district to the superintendent and his/her staff. Building a more effective working relationship between the board and administration through a management team concept would enhance the effectiveness of district operations. Advice and guidance in that process can be obtained from various state level associations, such as the New Jersey School Boards Association.

The record also shows that recently there has been frequent turnover in the membership of the board of education, with most members serving only one term, i.e. three years. Some of this turnover apparently has been hastened by controversies that have surrounded some personnel decisions. Other board members acknowledge that they are tired from the many standing committee meetings with numerous evening meetings. Board members are highly intelligent and committed individuals who volunteer their time, without any material compensation. Understanding the complexities and subtleties of a highly regulated public education enterprise requires several years of service. The establishment of a policy-making role with less attention to the details of management functions would enable board members to serve more than one term and provide more experienced and knowledgeable board membership.

Recommendations:

The board may wish to consider the advantages of the strategic planning process, which could set a sense of direction and continuity for the district. Representation of board, staff, parents, students and key community figures could broaden participation in important school district decisions and, perhaps, alter some perceptions of board of education isolation in its decision-making process. A successful endeavor would establish a mission statement, priorities, goals and action plans for district operations.

The board should evaluate the effectiveness of the current standing committee system. Numerous standing committees tend to divide the policy-making functions of the board, consume much time and energy of board members and school administrators and may interfere with the administration of the school system. Some school boards prefer to operate primarily as a committee-of-the-whole, finding that individual board members are better informed about district-wide policies and procedures and district operations receive more uniform attention and function more smoothly.

The district organization chart shows that 11 administrators, including the business administrator/board secretary, assistant superintendent for curriculum and instruction, director of student services, six school principals and director of human resources, report directly to the superintendent of schools. The assistant superintendent supervises the basic skills, ESL/bilingual, staff development and Princeton Young Achievers programs. The director of student services supervises the child study teams, the health services program and the speech/language program. The business administrator/board secretary supervises the maintenance and facilities manager, comptroller/assistant board secretary, purchasing agent, district technical coordinator, the bookkeeper and secretaries, and the custodian of school moneys. There is also an administrative council, which provides regular opportunities for administrative communication and participation in district and school concerns and decisions.

The district has been understaffed in central office for most of 1998-99, with the business administrator also serving as interim superintendent. In addition, the administrative assistant for personnel/public information (director of human resources) has been on paid leave and no replacement was employed. The assistant superintendent position has been in a state of flux for more than a decade with several title changes and five administrators serving in that capacity. The current assistant superintendent has announced that he will return to a school principalship within the district in 1999-00. During the past 12 to 13 years, there have been four different business administrators and four comptrollers.

The district also has a history of appointing interim principals. Only two of six schools have had the same principal for the past 12 years or so. Princeton High School has experienced excessive administrative turnover with seven principals and interim principals during the past nine years. Community Park School has had five principals or interim principals since 1988.

The LGBR team observes that, due to the excessive turnover in central office administrative staff, the Princeton Regional School District has operated for several years with transient or temporary staffing. This has created a “vacuum” in central office professional leadership and resulted in a significant amount of crisis managing, and in some areas micromanaging, of central office functions by the board of education. This, in turn, necessarily has led to a high degree of self-determination at the school level, except in those instances when district wide issues were raised. District-wide curriculum articulation and coordination have been minimal due to the transience of the assistant superintendent and superintendent positions. The personnel functions associated with human resources, such as employment, supervision and evaluation of staff have been fragmented due to the absence of a personnel manager and superintendent. The special education, special needs, and compensatory education programs have been expanding in a somewhat piecemeal and costly fashion with limited coordination and direction. Also, reportedly, individuals and groups with special interests have also exerted strong influence on many district decisions and operations. In summary, the district is in severe need of professional educational management at the highest levels.

Recommendation:

The LGBR team must observe that the administrative turnover in the Princeton Regional School District has been considerably higher than that found in any other school system previously reviewed. While a reasonable level of staff turnover may be healthy, the pervasive and long-term nature of the administrative instability in Princeton must be viewed as counter-productive and an inefficient use of financial resources which total hundreds of thousands of dollars annually. Effective personnel procedures in staff recruitment, selection, development, evaluation, etc. are crucial for a quality school system. District officials should consider placing the highest priority on securing an effective school management team, which remains in place long enough to provide the experience and continuity to accomplish its goals.

In the Comparative Spending Guide published annually by the New Jersey Department of Education, total administrative expenditures relate to the four areas of the annual school district budget statement – general administration, school administration, business and other support

services (both business and central) and improvement of instruction services. The 1996-97 total administrative cost in the Princeton Regional School District was \$1,296 per pupil with a ranking of 69 out of 75 school districts (ranked low to high). The total administrative cost in 1997-98 was \$1,262 per pupil with a ranking of 67 out of 75 K - 12 school districts with a student enrollment of 1,801 to 3,500.

The comparable figures for total administrative cost for the five comparable districts are presented in the following table:

Total Administrative Cost – Selected K-12 Comparable Districts	1996-97 Actual Per Pupil* Cost	1996-97 % of Total Comparative Cost/Pupil	1997-98 Actual Per Pupil* Cost	1997-98 % of Total Comparative Cost/Pupil
Bernards Township	\$999	13.6%	\$987	12.5%
The Chathams	\$1,151	12.5%	\$1,074	11.7%
Hopewell Valley	\$1,101	14.8%	\$979	12.5%
Summit City	\$1,019	11.5%	\$1,051	10.8%
Princeton Regional	\$1,296	13.7%	\$1,262	12.5%

*Average Daily Enrollments (ADE)

The review team also examined Princeton’s general administrative costs in relation to the four other comparable districts. An examination was conducted of the Princeton Regional, Bernards Township, The Chatams, Hopewell Valley, and, Summit City Comprehensive Educational Improvement and Financing Act (CEIFA) function 230-Support Services, General Administration-account for fiscal year 1997-98. This function includes expenses associated with the board of education, central administration and school elections. The review revealed the following costs for fiscal year 1997-98 (based on the 6/30/98 Audit Report):

	Princeton Regional	Bernards Township	The Chathams	Hopewell Valley	Summit City
Salaries	\$181,941	\$180,836	\$382,606	\$238,432	\$428,852
Legal service	149,607	54,856	28,178	136,772	57,822
Other purchased prof. service	142,837	75,000	35,331	29,098	38,465
Communications/telephone	161,579	129,784	79,972	94,842	116,925
Other purchased services	2,652	8,051	28,590	114,252	47,542
Supplies and materials	4,154	27,016	23,003	147	21,768
Miscellaneous	33,473	100,851	60,361	38,852	26,619
Total	\$676,243	\$576,403	\$638,041	\$652,395	\$737,993
Per pupil costs	\$223	\$178	\$240	\$196	\$258

An analysis of this data reflects the general administrative costs for Princeton were \$676,243 as compared with \$576,403 for Bernards Township, \$638,606 for The Chathams, \$638,041 for

Hopewell Valley and \$737,993 for Summit City. The per pupil administrative costs for Princeton were \$223 as compared with \$178 for Bernards Township, \$240 for The Chathams, \$196 for Hopewell Valley and \$258 for Summit City school districts based on the 1997-98 function 230 budget category. In this comparison, Princeton's total general administrative costs were the third highest among the five districts, or about average. Princeton's costs in other purchased professional services, legal services and communications/telephone were the highest of comparative schools, with \$150,582 in excess costs for these three areas.

Administrative salaries and benefits include the full-time, part-time and prorated salaries of superintendents, assistant superintendents, and other general administrators, school business administrators/board secretaries, and other business and central office staff, principals, assistant principals, department chairpersons, supervisors of instruction, curriculum coordinators and related secretarial and clerical staff for these activities. Per pupil costs for salaries and benefits for administration in 1996-97 were \$1,014 and in 1997-98 were \$1,020, which ranked the district 69 of 75. The comparisons for the five districts are as follows:

Salaries and Benefits for Administration – Selected K-12 Comparable Districts	1996-97 Actual Per Pupil Cost (ADE)	1996-97 % of Total Comparative Cost/Pupil	1997-98 Actual Per Pupil Cost (ADE)	1997-98 % of Total Comparative Cost/Pupil
Bernards Township	\$791	10.8%	\$775	9.8%
The Chathams	\$989	10.8%	\$930	10.2%
Hopewell Valley	\$872	11.7%	\$793	10.1%
Summit City	\$875	9.8%	\$913	9.4%
Four-district average	\$882		\$888*	
Princeton Regional	\$1,014	10.7%	\$1,020	10.1%
Excess per pupil cost (above four-district average)	\$132 (+15%)		\$132 (+15%)	

*Since the four-district average in 1997-98 was below the state average, the review team has substituted the 1997-98 state average for K-12 school districts with enrollments of 1,801 to 3,500.

A \$132 per pupil differential with 3,027 students translates into a total cost excess of \$399,564. An examination of salary levels indicates that Princeton Regional had a median administrative salary in 1997-98 of \$93,025, or 9% higher, compared to the average of \$85,368 for the four comparable districts. Employee benefits in Princeton were 15.9% of total salaries compared with a 13.5% average for the four similar districts, or an excess of 2.4%. Consequently, administrative salary levels account for about \$200,000 of the excess. In addition, as indicated in the table below, Princeton expended about \$150,000 more than the comparison districts for school secretarial and clerical salaries.

The costs for administrative salaries and benefits are determined by the number of persons employed and the amount or level of salary and benefits provided by the district. As indicated earlier in the comparative analysis, Princeton had a student/administrator ratio of 169.2 students per administrator compared to an average of 166.6 students for the four similar districts. Moreover, Princeton had 14.5 faculty members per administrator compared with the four-district average of 13.5 faculty members. Consequently, the review team must conclude that on the basis of these ratios the number of administrators in the Princeton Regional School District generally was reasonable in 1997-98.

Individual school administrative positions are as follows:

- Community Park School (CPS) (grades K-5, enrollment of 328 students) – principal.
- Littlebrook School (LS) (grades K-5, enrollment of 374 students) - principal.
- Johnson Park School (JPS) (grades K-5, enrollment of 445 students) – principal.
- Riverside School (RS)(grades K-5, enrollment of 362 students) – principal.
- John Witherspoon School (JWS) (grades 6 - 8, enrollment of 677 students) – principal, assistant principal, shared (part-time) supervisors, guidance supervisor and shared athletic director.
- Princeton High School (PHS) (grades 9 - 12, enrollment of 1,030 students) - principal, assistant principal, shared (part-time) supervisors, guidance director and shared athletic director.

CEIFA Line 240-Support Service, School Administration

School Administration	Princeton	Bernards	The	Hopewell	Summit
Salaries	Regional	Township	Chatham	Valley	City
Principals & vice-prin.	\$783,276	\$710,420	\$797,904	\$873,802	\$950,368
Secretarial & clerical	571,870	352,887	385,222	401,838	547,490
Other salaries	125	192,296			
Purchased services	10,853			12,323	
Supplies & materials	9,277	53,353	54,346	31,014	3,050
Other objects	9,677	140,728		7,500	
Total	\$1,385,078	\$1,449,684	\$1,237,472	\$1,326,477	\$1,500,909
Per Pupil (ADE)Cost	\$458	\$449	\$465	\$399	\$526

As indicated above, Princeton Regional’s costs associated with the overall administrative responsibility of individual schools, including the salaries of principals, assistant principals and other supervisory assistants falls in the midrange of the five districts. This data should be viewed with some caution, as different school districts appear to distribute department supervisors/directors on different CEIFA line items.

The district has a number of supervisory positions that are housed in the high school and provide limited services to the middle school and four elementary schools. The individual supervisors serve as high school department heads and teach classes as follows:

English Supervisor – Two classes
 Fine and Performing Arts Supervisor – Two classes
 Science Supervisor – Two classes plus laboratories
 Mathematics Supervisor – No classes (involvement with elementary mathematics program)
 Modern Language Supervisor – No classes (involvement with elementary languages program)
 Athletic Director (responsible for both PHS and JWS)

The fine arts supervisor retired at mid-year in 1998-99 and the position was combined with the performing arts supervisory position. The high school vice-principal also serves as the practical arts supervisor and the social studies supervisory position has been vacant for some time.

Data provided by district officials indicate that between October, 1997 and October, 1998, the district increased its administrative and supervisory staffing from 18.4 to 21.3 positions, or an increase of 15.8%. In 1998-99, the district created two supervisory positions (director of community outreach and middle school guidance supervisor), which were filled by former school principals. In May, 1999, the school board reportedly abolished all subject supervisory positions in the 1999-00 budget, including the aforementioned positions, except for the athletic director. With the rapid rate of change in the district and the prospects for obtaining grant funding for one or more of these positions, at the time of the review, it was not entirely clear whether this was a temporary or permanent decision.

The review team examined the CEIFA Function 221 Improvement of Instruction Services and 223 Instructional Staff Training Service. The detailed distribution of salaries among these accounts was not always consistent from district to district; therefore, only three districts were used for comparison and the data for the three districts should be viewed with caution as supervisors' salaries may be listed under other categories:

Supervisor Salaries	Princeton Regional	Bernards Township	The Chathams	Hopewell Valley	Three District Ave.
Imp. of Instruction	\$543,786	\$291,440	\$321,617	\$178,245	\$325,573
Instr. Staff Training	N/A	\$144,040	\$33,378	\$8,000	\$61,806
Totals	\$543,786	\$435,480	\$354,995	\$178,245	\$387,379

Princeton Regional expended \$156,407 in excess of the three-district average for supervisors' salaries in 1997-98. About \$62,000 or 11.4% of the Princeton Regional expenditure was due to higher salaries and benefits, leaving a potential excess due to supervisory staffing numbers of about \$94,400. The Princeton Regional school board abolished most supervisory positions after the 1998-99 school year and these salary reductions well exceeded the 1997-98 excess.

The review team also examined the amount of money spent on secretarial and clerical salaries in the 240 and 221 line accounts.

SECRETARIAL & CLERICAL	Princeton Regional	Bernards Township	The Chathams	Hopewell Valley	Summit City
School Admin.	\$571,870	\$352,887	\$385,222	\$401,838	\$547,490
Imp. of Instruction	\$35,796	\$43,515	\$2,602	\$62,640	\$30,617
Total	\$607,666	\$396,402	\$387,824	\$464,478	\$578,107

Princeton Regional secretarial and clerical salary costs were \$150,964 above the average of \$456,702 for the four other districts. Allowing for higher salaries and benefits in Princeton, there appears to be an excess of about two to three secretaries or the cost equivalent of \$100,000 in the number of secretaries, particularly in school administration. Salary levels, which are negotiable, are discussed under Section III–Collective Bargaining Issues.

Recommendation:

The review team acknowledges district efforts in reducing supervisory positions for the school year 1999-00. However, supervisory positions in the district appear to have been created and abolished on a somewhat sporadic and unplanned basis. The school board should seek professional advice from its school superintendent to determine the organizational needs for district supervisory services for the future.

The financial data suggests a 1997-98 excess cost, exclusive of negotiated salary and fringe benefits, of about \$100,000 for school administrative secretarial staffing in Princeton.

Cost Savings: \$100,000

General Administrative Costs

Legal and Purchased Professional Service Costs

A comparison of the cost of “Legal Services” and “Purchased Professional Services” with four other districts indicates that Princeton’s costs are significantly higher. Legal service costs at Princeton are \$149,607 (see prior table), which is \$80,198 or 115.5% above the average of the comparison districts. In terms of purchased services, Princeton spent \$142,837. This category includes auditor fees, consultants, and board expenses. Purchased service cost is \$98,364 or 221.2% higher than the average of the comparison districts. Combining these two amounts indicate that Princeton’s expenditures for these two categories are \$178,562 above the average of the comparison districts.

A detailed analysis of these expenditures and interviews with district personnel indicates that nearly this entire amount (93.6%) is due to the costs of litigation. The district is currently in litigation over a contract regarding some capital improvements. The litigation costs included in these two categories are \$94,359, mostly in attorney fees (legal services) and \$72,853 in auditor fees related to the litigation (purchased professional services) for a total of \$167,212. District officials did report that as a result of these legal services, it has received over \$1 million in settlements (both cash and additional work performed) over a three-year period through aggressive warrantee enforcement and improved contract language.

During interviews conducted by the review team, it was apparent that several board members were quite concerned about the sizeable expense of on-going litigation of long duration with contractors. While acknowledging the controversy, the review team has no basis for evaluating the legal merits of district initiated litigation. However, given this difference in perspective, it is clear that in addition to advising the board of the receipt and amounts of these requests prior to payment, the district administrators should provide

periodic and at least semi-annual project reports to the board. These reports should summarize legal expenses and the “return” on that investment through cash settlements or additional services. Since most districts do not expend comparable funding for district initiated litigation, this practice should remain under continuing review for both legal and cost effective analysis.

Adjusting Princeton’s costs to account for these litigation expenses indicate that the district’s costs are still \$11,349 or 10% higher than the average for the comparison districts. Other expenditures in these categories appear to be within the normal range. One possible explanation for the remaining difference could be the higher than normal audit costs that the district incurred in 1997-98. This point is presented in the business section of this report that notes that the district’s recent contract for the audit reduced annual cost by \$12,500.

Communication/Telephone Expenses

The district spent \$161,579 on telephone and postage in 1997-98. Postage accounts for only 21.1% of this expenditure. Compared to four other districts, Princeton’s expenditures in the communication/telephone category are \$56,198 or 53.3% higher than the \$105,381 average.

A more detailed analysis of these costs using the number of employees indicates that Princeton’s cost per employee is \$371. This is \$88 or 31.2% higher than the \$283 average cost per employee for the comparison districts. Multiplying this \$88 difference by the approximate number of employees at Princeton indicates that the district is spending \$38,280 more than average for telephone and postage. In order to focus only on telephone expenses the total amount can be reduced by the amount that the district spends on postage (21.1%). Therefore, the net amount of excess telephone charges is approximately \$30,203.

When the team began its work in Princeton the district was already planning and implementing changes to reduce these excess telephone expenses. In fact, the district plans to, or has, implemented the following:

- use CD ROM technology to analyze telephone company charges to ensure proper billing and to monitor and bill employees for personal use;
- remove pay phones from the four elementary schools (district was charged \$50 per month for each phone) and replace with phones that block toll calls;
- negotiate with Bell Atlantic regarding the percentage district receives in revenue from phones at the high school;
- improve use of existing equipment such as sharing dedicated lines and adding extensions and T1 lines;
- block area codes with tolls including all 900 area code calls;
- obtain competitive proposals from telephone companies for service and rates; and
- eliminate six cell phones at high school and replace them with two-way radios.

The team commends the district’s current efforts to reduce these excess telephone expenses.

Recommendations:

District officials should consider the following actions to reduce telephone expenses:

- **Calls to local directory assistance should be discontinued and calls for long distance directory assistance should be kept to a minimum. Local telephone directories should be provided and their use should be mandated at all school locations.**
- **A computer software program that provides telephone directory information should be installed on the network and/or use of free Internet directories should be encouraged.**
- **A clear, written policy concerning telephone usage, personal usage, and reimbursement procedures should be established.**
- **E-mail should be used when it is feasible and less expensive than a phone call.**

District officials should monitor the implementation of current efforts to reduce telephone costs to ensure that telephone expenses are reduced by about \$30,203.

Cost Savings: \$30,203

INSTRUCTION

Princeton High School

The class of 1902 was the first graduating class of Princeton High School; however, the building located on Moore Street was built in the borough in 1929, with additions in 1955 and 1978. Over the years a number of communities sent their students to the high school on a tuition basis, including Princeton Township, until the two Princetons formed a regional K-12 school district in 1966. Today, only Cranbury sends high school students on a tuition basis.

Princeton High School, with a student population of 1,030 students, offers a four-year program of college preparatory subjects, plus a range of electives and advanced placement courses in subject areas. More than 60% of the students participate in advanced placement or accelerated classes. Students perform well on standardized tests and 88% of the graduates continue their education beyond high school. About 20% of the senior class achieve National Merit semifinalists or commended scholar status. The mean combined SAT score during the past ten years has been in the range of 1,050 to 1,100 and Princeton High School ranked #2 in New Jersey on SAT scores in 1997-98. The high school also offers a variety of co-curricular programs, including clubs, publications, athletics and performing arts. The school philosophy endeavors to address the needs of a diverse and changing school community, which is characterized by a culturally rich environment and high academic expectations.

The Princeton High School choir is widely recognized as one of the school programs which most citizens recognize as outstanding. In February, 1999, the choir traveled to Germany to perform in four cities. The student newspaper, The Tower, is produced exclusively after school, has won numerous awards and is recognized for quality journalism, which deals with many issues of substance.

Open campus – While “open campus” is a privilege for senior students only, there are, reportedly, many instances when students in grades 9-11 leave campus. There are concerns about student safety, maturity, and responsibility to attend classes regularly. Some students have an excessive number of class cuts and, in about 100 cases, students lose course credit for non-attendance. There have been discussions at board meetings about offering summer classes tailored for students who have received failing grades and/or lost credit for excessive absenteeism.

Recommendation:

School funds are wasted whenever there are class cuts or non-attendance by a significant number of students. School officials should review the implementation of the “open campus” privilege. While the “open campus” concept may be workable for most seniors, the privilege should be removed for those students who abuse it or are unable to exercise the required discipline to attend classes regularly in order to be successful in school. Students should be held accountable for regular school and class attendance, in accordance with district policies and regulations.

The review team commends the high school principal and the Princeton Education Foundation for raising private funds to provide a summer school for students who lose course credits due to excessive absenteeism or failing grades. The estimated \$41,000 annual expense is a relatively small item in relation to the large costs associated with having about 100 students occupying class seats for more than four years to graduate from high school.

Princeton High School is currently implementing the Middle States Association (MSA) Accreditation for Growth (AFG) process, which emphasizes planning for the future and examines the past status and achievements as a historical reference. The site council will create a belief statement, a mission statement, and goals/objectives, action plan and solutions for this five-year cycle.

The site council has a membership of about 30 parents, teachers and administrators, who hold a minimum of two meetings annually. Issues raised at recent site council meetings included perceptions of large class sizes, constraints imposed by budgets and building space limitations, and the elimination of non-academic programs, such as metal and wood shop, photo lab, home economics, etc. Also discussed, was the need for updating the science labs, which were installed in 1955, and the creation of an alternative high school. Current high school space limitations led to discussions of a “campus” concept for PHS and JWS.

Curriculum – The high school curriculum spans several levels of education, from remedial to advanced placement courses, as well as special education. Princeton High School is organized into departments by subjects and/or skills and program scheduling is individualized for each student. Recognizing the low enrollments in some classes, the guidance department has scheduled designated courses in alternate years, including Biology II, AP Physics, Government and Law, Government and Politics, Humanities, Film Appreciation, and Music Theory & Composition. Two new Advanced Placement courses, Macro and Microeconomics will be

offered and Japanese I will be taught via the MercerNet distance learning. The humanities curriculum includes integrated learning in English, History and Art. Technology is integrated into the curriculum and there is interest in alternative programs for students in need.

A limited number of students with good grades (B+) have the option to take advanced courses in designated subjects at Princeton University. While there are many programs in Princeton High School for high achievers, as well as students with special needs, the average non-college bound students have limited options for course selection. The non-traditional courses are listed as Learning in the Community, School to Career, Big Brother/Big Sister, Peer Group Leader, Humanities, Bilingual Support, Support Lab (CST), Independent Study and Mentorship. About 25 students attend the County Vocational/Technical School (AM or PM), the Alternate School or the School of Performing Arts.

There is a recognized lack of appropriate programs for high school “disaffected” learners who require behavioral improvement and better study skills due to a myriad of social conditions involving themselves and family members. Many students in this category are under-achievers who have been exposed first-hand to personal and family problems. The establishment of an alternative high school within Princeton High School is under consideration.

Exclusive of health, physical education and driver education, subject/skill class sizes are illustrated in the following table.

Subject/Skill	Largest Class Size	Smallest Class Size	Average Class Size
Fine & Performing Arts	83*	8	22.0
Social Studies	31	8	21.8
Mathematics	30	5	20.2
English	30	4	19.7
Science	25	7	19.7
Modern Language	29	7	19.0
Practical Arts	21	6	15.5
Student Services	12	2	7.3
ESL/Bilingual	14	4	7.0

*Choir with two teachers assigned.

With the exceptions of special education and ESL/Bilingual, which are analyzed in other sections of this report, the average regular class sizes appear to be within the normal range. However, PHS has a total of 50 classes that have an enrollment of less than 15 students and are expensive to operate. District and school officials should continue to evaluate course and section offering in relation to student needs and cost effectiveness.

John Witherspoon School

This middle school, which serves a population of 677 students in grades 6 - 8, endeavors to offer a smooth transition between the elementary and high school programs. The middle school curriculum is broad and includes an academic core, as well as special education. Through a

positive school climate, balanced quality curriculum, counseling and cooperative planning, students engage in academic and enrichment experiences and receive instructional remediation according to individual needs.

The middle school is organized into six inter-disciplinary academic teams called “houses” of about 100 students each. The curriculum is organized into academics and foreign language and exploratory programs of music, related arts, etc.

The daily schedule of classes begins at 8:30 am with a five-minute homeroom. From 8:35 am until 2:55 p.m. there are seven scheduled class periods of one-hour duration, plus a 30-minute lunch period. Five of the periods are devoted to “house” courses, including mathematics, science, social studies, English and foreign language (Spanish and French). Two periods each day for each grade level contain these additional courses – music, art, computers, drama, modern living, power reading, tech prep wood, physical education/health and basic skills in mathematics, reading and writing. In music, the school offers chorus and small group and ensemble instruction in band and orchestra.

The school also has two basic skills teachers (mathematics and reading), an ESL teacher and a half-time bilingual teacher, who is shared with the high school. In addition to the services of a child study team, there are four special education resource room teachers, two teachers of self-contained classes for perceptually impaired students, a speech teacher and an occupational therapist.

Class sizes are listed in the following table:

Subject/Skill	Largest Class Size	Smallest Class Size	Average Class Size
Health/Phys. Education	45*	18	22.4
Science	26	16	22.2
Social Studies	28	16	22.1
Exploratory Programs	25	18	21.3
Mathematics	29	12	20.4
Modern Language	30	11	20.4
English	25	16	20.1
Fine & Performing Arts	25	3	12.4
Resource Room	11	6	7.6
Self-contained Spec. Ed.	11	3	6.7
Bilingual/ESL	12	3	6.5

*Two assigned teachers.

The average class sizes in the middle school are between 20 and 22.5 students, except for fine and performing arts. The drama, band and orchestra teachers provided instruction in small groups for six periods and consequently have smaller classes.

Elementary Schools

The four K - 5 elementary schools in Princeton are organized on a “neighborhood” basis with duplicate services in all four locations, with some individual school variations in special

education classes and bilingual education. The neighborhood approach has the advantage of children attending school nearer their homes and reduces the necessity for busing to more distant locations within the district. With active parental support, neighborhood schools can mirror family expectations and programs can be tailored to meet more specific educational needs and desires. And, of course, stability and sense of identity are associated with attending the same school for six years, where the teachers can observe individual child development over the years. However, it should be noted that bilingual education programs are located in only two elementary schools in Princeton. Crisscross busing has been necessary to accommodate student enrollments within school and classroom capacities, for transporting some special needs children and for achieving acceptable racial and ethnic balance. Also some combination classes have been organized (i.e. grade one and two, two and three, etc) to fit the students within existing classrooms.

Maintaining four nearly identical neighborhood elementary schools has a few inherent disadvantages including:

- 1) Perceptions and realities about equity in distribution of resources and educational opportunities for children.
- 2) Concerns about racial, cultural and ethnic balance among schools.
- 3) Controversies resulting from shifting residential patterns and the necessity of more frequent redistricting of school attendance boundaries.
- 4) Reduction in economy of scale in providing services outside the regular classroom and particularly for exceptional children, special education and special needs children.

Recommendation:

While Princeton appears committed to the neighborhood school concept, both by current school facilities and philosophy, it should be acknowledged that other grade organizations are both possible and operational in other school districts. Some schools are organized as K - 2 and 3 - 5 schools. Others have grade 5 as a part of the middle school for grades 5 - 8. While the LGBR team does not presume to make the many value judgements associated with these issues, it is recommended that Princeton Regional school officials examine the advantages and disadvantages of different organizational patterns when planning school facilities to accommodate an increasing elementary school enrollment. With concerns about taxes, budgets and increasing educational costs, striving for a reasonably cost-effective grade and school organizational pattern is an important consideration.

School hours are from 8:30 a.m. until 3:00 p.m. with a 30-minute lunch period and a half-hour recess either before or after lunch. All children receive instruction within their regular classroom in reading, writing, mathematics and social studies. Students also receive instruction in art, health, library skills, general and vocal music and physical education. An introductory instrumental music program is offered to fifth graders.

Princeton Regional elementary schools provide an active learning environment through the application of cooperative learning, teaching writing as a process, the use of manipulatives in

mathematics, and a hands-on science curriculum. Student projects involve data gathering, interpretation, writing, illustration, modeling and the use of technology. Whenever feasible, special education students are mainstreamed into regular classrooms.

In addition to the common general subjects/skills, the existing curriculum includes English-as-a Second Language, bilingual education, and computer literacy. Special education has been phased-in for inclusion, technology is imbedded in most curricula, and the whole language approach, cooperative learning and integrated learning are reportedly ongoing. The district maximum class sizes are 25 students for grades K, 1, and 2 and 30 students for grades 3, 4 and 5.

Riverside School

In March 1999, the Riverside School had a total student enrollment in K through 5 of 362 students, which included 50 special education students. The enrollments by class section were as follows:

Riverside School	Students		Students
Kindergarten	21	Grade 3	18
Kindergarten	21	Grade 3	17
Kindergarten	21	Grade 3	17
Grade 1	19	Grade 4	20
Grade 1	20	Grade 4	20
Grade 1	21	Grade 4	20
Grade 2	23	Grade 5	27
Grade 2	22	Grade 5	27
Grade 2/3	23	Autistic	5
		Total	362

Exclusive of the self-contained special education autistic class, the average class size is 21 students with 20 regular classrooms in the school. While the fifth grade class sizes are at the high end of the range and the grade three classes are at the lower range, these class sizes in general are within the normal pattern for public elementary school classes.

There are 22 ESL students and 44 basic skills students. The school has an autistic class of five students and a language development class of 10 students, ages 9 to 12 years.

Johnson Park School

In March, 1999, the Johnson Park School had a total student enrollment in K through 5 of 445 students. The enrollments by class section were as follows:

Johnson Park School	Students		Students
Kindergarten	20	Grade 3	22
Kindergarten	23	Grade 3	20
Kindergarten	21	Grade 3	21
Kindergarten	22	Grade 4	26
Grade 1	20	Grade 4	28
Grade 1	21	Grade 4	27
Grade 1	19	Grade 5	24
Grade 1/2	19	Grade 5	24
Grade 2	20	Grade 5	23
Grade 2	23		
Grade 2	22	Total	445

With 20 regular sections in the school, the average regular class size is 22.3 students. While the fourth grade class sizes are higher than most classes, the remaining classes are normal in size for public elementary schools. Second and fifth grade classes have world languages everyday. Special needs student enrollments were as follows:

- Basic skills – 69
- Bilingual – 18
- ESL – 28

There was an after-school enrichment mathematics program for grades 3, 4 and 5, which was taught by graduate students from Princeton University, with assistance by local instructional aides. The program was held one day a week for six weeks in the fall and spring. It presented mathematical concepts in a hands-on and stimulating manner. Students who participated paid a nominal fee of \$20 and the JP PTO, which received funding from an anonymous donor, paid the instructors and aides.

Community Park School

This elementary school is closest to more densely populated Princeton Borough. The student body reflects the diverse multicultural, multiethnic population of Princeton, with some children from many nations of the world. In addition to the core curriculum, there are basic skills, ESL, bilingual, communication handicapped, art, music, physical education and health, library and computer laboratory classes. A social worker, psychologist, learning consultant, speech therapist, adaptive physical educator and occupational therapist provide services as needed.

Special programs include a geography bee for grades 3 - 5 and a celebrity readers' program, which brings Princetonians from every walk of life into the school to read stories to students. The writing program has resulted in a number of student pieces being published in local and national publications. Also, two Princeton University science advisors are available to the school faculty and the PTO sponsors an extensive club and foreign language program.

In March, 1999, the Community Park School had a total student enrollment in K through 5 of 328 students. The enrollments by class section were as follows:

Community Park School	Students		Students
Kindergarten	21	Grade 3	19
Kindergarten	22	Grade 3	18
Kindergarten	21	Grade 3/4	18
Grade 1	22	Grade 4	21
Grade 1	21	Grade 3	22
Grade 1/2	24	Grade 5	18
Grade 2	22	Grade 5	18
Grade 2	23	Grade 5	18
		Total	328

With 16 regular classrooms in the school, the average class size is 20.5 students. All classes are reasonably normal in size in comparison with public elementary schools.

The school level planning committee is a group of parents and teachers who meet monthly to work on shared school improvement projects, such as developing school vision and mission statements, school budgets, grant writing activities, etc. Meetings are announced in the CPS Weekly Bulletin and are open to members of the school community, but voting at meetings is limited to representatives.

Community Park School has received two grants. The “NJ Artists-in-Residence Award-Playwrights and Puppets” provides presentations in the school by professional performers. The Metropolitan Opera Guild’s Creating Children’s Opera is an interdisciplinary fifth grade program incorporating all curricula areas, where students write and perform an original opera.

Littlebrook School

In March, 1999, the Littlebrook School had a total student enrollment in K through 5 of 328 students. The enrollments by class section were as follows:

Littlebrook School	Students		Students
Kindergarten	20	Grade 3	22
Kindergarten	21	Grade 3	20
Kindergarten	17	Grade 3	21
Grade 1	24	Grade 4	26
Grade 1	22	Grade 4	25
Grade 1	21	Grade 5	22
Grade 2	24	Grade 5	21
Grade 2	25	Grade 5	22
Grade 3	21		
		Total	374

The average regular class size with 17 regular sections in the school is 22 students. Although some primary classes are above average in size, most classes in the school are reasonably normal in size in comparison with public elementary schools.

All regular classrooms have computers and printers and there is one multi-station computer laboratory. Every classroom is linked to the Internet and teachers integrate computers with on going classroom instruction.

Littlebrook School has a special education resource center and a district class for children with communication handicaps (CH class). Adaptive physical education is offered for children who need physical activities according to individual needs. The speech and language specialist screens all children for difficulties in language or articulation skills and, after parental notification, provides remediation as appropriate. ESL children meet for 150 minutes per week to receive instruction in small groups with a certified ESL teacher.

Instructional Costs

In the DOE Comparative Spending Guide, among the 75 school districts with enrollments of 1,801 - 3,500 students, Princeton Regional ranked 68th in total classroom instructional per pupil costs of \$5,730, compared with a statewide K - 12 per pupil average of \$4,827. Princeton Regional also ranked 68th in classroom salaries and benefits with per pupil costs of \$5,459. Classroom salaries include the amounts paid to district personnel for regular, special education, basic skills, bilingual and other instructional programs. It includes the salaries and benefits of teachers, substitutes and aides. Classroom general supplies and textbooks ranked 25th at \$168 per pupil, compared to a state average of \$212. Classroom purchased services ranked 68th at \$103, which nearly doubles the K - 12 state average of \$55 per pupil.

Recommendation:

The Princeton Regional expenditures for classroom purchased services appear excessive. This category includes certain expenses for special education and bilingual instructional programs, which cannot be eliminated arbitrarily. However, allowing for expenditures that are 20% above the state average, Princeton could still reduce this category of expenditures by \$37 per pupil for savings of \$120,000.

Cost Savings: \$120,000

According to information provided by district officials, between October, 1997 and October, 1998 the number of full-time equivalent teacher aides in the district increased from 42 to 58.6 or a 39.2 % increase in one year. In addition, the clerical/secretarial staff increased from 33.1 to 36.2, or a 9.36% increase. In April, 1999, as the result of budgetary and financial concerns, the Princeton Board of Education reduced the number of aides for 1999-00 to about the 1997-98 level.

Instructional costs are determined primarily by: 1) the number of staff and 2) the salary levels/fringe benefits that are provided by the district. As indicated under each school, regular class sizes in Princeton Regional are, on average, quite reasonable in number and, therefore, cost effective. The number of teachers and aides assigned to classes also influences per pupil costs. Salary levels and fringe benefits are discussed under the Collective Negotiations section of this review.

According to the NJEA Research publication, Basic Statistical Data, 1998, Princeton Regional had a 1997-98 professional staff per 1,000 students of 90.9, which was 6.6% above the average of 85.3 for the four comparison districts. It should also be acknowledged that the Mercer County professional staff per 1,000 students was 89.0 and the state figure was 87.4. Since regular instructional class sizes in the Princeton Regional School District are generally average or above, the extra staffing appears to be utilized primarily for various types of student special services, which are discussed in other sections of this review.

Basic Skills

After reviewing test scores and classroom performance, some elementary school children may need additional help in mathematics, reading or writing and, following notification to parents, may be placed in a basic skills enrichment program. The basic skills instruction is guided by an Individualized Student Instruction Plan (ISIP) developed cooperatively by basic skill instructors and regular classroom teachers. First graders who are experiencing difficulty in reading receive a unique component called *Reading Recovery*, which is an early intervention program. Identified students receive intensive one-on-one instruction for 30 minutes daily for 12 to 20 weeks.

Tutoring for Academic Achievement – Intense basic skills instruction in the form of test-specific, in-class practice is available for grade 11 students, who are identified based on EWT scores and classroom performance.

According to the New Jersey School Board Association's Cost of Education Index for 1997-98, the Princeton Regional School District had a per pupil cost of \$119 for basic skills instruction. The highest basic skills cost among the four comparison districts was \$87 per pupil for the Bernards Township School District. Even when allowing a 10% margin for higher salaries, the Princeton district is still \$23 per student higher in district wide per pupil basic skills cost, or an extra cost of \$69,600.

Recommendation:

The Princeton Regional School District spends \$130,748 on “other salaries” for basic skills remedial, which is ten times as much as any of the four comparable districts. Princeton school officials should consider more cost-effective practices in identifying students and in providing basic skills instruction. The district could save at least \$69,600 in this area.

Cost Savings: \$69,600

Bilingual Education

The term “Bilingual Program” actually includes several different language services, including English-as-a-Second-Language (ESL), Bilingual Services, and Bilingual Support. Princeton Regional spent about \$640,000 on its Bilingual Program in 1997-98. The program had approximately 221 students and employed about 10 professional staff.

The number of students receiving language services and the costs of each service differ at each grade level, as outlined in the table below.

School	ESL		Bilingual Services		Bilingual Support		Totals	
	Costs	# Pupils	Costs	# Pupils	Cost	# Pupils	Cost	# Pupils
HS	\$70,000	42	None		\$20,000	21	\$90,000	63
MS	\$50,000	12	None		\$10,000	8	\$60,000	20
JP	\$50,000	29	\$70,000	19	None		\$120,000	48
CP	\$50,000	27	\$75,000	23	None		\$125,000	50
RS	\$50,000	23	None		None		\$50,000	23
LB	\$40,000	17	None		None		\$40,000	17
Total	\$310,000	150	\$145,000	42	\$30,000	29	\$485,000	221

Each of these services is geared toward different needs and may or may not be required by state statute and Department of Education (DOE) regulations. Districts are required to operate an ESL program whenever 10 or more students with limited English proficiency are enrolled. The ESL program helps students who are not native English speakers to speak English. The program operates at all school levels, has a total of 150 students and costs \$310,000 per year.

Districts are required to offer bilingual education whenever 20 or more students have limited-English-proficiency and have the same language background. In Princeton, that language is Spanish. The program helps students to continue developing academic skills in their native language as they transition to English. The program operates only at the K - 6 level and only at two schools. The program has 42 students and costs \$145,000.

The bilingual support service teaches study skills to students at the middle and high school levels where bilingual services are not offered. The board decided that these students would benefit from this service, which is not required by DOE. The program has 29 students and costs \$30,000.

Districts use selected tests and other indicators to determine the need for ESL and bilingual services and for students to exit from the programs. The district considers numerous factors in addition to the test score in determining when a student is ready to exit Bilingual services. These factors include teacher observations, the student's performance on written classroom tests and quizzes, student journals, etc. In some cases these other factors may override the test results.

Cost Comparison to Other Districts

In order to compare Princeton's Bilingual Program to districts with similar programs the review team selected different districts than those noted earlier. Districts were selected that were similar not just in terms of socioeconomic data, but also had bilingual services for 20 or more students speaking one language. Having 20 more students speaking the same language is critical because this bilingual service is the most expensive cost per student service of all the language services offered. Another similar characteristic is the number of Limited-English-Proficient (LEP) students in the district. This number, which is determined through testing, reflects more accurately the demands for language services.

The revised comparison group included Princeton, Summit (the only original district) and Tenafly. Each bilingual program supervisor was interviewed to ensure that the services were roughly similar to Princeton's. Princeton's cost per LEP student was \$4,307, which was 72.6%, or \$1,812, higher than the \$2,495 average for the other two districts (see table below).

District	Princeton	Summit	Tenafly	Summit & Tenafly
County	Mercer	Union	Bergen	Average
Number of LEP Students	145	97	147	122
Bilingual/ESL Program Costs	\$624,570	\$242,989	\$365,396	\$304,193
Cost Per LEP Student	\$4,307	\$2,505	\$2,486	\$2,495

This cost difference per LEP student can be translated into a total cost difference by multiplying the \$1,812 by the number of LEP students at Princeton (145), which totals \$262,740. This means that if Princeton's cost per LEP student equaled the average of the two comparison districts, Princeton's cost would be \$262,740 less.

The review team searched for data to document that Princeton's Bilingual Program achieved higher outcomes than the comparison districts. The supervisor provided information that indicated that approximately 90% of bilingual students exit the program within three years. Data on other program outcome indicators, such as average gains on proficiency tests, was not readily available. However, in terms of the 90% exit percentage, the supervisors of the bilingual programs in the comparable districts also report that approximately 90% of the students graduate within three years of entering the program.

The review team toured each school in the district, observed ESL and bilingual classes and was impressed with the quality of education in these classrooms. Overall, the review team's impression is that Princeton operates a quality bilingual program, but there is no objective data concerning higher outcomes to justify the significantly higher costs.

Princeton's costs may be higher than the comparison districts due to the fact that reducing costs has not been a top priority in the district's bilingual program. For example, the number of LEP students in the district has decreased about 25% over the past three years, yet there has been no apparent reduction in staff. In addition, the number of students entering the bilingual program did not merit keeping the bilingual program in two elementary schools; however, the district decided to continue instruction at two sites apparently to provide a more even distribution of a diverse student body.

Princeton's costs may be higher due to the payment of higher salaries. Our analysis of teacher salaries in the comparable districts indicates they are roughly similar. But to be conservative we are assuming Princeton's salary costs for its language service teachers are 10% higher than the comparison districts. Ten percent of Princeton's bilingual salary costs equals about \$55,000.

Overall, the cost of providing bilingual services in two schools rather than one may increase Princeton's cost by \$67,000 and higher salary costs of Princeton's bilingual teachers may cost another \$55,000 for a total cost of \$122,000. Subtracting this amount from the \$260,000 leaves \$138,000 as the readily achievable cost reduction in the bilingual program.

In summary, Princeton's cost per LEP student is about 70% higher than comparable districts. This represents about \$260,000 in higher costs for Princeton's Bilingual Program compared to selected districts. By assuming that the Bilingual program will continue to operate in two elementary schools rather than one and that Princeton's Bilingual Program salary costs are 10% higher than the comparison districts, this expense can still be reduced to \$138,000.

Recommendation:

While complying with all pertinent state statutes and Department of Education regulations, district officials should consider reductions in the cost of the Bilingual Education program by at least \$138,000.

Cost Savings: \$138,000

Adult School

The Princeton Adult School is a self-supporting, non-profit organization, administered by a volunteer board. The program does not receive financial support from foundations or governmental sources and depends upon student tuition as revenue for the annual budget. The Adult School, which has been in operation for more than 50 years, encourages wide community participation and strives to maintain quality programs at the lowest possible tuition. About 125 courses are open on a fee basis to all residents of Princeton and nearby communities. The district supports the program by making designated school facilities available to the Adult School. Most classes are held on Tuesday and Thursday evenings at PHS and generally are ten weeks in length. The Adult School has an Endowment Fund to provide scholarships, to buy equipment and to underwrite new programs to meet community needs.

Princeton Charter School (PCS)

A charter school is a public school that operates independently of a local board of education under a charter granted by the NJ Commissioner of Education. State and local financial aid follow students from their district of residence to the charter school. The district of residence pays the charter school an amount equal to 90% of the local levy budget per pupil for the specific grade level, although the commissioner has authority to allow more or less than 90%, but not to exceed 100%. The district of residence also pays directly to the charter school any federal and categorical aid attributable to the student, provided the categorical services are provided.

The transportation of students to the charter school is the responsibility of the district in which the student resides. Charter schools are exempt from facility regulations, except those pertaining to the health and safety of pupils. Charter school employees who have not accrued tenure in a public school do not accrue traditional tenure in the charter school, but do acquire streamline tenure pursuant to state guidelines. While charter school trustees have no bargaining obligations at the outset, charter school employees as public employees are covered by the existing PERC statute and can organize and choose union representation. Charter schools must comply with all state statutes governing public schools, but can request from the commissioner exemption from certain state board regulations, with the exceptions of those pertaining to assessment, testing, civil rights and student health and safety. The act requires the charter school to file an annual report and the commissioner to annually assess whether each charter school is meeting the goals of the charter.

Charter schools are required, to the maximum extent practicable, to seek the enrollment of a cross section of the community, including racial and academic factors. The Princeton Charter School opened in 1997-98 with 72 students in grades four to six. As required by law, admissions preference was granted to students who were residents of the borough and township. Since there were 171 applications from Princeton residents for the 72 places in 1997-98, a random lottery was held to select students for admission.

In 1997-98, PCS had revenues totaling \$917,951, with \$474,176 in categorical and “local levy” district share-charter school aid, \$137,669 in rental income and \$208,098 in donations and contributions. PCS had expenditures of \$880,003, which included start-up costs and \$307,349 for capital outlay.

In September, 1998, the PCS enrollment increased to 120 students in grades three through seven and is projected to be 164 students in grades two through eight in 1999-00. In 1998-99, the district originally budgeted \$779,324 for the charter school; however, the district’s statutory contribution to the Princeton Charter School was actually \$998,636 for that year, which amounted to a \$219,312 budget shortfall. The local levy-program budget and categorical aid at the charter school rate for 1999-00 totals \$1,558,963 or nearly 4% of the Princeton Regional School District budget.

Recommendation:

The LGBR team observes that the district’s financial contributions to the charter school have increased \$1 million over two years, and in 1998-99 amount to about 4% of the total K-12 budget. In addition, the district has a substantial shortfall in excess of \$200,000 in the line item for the charter school in the 1998-99 budget. The full amount for the charter school has been budgeted for the 1999-00 budget. Further comments about charter school financing are contained in Section V – Statutory and Regulatory.

With a limited amount of surplus balance, the district should avoid under budgeting for state requirements, such as the charter school. State regulations do not allow for deficit spending and the district is operating with minimal protection in the event of emergency expenditures.

Instructional Support

Guidance

The guidance director, who has worked in the district for 12 years, started as guidance director in July, 1998. The director believes that the strengths of the guidance program are experienced staff, sensitivity to meeting the needs of a diverse community and the specialization of staff. For example, some staff specialize in college planning and fairs, while others specialize in performing arts, vocational schools, or minority concerns.

The district has seven guidance counselors and one substance awareness counselor (SAC), who serves all schools. The district assigns five guidance counselors to the high school and two to the John Witherspoon School.

The guidance program offers comprehensive services including: individual and group counseling; teacher/student and parent conferences; evaluations of student progress; help with course selections; career counseling; post-secondary education counseling; and, referrals. The SAC specializes in providing information on the prevention of substance abuse, coordinating related services and arranging drug and alcohol education and prevention activities. At the high school level the services, philosophy and goals of the guidance program are outlined in the Guidance Services and Academic Information booklet. Some of the activities offered to high school students include orientation conferences and an evening with parents for 9th grade and new students. Other activities include student athlete orientations, college planning for parents, and dissemination and interpretation of various tests including the PSAT, SAT, HSPT and grade level standardized tests.

In the 1997-98 school year, the district spent \$705,315 on guidance and guidance related services. The average cost per student for the four comparison districts is \$227 per student, while Princeton's per pupil cost is \$233 or 2.6% higher (see table below).

Comparison of Guidance Program Costs-1997-98

District	Princeton	Chatham	Summit	Bernards	Hopewell	Four District
County	Mercer	Morris	Union	Somerset	Mercer	Averages
# Students	3,027	2,663	2,855	3,230	3,321	3,017
Sal. of Prof. Staff	\$563,264	\$521,001	\$484,124	\$725,452	\$495,743	\$556,580
Sal. of Clerical Staff	\$132,155	\$121,511	\$89,273	\$146,695	\$82,517	\$109,999
Purchased Service	\$130	\$1,912		\$26,966		N/A
Other Purchases	\$5,074			\$2,857	\$2,396	\$2,627
Supplies & Mat.	\$1,239	\$9,001	\$10,394	\$4,162	\$8,332	\$7,972
Other Objects	\$3,453	\$985		\$391		N/A
Total	\$705,315	\$654,410	\$583,791	\$906,523	\$588,988	\$683,428
Cost Per Student	\$233	\$246	\$204	\$281	\$177	\$227

When the review team analyzed guidance counselor staffing, SAC counselors were excluded, as they are not certified as guidance counselors. The standard for guidance counselors, as found in the Department of Education's Comprehensive Plan for Educational Improvement and Financing, suggests the standards for guidance counselor staffing for high schools, middle schools and elementary schools.

The overall number of students per guidance counselor at the high school is 192.2. This is reasonably close to the high school standard of 225 students per counselor. The distribution of counselors at the middle school is 333.5, which is nearly on a par with the 337.5 standard for middle schools. The district does not employ guidance counselors for the elementary schools. Instead, the school principal, nurse, child study team members and teachers are expected to address the guidance needs at this level.

Nursing/Health Services

In the 1997-98 school year the district’s health services function was staffed with six full-time nurses (10-month contracts), one contracted nurse who substitutes when a nurse is out due to illness or training, and a medical doctor who is contracted on an hourly basis. The district receives donated clinical services in dermatology and orthopedics for any families with limited resources. The district receives \$2,000 from the Princeton Board of Health for dental screening. In 1997-98, the district spent a total of \$383,296 on health services. Almost 95% of these expenditures are for nursing and substitute nursing salaries. The remaining expenditures are for purchased services (the medical doctor) and supplies and materials.

The doctor provides physical examinations, health screenings and other services. The nurses assist with physical examinations, screen for scoliosis, complete audiometric and visual screenings, report on any observations of communicable diseases, and maintain student health records.

The high school nurse is the coordinator of all the nurses in the district. She reports to the head of student services. The coordinator believes that the health services at Princeton offer excellent quality. The staff, which is experienced and qualified, stays current on recent developments in the field by attending training sessions and conferences. Quality is maintained by directing staff to follow up on all testing and to be responsive to student and parent needs. The district is concerned about keeping costs down. For example, the district used to pay \$350 - \$400 for each drug test (about ten tests per year). However, the coordinator was able to find a service that would do this testing for under \$40 per test.

The team compared Princeton’s expenditures for health services to the four than selected districts. As shown in the table below, Princeton spends \$127 per student, which is 8.5% higher than the \$117 average expenditure per student for the four comparable districts.

Comparison of Expenditures						
Health Services - School Year 1997-98						
District	Princeton	Chatham	Summit	Bernards	Hopewell	4-District
County	Mercer	Morris	Union	Somerset	Mercer	Average
# Students	3,027	2,663	2,855	3,230	3,321	3,017
Salaries	*\$360,740	\$358,790	\$354,489	\$220,474	\$301,011	\$308,691
Purchased/Prof. & Other	\$14,305	\$20,713	\$36,345	\$24,863	\$14,736	\$24,164
Supplies & Materials	\$8,251	\$5,824	\$13,883	\$10,369	\$5,483	\$8,890
Other		\$16,865		\$895	\$222	
Total	\$383,296	\$402,192	\$404,717	\$256,601	\$321,452	\$346,241
Cost/Student	\$127	\$151	\$142	\$79	\$97	\$117

*The salary amount for Princeton is \$64,083 higher than shown in the CAFR. This adjustment was required because the district did not include the salary of one nurse for the 1997-98 school year. This was corrected in the 1998-99 school year.

The total number of nurses at Princeton is roughly equivalent with DOE suggested staffing standards. However, the distribution of nurses is somewhat uneven between the high school and the elementary schools. To some degree this is expected because of differences in the number of students at each school and the assignment of a full-time nurse to each school. Each of the four elementary schools is slightly overstaffed. This ranges from .2 of a full-time person at Johnson Park to .4 of a full-time person at Community Park. On the other hand, the high school appears to be understaffed by more than one full-time nurse. The district is aware of this and addresses it in several ways. First, the district does not require the high school nurse to teach health, as all the other nurses do. Second, the district provides some clerical support for the high school nurse. Third, if a situation arises where more than one nurse is needed at the high school, the middle school nurse, who is just across the street, is assigned as a backup nurse.

Interviews with parents, staff and teachers indicate that the nursing function operates effectively. Overall, the program appears to meet the needs of students, although its costs are 8.5% higher than other districts.

The analysis of expenditures indicates that the higher costs at Princeton are due mostly to differences in salary expenditures. Princeton's salaries are 94.1% of total expenditures compared to an average of 89.1% for the comparison districts. A more detailed analysis of Princeton nursing salaries shows that the average salary of the six full-time nurses is \$58,274. Adding the fringe benefit costs increases the average total cost per nurse to \$72,041. This is equivalent to \$60 per hour (184 workdays @ 6.5 hours per day). The differences in salary levels at Princeton Regional compared to the other districts are discussed more fully in the Collective Negotiations section of this report.

Library/Media Services

Princeton Regional School District is comprised of four elementary schools, one middle school, and one regional high school, all of which have a library media center. The goal of each media center is to support the curriculum, provide for recreational reading and build research skills.

The school district's print collection includes approximately 150,000 books, subscriptions to numerous children and young adult magazines, professional materials for staff, and audio-visual materials to support and enrich the curriculum. The elementary schools are automated and include online access to the catalog, CD-ROM materials, the Internet, and an online, full-text, periodical database.

In the early 1990's, the Johnson Park and Little Brook elementary schools were closed due to declining enrollments. Student populations subsequently increased and the schools were reopened. In order to meet code requirements and technological needs the buildings were rewired. As a result of these upgrades, Johnson Park and Little Brook library media centers were immediately automated. In order to equalize all elementary schools, Riverside and Community Park were automated soon thereafter.

The middle and high school library media centers presently do not have automated access to the card catalog. There are various databases in place at both the middle school and high school levels. The middle school has access to Grolier's Encyclopedia online and DYNIX, an

integrated library system for cataloging and ordering. The high school currently utilizes Proquest, EBSCO, InfoTrac and Dow Jones informational databases. The school board has approved computer technology upgrades for school year 1999-00 as part of the PRSD five-year plan.

The expense of automating is in converting to a machine-readable format. Due to the delay in automating the middle and high school library media centers, processing prices have fallen from \$1.10 to \$0.29 per title. Another benefit of the automation delay is that the Princeton Municipal Library is currently in the process of automating. Thus, all databases and online reference systems within the community will be compatible.

Recommendation:

The conversion from a manual to online reference system has an initial workload, which requires a great deal of data entry. In the past, the library media specialist has completed this in addition to their regular workload. This is not an effective utilization of the professional skill sets of the media specialist. PRSD should consider either reassigning clerical staff for this short-term function or including a request for a temporary support person in its proposal to the software vendor.

Each library media center has a separate budget with line items for books & periodicals, audio-visual and staff books & periodicals. The high school has an additional line item for computer services and supplies. Each budget request has a slightly larger appropriation for audio-visual or computer related services. This maximizes the available resources for finding and using information.

The elementary school library media centers work closely with the technical media assistant for the integration of library and information skills instruction. Library media specialists actively encourage student interest in reading activities such as booktalks, storytimes, displays, contests, programs and author visits. At the middle school level, information skills are in place and library media specialists concentrate on selecting resources for students' reading, viewing and listening needs. Media specialists encourage students to seek guidance when selecting books and utilizing databases. The high school library media specialist utilizes the collection and integrates all facets into the curriculum.

Media specialists at all levels use telecommunications and online database systems to meet reference and information needs. This is further evidenced in the PRSD home page on the Internet. Each school has a site with a specific designation for the library media center (although some library media center sites are still under construction). Features include Internet sites, research skills, recommended reading and the electric library for checking the status of a book.

One librarian staffs each library media center. The high school media center also has the assistance of a secretary. In addition to the regular staff, each library is served by a number of volunteers and the high school library media center utilizes teachers who have available "free" periods.

The Parent Teacher Organization (PTO) for each individual school raises funds throughout the school year with various functions. The media centers have successfully applied for grants to the PTO. These grant funds have been utilized for the purchase of additional materials, subscriptions or software. PRSD also hosts an annual book fair, which raises money and contributes books to the media centers.

Recommendation:

PRSD has local resources available to access for grants. These include corporations, institutions for higher education and community groups. The library media specialists should apply for mini-grants through the PRSD grants writer, in addition to developing suggestions for specific grants.

Professional Development

The district's 1997-98 professional development program cost \$80,035 and an additional \$15,793 grant was used to fund professional activities. The three in-service days were as follows:

- October 13 – Celebrating the Challenges of Diversity: Reaching and Teaching All Our Children
- February 17 – New Dimensions in Assessment and Evaluation
- March 13 – Teaching Globally with Technology

In-district courses and workshops included:

1. assessment and program development;
2. technology workshops on Hyperstudio, Claris Works and computer literacy;
3. monthly discussion of literature and films reflecting multicultural scholarship;
4. reading workshop demonstration lessons (February 9-12, 1998);
5. differentiated instruction workshop (June 25-27, 1998); and
6. creating a virtual museum with your students (June 26, 1998).

Many curriculum-related and staff development activities were also held at the school level during the year and identified in the Quality Assurance Annual Report.

Princeton Regional teachers seek ongoing training to develop and support unique programs. For example, teachers in two elementary schools received instruction in operating StarLab, a portable planetarium. They developed a curriculum that integrates aspects of astronomy with the language arts and social studies programs.

Parent Involvement

Each of the four elementary schools has an active parent-teacher organization (PTO), which serves to promote the well being of children and to enhance educational programs. PTO programs include activities such as:

- Educational initiatives - book week, school safety programs, handicap awareness and international festivals.
- School services – library volunteers, lost and found, room-parent projects and family directory.
- Family-oriented activities for a sense of community – hospitality events for new parents, family picnics and moving on ceremonies for fifth graders.
- Financial resources to extend school learning opportunities – assembly programs and mini-grants for classroom purchases.
- Public forums for discussion of relevant educational issues – curriculum updates, testing, health and computers.

The PTO groups maintain active parent volunteer programs and ongoing fund-raising activities.

Each school has a PTO whose members provide ongoing programmatic and financial support, such as the following examples:

- Community Park School: arts residencies and after-school clubs.
- Johnson Park School: school wide art projects and creations of outdoor-learning opportunities.
- Littlebook School: development of an environmental trail based on children’s literature and partial sponsorship of a fifth-grade overnight trip to Gettysburg.
- Riverside School: creation of theme gardens and development of school wide pupil broadcasts.
- John Witherspoon Middle School: support for grade-level environmental trip, Washington, DC trip and funding of teachers’ curricular initiatives.
- Princeton High School: support of a recycling program with containers and sponsorship of a post-prom party to ensure students’ safety and supervision.
- PTOs provide mini-grants to classroom teachers to enhance their educational programs.

Total Support Costs

Total support services include cost centers that involve direct services to students outside the classroom. Princeton Regional had 1997-98 per pupil expenditures of \$1,293 and ranked 73rd among 75 other school districts. The average for the four comparison districts was \$1,000 per student and the state K-12 average was \$857. Using the average cost of the comparable districts, the Princeton support services cost was \$290 per student (times 3,027 students) or \$886,900 more expensive.

Analysis of Similar Districts-Using Per Pupil Expenditures and Staffing Data

Support Services	Princeton Mercer	Chatham Morris	Summit Union	Bernards Somerset	Hopewell Mercer	4-District Average
Total Support Svcs.	\$1,293	\$1,215	\$1,076	\$874	\$833	\$1,000
Salaries & Benefits	\$1,136	\$1,104	\$955	\$737	\$710	\$877
Student/Support Ratio	86.0	85.9	92.2	104.0	91.3	93.4
Median Salary	\$68,380	\$72,748	\$56,406	\$48,604	\$56,800	\$58,640

Source: NJDOE Comparative Spending Guide, March 1999

As previously indicated, most of these costs are for salaries and benefits for child study teams, media/library, guidance, nurses, attendance, etc. The median salary level of \$68,380 was \$9,740, or 16.6% higher than the four-district comparison. Salary levels and benefits are discussed under the Collective Bargaining section of this report.

The number of students per support services staff member in Princeton was 86 compared to an average of 93.4 for the four other districts, which is a 7.9% difference attributable to higher staffing numbers. This additional staffing translates (i.e., \$3,438,372 times 7.9%) to about \$270,000 in salaries and benefits.

Aside from salaries and benefits, Princeton Regional expended \$157 per student for support services, compared to an average of \$123 for the comparison districts. This additional expenditure of \$34 per student costs the district about \$102,000.

Recommendation:

Since Princeton has the highest total cost for support services among the comparison districts, district officials should examine this area for possible cost reductions of \$270,000 in the number of staff and \$102,900 for other non-staff expenses.

Cost Savings: \$372,900

Technology Plan

The Princeton Educational Technology Plan was distributed in April, 1997 with recommendations for student instruction, staff training, technical support, hardware and software, connectivity and networking for the next three years. The plan contained nine belief statements and six goal statements. The goals are summarized as follows:

- Staff and students will develop competence and confidence in the critical and creative use of informational technology in their teaching and learning.
- Students and staff will understand the ethical implications of informational technology and use it appropriately.
- Students will master a core set of technological skills sequentially as an integral part of the curriculum.
- An ongoing review and revisions process will be created for the use of technology.
- The district will use informational technologies to enhance the community's participation in the educational enterprise.

The plan included a "Toolbox" model in Appendixes A through D to define the skills or "set of tools" which a student should have when exiting a grade level or school. The types and amount of staff training that would be required to realize the benchmarks were also set forth. Ethical standards were presented so users will use computer resources in a legal and ethical manner with appropriate classroom behavior. There was a description of standard suites of software, which were installed on computers when they were procured and guidelines for those who are recommending computer purchases. Software objectives were itemized as follows:

- Develop an assessment tool for staff to evaluate the educational value of software titles.
- Develop a process that disseminates/updates/maintains information about currently owned and newly purchased software titles.
- Develop guidelines for the purchase and use of software from district funds, as well as on an individual school or classroom basis.

The plan also includes recommendations relative to hardware and connectivity. These included: 1) Replacement of coaxial cable with single-mode fiber optical cable, with redundant paths whenever feasible; 2) Purchasing network performance monitoring software and evaluating traffic and specific address needs; 3) Taking advantage of the fiber WAN upgrade to centralize servers; 4) Installing additional routing and switch capabilities and hubs in each building “wing” connected by multi-mode fiber to central data equipment; 5) Implementing a multi-year equipment replacement plan to replace computer equipment based on changing classroom and office needs. The report included an appendix with a diagram of the WAN upgrade.

Recommendation:

The report presented an action plan to guide the district’s use of technology as an instructional tool into the 21st Century. District personnel are to be commended for the quality of several sections of the technology plan, particularly the very specific toolbox skills array for elementary, middle and high school students and the accompanying staff development. The report is somewhat incomplete due to the absence of any financial or budget data, which would be necessary for implementation of the plan.

Technology Department

The department is staffed with a district technology coordinator and three support persons. One of the technicians spends about 25% of the time keeping the township computers and network operational and the district is reimbursed for the expense. The district owns about 800 computers, which are used for instructional purposes and maintained by the department. There is a maintenance tracking system with records of work and materials orders for computer repairs, such as failing disk drives, mouse and printer malfunctions, dust removal and cleaning, occasional software tampering and vandalism, etc. About \$25,000 is spent for six to eight part-time student assistants, who also may work during the summer to pull cables, repair computers, etc.

The budget for recurring computer and network upgrades is about \$150,000 annually and \$42,000 is expended on supplies, disks, ink cartridges, headphones, etc. The purchase and installation of fiber optic cable for the district network initially cost about \$115,000, which reportedly was well below market prices. In addition to the six schools and central office, the district network includes the two municipal complexes, the Learning Center, the Public Library and the Senior Center. The district network is connected to Princeton University network, which provides Internet access free to the district, and to MercerNet countywide distance learning/data network, which was funded by a government grant and commercial donation as described further in the Shared Services section of this review report. Other applications for technology and telecommunications discounts have been filed through the Educational Services Commission.

The central office administration utilizes the System 3000 software program for financial and purchase order purposes. The secondary school uses the SASI system for scheduling, student records, grade reporting, etc. There is a recognized need for technology upgrades at the middle school, from Local Talk to Ethernet network and also for the purchase of more modern computers.

As indicated under the Best Practices section of this report, the LGBR team was favorably impressed with the technical knowledge, leadership skill in utilizing outside resources and resulting hardware and software procured by the technology coordinator.

Special Education

The special education population in Princeton is characterized by a relatively stable classification rate with an average of 9.63% for the last three school years compared with the New Jersey rate of 12.1%. It should also be noted that although the child study team (CST) classification rate is moderate in Princeton Regional, as shown in the following table, the trend has been upward during the past five years.

Princeton Regional Child Study Team Classification Rates as Percent of Enrollment						
1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	% Change
7.4%	7.6%	8.8%	9.6%	9.6%	9.7%	+31%

Source: NJDOE, Office of Special Education Programs: Statistical Reports for the 1995-98 School Years

There have been shifts in the classification types including an average annual 33% increase in multiply handicapped, a 33% increase from nine to 15 students in the autism population. There was a 8.2% decrease in the population receiving speech during the two year period of 1995-96 to 1997-98. However, some additional students receive speech instruction as a related service. Both the percentages and actual numbers are presented in the following table:

Special Education Classifications and Percentage of Total District Enrollment														
Princeton	Enroll	EDT	NI	PI	ED	MH	AHD	OH	CI	CH	SP	PRE	AUT	CST
Enrollments														
12/1/95	2,958	3	6	160	21	18	0	3	3	41	98	15	9	284
12/1/96	2,905	0	0	157	17	26	3	0	3	41	110	6	9	279
12/1/97	3,020	3	9	163	18	30	3	0	3	48	82	6	15	293
Percentage														
12/1/95	2,958	0.1	0.2	5.4	0.7	0.6	0.0	0.1	0.1	1.4	3.3	0.5	0.3	9.6%
12/1/96	2,905	0.0	0.0	5.4	0.6	0.9	0.1	0.0	0.1	1.4	3.8	0.2	0.3	9.6%
12/1/97	3,020	0.1	0.3	5.4	0.6	1.0	0.1	0.0	0.1	1.6	2.7	0.2	0.5	9.7%

Source: NJDOE, Office of Special Education Programs: Statistical Reports for the 1995-98 School Years

The CAFR Report provides significant information about special education expenditures from 1996-97 to 1997-98, as illustrated through the following examples:

1. Expenditure increase of 77.6% for Other Salaries for Instruction of the Communication Handicapped. The number of students classified for Communication Handicapped increased by 7, from 41 to 48.

2. Other Salaries for Instruction of Resource Room increased by 88.3%. The director of special services indicates this is attributable to the creation of new programs for communication handicapped students with neurological problems versus language problems.
3. Special education tuition under Undistributed Expenditures-Instruction increased 52.3%. The Tuition to County Special Services School Districts and Regional Day Schools 1997-98 expenditures increased by 270.39% over 1996-97 levels. Since there is no preschool/kindergarten option currently available within PRSD, all candidates attend the Mercer County Special Services School District (MCSSD).
4. Also tuition payments to private schools for handicapped (out of state) increased 261%. There are two students with tuition ranging from \$60,000 to \$80,000.
5. The expenditure for special education transportation decreased 29.5%, primarily due to a reduction in home/school costs. The total number of special education classified students who were transported increased by 25 students, or 3.96%.

Princeton Regional School District			
(Actual Expenditures)	1996-97	1997-98	% Change
Special Ed Instruction			
Mentally Retarded - Educable	0	0	
Orthopedically Handicapped	6,276	56	-99.11%
Salaries of teachers	5,948	0	
General supplies	328	56	-82.93%
Perceptually Impaired	249,734	179,796	-28.00%
Salaries of teachers	172,899	112,940	-34.68%
Other salaries for instruction	75,165	65,380	-13.02%
General supplies	1,670	1,476	-11.62%
Communication Handicapped	119,554	189,136	58.20%
Salaries of teachers	62,609	89,439	42.85%
Other salaries for instruction	55,231	98,115	77.64%
General supplies	1,714	1,582	-7.70%
Multiply Handicapped	87,564	80,114	-8.51%
Salaries of teachers	37,209	41,140	10.56%
Other salaries for instruction	49,934	38,428	-23.04%
Other purchased services	0	66	
General supplies	421	480	14.01%
Resource Room	994,378	1,167,587	17.42%
Salaries of teachers	892,205	975,895	9.38%
Other salaries for instruction	99,955	188,244	88.33%
General supplies	2,218	3,448	55.46%
Supplementary Instruction	26,670	39,599	48.48%
Salaries of teachers	26,670	39,599	48.48%
Speech Instruction	241,145	244,492	1.39%
Home Instruction	43,162	0	
Extraordinary Services	60,641	0	
Salaries of teachers	21,916	0	
Other salaries for instruction	38,725	0	
Undistributed Expenditures-Instruct	1,070,827	1,631,217	52.33%
Tuition to Other LEAs Within State - special	40,639	13,730	-66.21%
Tuition to CSSD & Reg Day Schools	98,326	364,188	270.39%
Tuition to Private School for Handicapped (In State)	865,777	1,084,303	25.24%
Tuition to Private School for Handicapped (Out State)	36,815	132,881	260.94%
Tuition to State Facilities	29,270	36,115	23.39%
Other Support Services - Special Services	1,052,897	1,333,337	26.64%
Salaries of Other Professional Staff	805,474	906,235	12.51%
Salaries of Secretarial and Clerical Assistants	83,761	84,272	0.61%
Other Salaries	0	206	
Purchased Professional - Educational Services	153,767	272,732	77.37%
Other Purchased Professional & Technical Services	1,065	2,550	139.44%
Other Purchased Services	2,310	2,459	6.45%
Supplies and Materials	5,005	6,032	20.52%
Residential Costs	0	58,851	
Other Objects	1,515	0	
Spec. Ed Transportation	303,650	213,957	-29.54%
Pupil Trans between Home-School	152,961	60,347	-60.55%
Contracted Services - Vendors	3,992	13,437	236.60%
Contracted Services - Joint Agreement	146,697	140,173	-4.45%
TOTAL SPECIAL ED EXPENDITURES	\$4,256,498	\$5,079,291	19.33%

Source: PRSD Comprehensive Annual Financial Report for FY Ended June 30, 1998

Note: Speech Expenditures in 1997-98 were moved to Other Support Services-Students-Related Services.

Special education services include many offerings that are not provided in the regular education program and, consequently, are more expensive. However, with a continued increase in costs for special education expenditures of 15% or more annually, the total special education expenditures will double within five years. Special education costs have been increasing much more rapidly than the Princeton Regional total budget. In fact, the \$882,793 increased cost for special education for about 10% of the district student enrollment was 46.6% of the total increase in district expenditures from 1996-97 to 1997-98. Moreover, the special education cost per student increased \$1,700 or 13%, compared to the regular education cost increase of \$170 or 1.7%.

The director of student services oversees the district's special education program. During the 1997-98 school year, the district employed four psychologists, two psychiatrists, four learning consultants, four social workers, 4.1 speech correctionists, one adaptive physical education teacher, one occupational therapist, 23 special education teachers and 31 special education aides. (Note: *The district employs many part-time professionals and, thus, all positions are described as FTE's and not as individuals.*)

According to information provided by district officials, between October, 1997 and October, 1998, the number of full-time equivalent teacher aides in the district increased from 42 to 58.6 or a 39.2 % increase in one year. In addition, the clerical/secretarial staff increased from 33.1 to 36.2, or a 9.36% increase. In April, 1999, as the result of budgetary and financial concerns, the Princeton Board of Education reduced the number of aides for 1999-00 to about the 1997-98 level.

During the 1997-98 school year, there were four child study teams reporting to the director of student services. Each team was comprised of a learning disability consultant, school psychologist and social worker. One team was shared between Littlebrook and Riverside Elementary Schools, another team was shared between Community Park and Johnson Park Elementary Schools, and there was one team each assigned to the middle school and the high school. With this staffing arrangement, two learning disability consultants and two social workers were shared among four schools and one school psychologist was responsible for two of the elementary schools.

For the same time period, there were 381 students classified for special education, of which 168 were classified as having a perceptual impairment. This is characterized by a disorder in one or more of the basic psychological processes in understanding or using language, spoken or written. It may manifest itself in an imperfect ability to listen, think, speak, read, write, spell or do mathematical calculations. Of the remaining 213 students, 82 have been classified by a speech-language specialist and receive only speech instruction within the district.

The 1997-98 Application for State Aid (ASSA) lists 84 students as out-of-district placements in both public and private educational institutions as follows:

- 42 are in private in-state residential placements;
- 3 are in private out-of-state placements;
- 2 are in private residential placements;
- 6 are in public state schools;

- 20 are in Mercer County Special Services School District (MCSSD);
- 2 are in Regional Day Schools;
- 3 are in public schools out-of-district; and
- 6 attend the alternate high school at Mercer County Community College.

Utilizing statistics based on the 1997-98 CAFR Report, Princeton Regional has the highest expenditures of \$5,079,291 in special education, which translates to the highest per student special education cost when compared to the other four comparable school districts.

Special Education <i>Fiscal Year Ended June 30, 1998</i>	Princeton Regional <i>Mercer</i>	Bernards Township <i>Somerset</i>	Chatham <i>Morris</i>	Hopewell Valley <i>Mercer</i>	Summit City <i>Union</i>
<u>Revenues</u>					
Special Education Aid	\$1,291,519	\$898,133	\$1,091,016	\$1,249,300	\$1,065,748
<u>Expenditures</u>					
Instruction	1,656,288	1,812,259	1,291,320	1,037,659	1,610,524
Undistributed Expenditures-Instruction	1,631,217	1,159,543	803,262	1,159,880	759,291
Support Services*	1,577,829	792,333	1,028,272	969,990	848,607
Transportation	213,957	225,593	319,331	450,995	191,647
Total Spec Ed	5,079,291	3,989,728	3,442,185	3,618,524	3,410,069
At Princeton Spec. Ed Enrollment	5,079,291	4,210,766	2,987,409	2,920,885	3,843,894
Education Cost Per Spec. Ed Student	\$13,331	\$11,052	\$7,841	\$7,666	\$10,089
Special Education Enrollment	381	361	439	472	338

*Includes speech expenditures.

It is apparent from the table above that in 1997-98 Princeton Regional expended more than \$.86 million more on special education than the highest spending district of the comparison group. Those extra costs were primarily in the undistributed (tuition) expenditures and support services categories.

Based upon available district data, the average cost to send a student out of district in 1997-98 was approximately \$19,400, plus \$2,600 in transportation costs. Therefore, the average total cost to educate a special education student out of district was \$22,000, which does not include residential costs. The average special education cost to educate a classified student (K - 12) (exclusive of speech) within the Princeton Regional School District was about \$14,000 for the same period. Therefore, on average, it costs an additional \$8,000 per year to educate a special education student out of district.

The Princeton Regional School District has only recently started to bring students in from out of district. At the time of the budget review, there were 56 students utilizing district self contained classrooms (five of whom were not classified as special education) and 190 students utilizing resource centers (29 of whom were not classified). Such placements are legitimate for students with 504 plans specifying those accommodations.

The review team examined the student enrollments in special education self-contained and resource classrooms and found a significant number of empty seats in comparison with state allowances for maximum class enrollments. While there were exceptions, the class enrollments typically were filled from one-half to two-thirds of the allowed capacity. The team concluded

that while the district has limitations in classroom space for the formation of new special education classes, there are ample empty seats in existing classes to accommodate the following recommendations.

Recommendations:

All classifications and services obviously must be provided in accordance with students' Individualized Education Programs (IEP's) and federal and state laws regarding the education of handicapped pupils. However, if in the near future an additional 30 students, or 35% of the current out-of-district placements, are educated within the district with an estimated per pupil savings of \$8,000 per year, an annual savings of \$240,000 would be possible.

Cost Savings: \$240,000

Princeton Regional is currently in the process of addressing district-wide facility and space needs. Further consideration should be given to creating additional special education classes to reduce future special education costs.

Princeton Regional should actively promote increasing the number of tuition paying special education students from other districts. For example, if 20 special education class empty seats could be filled with tuition paying students from other districts, revenue earnings totaling \$300,000 would be possible based on an estimated average tuition of \$15,000.

Revenue Enhancement: \$300,000

Local newspapers have reported and members of the educational community have suggested that minority students are over-represented in receiving special education services in Princeton. October, 1998, district figures show that 40% of the 51 black male students attending Princeton High School were enrolled in special education classes.

This project is the first of its kind in New Jersey and requires the involvement of the state Department of Education, the federal Office of Civil Rights, the federally funded New York University Equity Assistance Center and the Northeast Regional Resources Center.

The first step for Princeton Regional is the formation of an oversight committee and the collection of data about the district's special education programs. The committee will consist of a building principal, an assistant principal, a regular and special education teacher, a child study team member, several parents, members of the Minority Education Committee, and members of the Special Education PTO. This committee will examine child study team referral rates for the past two years and break down the figures by ethnicity.

Princeton Regional school officials should be commended for acknowledgement of the factual situation and their willingness to participate in this program.

Athletics and Extracurricular Activities

Co-Curricular Activities

This section analyzes the district's effort regarding district-sponsored co-curricular activities such as clubs, bands, orchestras, entertainment, and publications. Princeton has roughly 100 clubs and numerous co-curricular activities, including, acclaimed vocal and instrumental programs. The high school has about 70 clubs, ranging from an art club to a vegetarian club. The middle school has about seven clubs, including art, audiovisual, yearbook and a restaurant club. Each of the elementary schools has about five clubs each, including chess, computer, and a Russian math club.

Princeton spent \$106,103 on co-curricular activities in 1997-98 (see table below). Nearly 90% of these expenditures are for stipend payments to teachers who serve as advisors. The remaining expenditures include items such as supplies for the yearbook, band, and theatre.

The district has a strong student participation rate in co-curricular activities. The district fosters this at the high school by scheduling an activity period rather than "lunch" in the middle of the day. Club advisors meet with students during this period (and they are paid). This helps to increase interest and participation. Most of the 899 high school students participate in more than one club or activity. The high school estimates that 1,900 students participate in co-curricular activities. Participation at the elementary level is somewhat lower. Overall, the participation numbers reviewed by the team are impressive and appear to warrant continuation of all programs, which are varied and offer enrichment to participants.

The team compared the costs of Princeton's co-curricular activities with the selected districts. The results are presented in the table below.

Comparison of Expenditures for Co-Curricular Activities – 1997-98

District	Princeton	Chathams	Summit	Bernards	Hopewell	4-District
County	Mercer	Morris	Union	Somerset	Mercer	Average
# Students	3,027	2,663	2,855	3,230	3,321	3,017
Salaries	*94,461	\$166,131	\$115,131	\$129,024	\$61,572	\$117,965
Purchased/Prof. & Other	\$6,987	\$1,029	\$10,970		\$7,102	\$6,367
Supplies & Materials	\$1,143	\$485	\$9,742	\$13,045	\$38,515	\$15,447
Other	\$3,512	\$14,678			\$5,431	
Total	\$106,103	\$182,323	\$135,843	\$142,069	\$112,620	\$143,214
Cost/Student	\$35	\$68	\$48	\$44	\$34	\$48

*The salary amount for Princeton is \$12,600 higher than shown in the CAFR. This adjustment was required because the district excluded \$2,100 teacher in stipends for audiovisual services in each school for the 1997-98 school year. This will be corrected in the 1999-00 school year.

The data indicates that Princeton's cost per pupil is \$35, which compares to the average per pupil costs for the selected districts of \$48. Princeton's cost per student for salaries is \$31, which is \$9

or 22.6% below the \$40 average of the comparison districts. Multiplying the \$9 difference by the number of students at Princeton indicates that Princeton's costs are about \$27,243 below the comparison districts.

An interview with the high school principal indicates that several factors help to explain the below average cost for Princeton Regional. First, many teachers at the high school volunteer their time, especially during the start-up of a new club. Secondly, parents or other non-teaching personnel sometimes provide advising services for clubs at no cost. Thirdly, costs may be lower at Princeton because needs may exist at the high school that are not funded. According to the principal, many additional advisors are needed, including two technology advisers for network services in both MAC and IBM systems, and advisors for new clubs such as a ski club, a chess club and others.

Given the large number of co-curricular activities and the high participation rate, the review team acknowledges that the costs of this program are comparatively reasonable and the program generally meets the needs of students. However, the district should assess developing student needs each year, as the school budget is prepared.

Athletics

The district places high value on a strong athletic program. According to the district "...athletic participation contributes to the health, physical skills, instructional maturity, social competencies and moral values of our students. Athletics extend the educational experience and develop responsibility and cooperation." This commitment is implemented by an intensive, highly participatory and award-winning athletic program, both at the high school and the middle school levels.

In 1997-98, the athletic program expended \$464,867, with salaries representing 79.0% of these costs. A director of athletics, a full-time secretary and a full-time trainer staff the athletic program. However, their salaries represent 48.1% of salary expenditures. The majority of salary costs are stipend payments to teachers for coaching the wide variety and levels of sports.

The high school offers 17 different sports, including football, ice hockey, golf, swimming, field hockey, soccer, etc. Each sport has one to three levels based on the number of participants and performance levels. Among the 17 sports there are 45 different levels. The middle school offers eight different sports, including field hockey, soccer, tennis, track, softball, etc. and 13 different participation levels.

A key indicator of the strength of Princeton's athletic program is the large number of students who participate. In the 1997-98 school year, 680 high school students participated in the program. Although there is some duplication from students who participate in multiple sports, i.e., fall, winter and/or spring, the district appears to have a high participation rate. The number of high school participants as a percentage of the total number of high school students results in a participation rate of 71% in the district. This is a higher rate than the review team has found in other districts.

This high participation rate results, partly, from the district's "no cut" policy. This means if the student stays out for the sport, he/she will participate. Sometimes a no cut policy can reduce the competitiveness of school teams: however, this has not happened at Princeton, especially at the high school. The high school has received numerous awards, including winning the Valley Division Boys Tennis Championships for 17 consecutive years and the soccer team recently was ranked #8 in the state with a 17-1-1 record.

The district achieves the difficult balance of competitiveness and a "no cut" policy by having an extensive coaching process. Coaches work closely with students to ensure that each achieves their maximum potential within the context of the individual or the team sport. The commitment of coaches to their players and the sport is reflected in the numerous coaching awards given to Princeton's coaches. The local media or the different coaching associations give these awards. Princeton coaches have recently won "coach of the decade" given by the Regional Tournament Committee of the Wrestling Association and "coach of the year" award for field hockey awarded by the NJ Field Hockey Coaching Association. Other "coach of the year" awards were recently given for swimming, soccer, ice hockey, and tennis.

A comparison of Princeton's expenditures with the three comparison districts indicates that Princeton's total costs were \$154 per student (K - 12), which is exactly the average for the three comparison districts (see table below).

Comparison of Expenditures for Athletics - School Year 1997-98

District County	Princeton Mercer	Chathams Morris	Summit Union	Bernards Somerset	3-District Average*
# Students	3,027	2,663	2,855	3,230	2,916
Salaries	\$367,212	\$246,7512	\$326,820	\$287,070	\$286,801
Purchased/Prof. & Other	\$50,815	-	\$98,866	\$16,371	\$57,619
Supplies and Materials	\$29,850	\$94,793	\$130,582	\$89,156	\$104,844
Other	\$16,990	\$11,924		\$3,378	\$7,651
Transfer to Cover Deficit				\$37,288	N/A
Total	\$464,867	\$353,229	\$556,268	\$433,263	\$447,587
Cost/Student	\$154	\$133	\$195	\$134	\$154

**Hopewell was eliminated from our comparison group for athletics, as they do not have football, which is a significant expense for each of the remaining districts.*

While Princeton's total costs are average, salary and supply and material costs merit further review. Princeton's salary costs were \$367,212, which was \$80,411, or 28% above the \$286,801 average. Princeton's salary costs per student were \$121, which was \$23, or 23% higher than the \$99 salary cost per student average for the three comparison districts. Multiplying the \$23 difference by the number of students at Princeton indicates that salary costs were \$69,621 above the comparison districts.

An analysis of salary expenditures and a telephone survey of the comparison districts revealed that Princeton's salary costs are within the normal range given the high quality of Princeton's program. The other programs do not allow all students who come out for a sport to participate.

Related to this, Princeton generally has more levels and more coaches than the other districts. As noted, more than half of the salary expenditure in Princeton's athletic program is for stipends that are paid to teachers to coach.

The other area that was unusual at Princeton in 1997-98 was that supply and material costs were \$74,994 below the \$104,844 average of the comparison districts. The supply and material cost per student at Princeton was \$10, which is \$26 or 72.8% below the \$36 supply and material cost per student average for the comparison districts. Multiplying the \$26 difference by the number of students at Princeton shows that supply and material costs are \$78,702 below the comparison districts.

An analysis of expenditure data, interviews with athletic personnel at Princeton and the comparison districts, and observations of supplies and materials indicate that Princeton's quality and expenditure amounts are within the normal range. The low expenditures in 1997-98 were due to the fact that supply and material expenditures vary significantly from year to year, depending on which sport needs new supplies and materials. For example, in the 1996-97 school year Princeton spent \$59,227 on supplies and materials, which was 98.4% higher than the 1997-98 school year. Moreover, Princeton bought new football, baseball, and basketball supplies and materials in 1998-99, which increased expenditures significantly.

Overall, the athletic program at Princeton spends more on salaries and less on supplies and materials than the comparison districts. However, higher salary expenditures result from the district's commitment to provide students an intensive, highly participatory and award-winning athletic program. The low expenditures for supplies and materials are due to the uneven yearly costs rather than inadequate amounts or quality of materials and supplies. Overall, Princeton's athletic program appears to meet student needs at a reasonable cost given the district's commitment to a quality athletic program.

BUSINESS OFFICE OPERATION

Purchasing

This section analyzes the district's purchasing function. In 1997-98, only about \$7.9 million or 22.3% of the district's \$35.5 million in expenditures were for purchased items. The majority of the district's expenditures were for salaries (\$22.2 million), health benefits (\$3.1 million), and TPAF and social security contributions (\$2.2 million). The district spent the \$7.9 million 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 4,500 purchase orders per year. Around January, each school, the business office, custodial, maintenance and other functional units submit to the business office purchasing requests for the next school year. These requests are reviewed, consolidated or revised where appropriate, and approved by the business administrator and the superintendent. Around March, the district solicits bids to purchase the needed items. By May, the district submits orders to vendors with delivery dates. By the end of July, the vendors deliver the items that were ordered. School supplies are delivered to each school and are boxed for each teacher.

The business office works with the various functional units in the district and with vendors to ensure that all purchasing is done as uniformly as possible. The district uses a variety of purchasing methods to help ensure good value is received for its purchasing dollars. Depending on the item to be purchased, the district uses state contracts, obtains bids or quotations or buys selected items cooperatively with the Township or the Borough of Princeton.

In terms of state contracts, the district uses 25 different contracts including:

Janitorial chemicals	Grounds maintenance equipment
Copiers	Ladders and scaffolding
Lab glassware and supplies	Maintenance and supplies for copiers
Fire extinguishers	Playground and park equipment
Plumbing and heating supplies	Video and audio tapes
School/library supplies	Sporting goods

If the district needs an item that is not available under state contract or if it believes it can obtain a better value, the district will obtain bids or quotations. For example, the district purchases physical education (K-5), health and nursing supplies through the bidding process. In November, the purchasing agent sends the schools a list of items purchased in the prior year. By January, the purchasing agent receives the requests and finalizes the list of needed items. In February, he receives quotations from vendors. The results are returned to the section supervisors, who then make their selections. The purchasing office creates requisitions and, after approval, orders are sent to vendors. Because of different needs, the middle and high schools purchase their athletic equipment separately.

The district provided information that suggests that the bidding/quotation process is effective in obtaining a good value for expenditures. For example, the district needed auditorium sound and lighting work, which was not available under state contract. The district obtained an architect to develop specifications, attend the pre-bid conference, and evaluate the bids. The bids ranged from \$283,000 to \$122,000. The difference between these two bids (\$161,000) is a rough indicator of the value to the district of obtaining competitive bids. The district also obtained bids for copy paper and ink jet toner cartridges, even though these items were available under state contract. The prices obtained were significantly below the state contract price.

The district also works, on a limited basis, with other government agencies to reduce purchasing costs by establishing cooperative purchasing agreements. The district purchases gasoline and diesel fuel with the Township and the Borough of Princeton. The district is considering expanding the cooperative purchasing efforts by joining with other school districts.

The district's purchasing function is generally well run, but improvement is needed in two areas. First, the district would save money by additional purchasing cooperatively with other school districts. For example, the district uses state contract vendors to purchase school supplies. A comparison of state contract prices for typical school supplies with prices from a large school district cooperative, which includes approximately 200 school districts, indicates that the cooperative purchasing costs are an average of 27.3% lower. The school district cooperative charges a fee to participate (approximately 5.5% of the price) but the savings far outweigh the

fee. For example, the district spent \$320,988 on school supplies in 1997-98. Purchasing these items at 27.3% less would have resulted in a total cost of approximately \$233,359. Adding the fee (\$12,834) to this amount would increase costs to \$246,193; however, this is still \$74,795 less than the amount the district paid.

Recommendation:

The district should expand its cooperative purchasing effort and join with other school districts. A comparison of cost differences on school supplies indicates that the district could reduce costs by \$74,795 per year. The district may achieve additional savings from purchasing other available items.

Cost Savings: \$74,795

The second area where the district can improve the purchasing function involves petty cash accounts. In 1997-98, the board authorized 15 petty cash accounts. The board authorized eight of these accounts, including the six in the schools, to spend \$27,750. However, \$46,162, or 66.4% more than authorized, was spent. These purchases were completed with little or no coordination with the purchasing function. This practice costs the district money because these supplies are not ordered in bulk. Moreover, according to N.J.A.C. 6:20-2A.8, the purpose of petty cash accounts is to make immediate payments of comparatively small amounts (the statutory basis is N.J.S.A. 18A:19-13). The board authorized a \$149.99 limit that, in most cases, was not exceeded. However, the total amount expended indicates that these petty cash accounts currently operate as a parallel purchasing process.

Recommendation:

The district should limit petty cash expenditures to the amount authorized. These accounts should only be used to purchase items that cannot reasonably be included in the coordinated purchasing effort. In those instances when petty cash funds are persistently abused, district officials should consider canceling the petty cash fund.

Workers' Compensation

The district spends roughly \$150,000 per year on workers' compensation insurance coverage. The cost of workers' compensation insurance is based on various factors, including the number of workers' compensation claims per employee, which is known as the experience modification factor. The district is rated at .779, or roughly average, by the insurance industry.

However, a comparison to the selected districts indicates that the Princeton Regional cost per employee is \$181, or 81.4% above average (see table below). The team completed additional analysis to ensure that Princeton is comparable to the other districts. An important factor in workers' compensation costs is the proportion of professional and nonprofessional staff. The proportion of certified staff at Princeton is 67.4% compared to 71.7% for the four selected districts. Salary level is another comparison issue; consequently, Princeton's workers' compensation costs should be roughly 10% higher than the comparison districts.

District	Princeton	Chathams	Summit	Bernards	Hopewell	4-District
County	Mercer	Morris	Union	Somerset	Mercer	Average
# Employees*	435	361	350	362	434	388
Cost	\$175,148	\$101,541	\$92,968	\$59,164	\$77,006	\$82,670
Cost/Employee	\$403	\$281	\$265	\$163	\$177	\$222

*This data came from the CAFR and is unaudited.

Prior to the team's arrival, the district took steps to reduce workers' compensation insurance costs. Competitive proposals were received both for broker services and insurance coverage. The district selected a new broker who has initiated changes that should reduce lost time, prevent accidents and injuries and lead to significant reductions in the district's insurance costs.

The broker evaluated proposals from numerous insurance carriers and recommended a new carrier. The district joined a Joint Insurance Fund (JIF) for the 1998-99 school year. The JIF has existed for five years and includes about 86 other school districts. As a result of joining the JIF, claims have been processed more effectively and the district has implemented a number of safety related improvements.

The JIF effectively manages claims processing. Claims are processed in a timely fashion so employees are quickly informed of the process and see physicians (preferred providers) who have been trained by the JIF. The JIF also has a procedure of utilization review, where doctors are monitored to ensure that employees receive the proper treatment and return to work as quickly and safely as possible. In fact, the district has a light duty requirement so employees may begin reorientation to work but at a reduced level, which has been shown to reduce lost time.

The district has also implemented a number of safety related improvements. An effective safety committee was established, which included the facilities director, all head custodians, administrative and central office liaisons, the head nurse, the director of student services, and various consultants that the district uses regarding safety, including the insurance carrier, and occupational and environmental representatives. The new carrier strives to prevent employee injuries and lost time by ensuring that the district maintains good workstation ergonomics, among other things. The carrier has an inspection checklist that includes 13 questions, such as wrist supports, full range of movements, etc. The carrier also recently completed a safety inspection and the district received a very good rating.

Another improvement implemented by the district was an effective system for reporting accidents. Under the old system, accident reports were not always sent to the maintenance and custodial personnel. This slowed down the process of correcting or preventing future injuries and accidents. The district now has an accident reporting process that closely involves management and the maintenance, custodial and the nursing functions.

The new broker and carrier have had a significant impact on reducing the district's costs for workers' compensation insurance. In 1998-99, costs went down to \$152,286, which is a \$22,862 or 13.1% reduction from the prior year. Moreover, anticipated costs for 1999-00 are reported as \$133,226, i.e., a further reduction of \$19,060 or a 12.5% decrease from the prior year.

LGBR commends the district for taking effective action to reduce workers' compensation insurance costs by obtaining competitive proposals and implementing improvements to prevent and monitor employee accident, injury and lost time.

However, several factors indicate that the district can do more. First, by applying the premium reductions to the comparison year, the district's cost per employee is still \$84 or 38% above the average of the comparison districts. No major changes have recently occurred in the insurance industry regarding workers' compensation to make this comparison unreasonable. Second, the district's loss ratio (i.e., cost of claims paid as a proportion of premiums) is excellent. Third, the district does not provide light duty work for employees who have experienced on the job accidents. Fourth, the results of the safety improvements (safety committee, prevention efforts, accident reporting) should continue to reduce claims and lost time, which should further improve the district's experience factor.

Recommendation:

The district should work with the broker and insurance carrier to continue to strengthen efforts in reducing injury, accident and lost time, which should result, conservatively, in \$17,500 savings in workers' compensation premiums. While the district costs would still be 20% higher than average, current trends and positive experiences should further enhance cost effectiveness in the near future.

Potential Cost Savings: \$17,500

Property & Casualty Insurance

The district spent \$126,381 in 1997-98 on liability, property, auto, equipment breakdown, educators' liability, and commercial crime insurance. Comparisons among districts on insurance costs can only be in approximate terms because of differences in risks, deductibles, comfort level for liability limits, number and age of buildings and buses, etc.

Nevertheless, a comparison can reveal areas where potential cost savings may exist. The data indicates that Princeton's cost per student was \$19 or 82.6% higher than the average for the comparison districts (see table below). Multiplying this difference by the number of students at Princeton indicates that costs were \$57,513 higher than the comparison districts.

District	Princeton	Chathams	Summit	Bernards	Hopewell	4-District
County	Mercer	Morris	Union	Somerset	Mercer	Average
# Students	3,027	2,663	2,855	3,230	3,321	3,017
1997-98						
Premium \$	\$126,381	\$60,854	\$102,515	\$56,840	\$47,642	\$66,963
Cost/Student	\$42	\$23	\$36	\$18	\$14	\$23

As noted in other sections of this report, in 1997-98 Princeton initiated successful efforts to reduce insurance costs for health and workers' compensation insurance. The cost of liability, property, auto, equipment breakdown, educators' liability and commercial crime insurance in 1998-99 was \$82,403, which was a decrease of \$43,978 or 34.8% from the prior year. The cost increased slightly for 1999-00 to \$88,486, an increase of \$6,083 or 7.4%.

The most recent (1999-00) charge results in a \$29 per student cost, which is \$6 or 26.1% higher than the 1997-98 average for the comparison districts. The new broker endeavored to reduce insurance costs by receiving in July, 1999 competitive proposals from several carriers and a JIF. A review of these proposals led to the conclusion that Princeton Regional's current costs are reasonably competitive.

The review team commends the district and the broker for reducing the cost of liability, property, auto, equipment breakdown, educators' liability and commercial crime insurance.

Copiers

The district has 19 copiers distributed among each of the seven schools, plus the board offices. The district purchases copiers either through a formal bidding process or state contract. Of the 19 copiers, 26.3% are under lease/purchase agreement, 42.1% are owned by the district and 31.6% are under a state cost per copy contract.

The State of New Jersey recently issued the cost per copy contract, which school districts can use. This method of purchasing enables districts to contract for photocopies rather than for photocopiers. Under this arrangement, the vendor provides the district with a copier to use and the district does not rent, lease or buy the copier, but rather purchases the photocopies. The vendor includes all equipment, parts and supplies (excluding paper and staples) in the monthly cost.

This method of contracting has at least two advantages. First, it eliminates the need to purchase copiers, and to deal with the issues of selling, upgrading or trading in the equipment. Second, the "cost per copy" focuses on the end result and captures all of the costs incurred to achieve that result. This provides an excellent comparison of alternative ways to obtain photocopies i.e., in house versus contracting out.

The district was unable to use the state contract to purchase its largest copier because the state contract did not meet the district's needs. For example, the state contract copier did not copy 11" x 17" card stock that was needed for report cards. Moreover, it had slower speed (70 copies per minute versus 100) and a smaller tray capacity.

District officials do search, on an ad hoc basis, for the best value when purchasing copiers. However, there is a need for a more systematic analysis of the cost-effectiveness of leased/purchased versus district-owned copiers to determine the best replacement method and to develop an implementation plan. More specifically, should school officials lease/purchase new copiers, trade-in or upgrade district-owned copiers, or use the state cost per copy contract?

Recommendation:

The district should compare the costs to operate its lease/purchased and currently owned copiers to the state's cost per copy contract and develop a replacement plan. This will help to ensure that the district receives the best value for its purchasing dollar and properly plans for copier replacement.

Cash Management

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

The analysis of cash balances is based on discussions with the school district controller, who is directly responsible for managing the bank accounts. A detailed analysis of twelve monthly bank statements (1997-98) was completed for the major bank accounts to identify average daily balance, fees charged, interest paid, if any, and the interest rate. For smaller accounts the review team completed detailed analysis only for selected months.

The team determined whether the district could obtain higher interest rates from the bank by comparing the 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 are not required, as banks are, to keep 10% of balances on hand. These funds therefore, earn interest on total balances. In order to make a fair comparison between the rates paid by these funds and bank rates, the following adjustments were necessary. First, that portion of the bank account balance that is used to pay for 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, as they did not take the 10% reserve requirement. In order to compare the interest rates on these accounts, fees were estimated based on our experience with banks statewide and the remaining balance was reduced by 10% to account for a reserve requirement.

The bank balances in the district's entire accounts total \$4.3 million. The district maintains accounts in one bank, plus the NJCMF. A number of optional lawful investments are permitted in P.L.1997, Chapter 148, as amended. A number of optional lawful investments are permitted pursuant to N.J.S.A. 18A:20-37. LGBR believes that districts should have one main bank, but maintain some accounts in another bank. Maintaining accounts in more than one bank helps to foster ongoing competition. Also, dealing with more than one bank may help to keep the district officials informed of new developments and products in the banking world.

Recommendation:

The district should consider maintaining some accounts in another bank to foster ongoing competition and to help keep the district informed of new banking products and services.

Although one bank is used, the district periodically obtains information relative to competitive rates by receiving proposals from other banks in the area. In March and April, 1999, the district requested and received proposals from several banks.

The district maintains 96% of its balances in one bank in 53 separate accounts and 4% in the NJCMF. One of these accounts contains 86.7% of these balances and includes a total of 49

accounts that are grouped together. This grouping enables the district to receive a higher and a more uniform interest rate than would otherwise be received. The district also maintains two accounts in the NJCMF.

In 1997-1998, the district received \$127,000 in interest from the bank and \$8,000 in interest from NJCMF for a total of \$135,000. Banks receive payment for fees by adjusting the interest rate to clients. After adjusting for bank fees and the reserve requirement, the review team found that the district earned 5.03% interest on the one grouped account, which contains 86.7% of its balances. Our comparison of this interest rate to the 5.40% average NJCMF rate indicates that the district receives a very good rate.

The district earns a good interest rate on the remaining accounts, except for one. The rates range from 5.4% on the NJCMF account to 2.0% to 3.75% on other accounts. Considering the low balances in these smaller accounts, the bank is paying the district a good interest rate. The unemployment account, which has low activity and an average daily balance of \$132,492, could earn as much as \$1,800 per year more interest.

Recommendation:

Overall, the review team commends the district for receiving such good interest rates. These rates result from receiving competitive proposals from various banks. However, the district should request the bank to increase the interest paid on the unemployment account. This should increase revenue to the district by \$1,800 per year.

Revenue Enhancement: \$1,800

Low Balance and Low Activity Accounts

In addition to achieving good rates, the district has recently moved to reduce bank fees by closing many checking accounts with low balances and low activity. These accounts cost the district in many ways. The district incurs bank charges for each account and pays administrative costs to process and file bank statements. Moreover, control over expenditures is diminished with so many checking accounts.

In terms of fees, these accounts may earn monthly interest of \$2 but they incur approximately \$15 per month in fees. The district closed 27 of these accounts (Global Access Accounts) prior to the start of our analysis. It is estimated that the district saved the taxpayers about \$4,000 per year in bank fees, plus the savings in administrative time and costs.

In addition, there are another 18 checking accounts with low balances and low activity that cost the district approximately \$3,000 per year in additional bank fees. Examples are the petty cash checking accounts in each school and the special district accounts for the board office, superintendent, facilities and business offices.

The district recently had the bank waive the fees for 11 of these accounts. Nevertheless, these small accounts cost the district in administrative costs and the reduced ability to control expenditures. It is possible that many of these accounts could be closed.

For example, in terms of the petty cash accounts, the general purpose of petty cash is to have a small amount of funds available to purchase minor items that schools need on an infrequent basis. The district frequently uses these accounts to purchase items that could be obtained through the purchasing process. Instead of checking accounts, this money could be kept in cash in a safe or a locked box that is attached to the building. The costs associated with this improvement would be offset by about one year of reduced bank fees (roughly \$180 per year per account).

Recommendation:

The district should continue to review the use of checking accounts with low activity and low balances and try to close as many accounts as possible.

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 of its success in establishing sound financial controls. These controls ensure the district:

- develops accurate expenses, revenue and surplus estimates; and
- monitors accounts to determine that it achieves the revenue and expense estimates in the budget 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 curtailed 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 school officials know at least 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 percent of the district's revenues that come from the local tax levy and from state aid have ranged from a low 94.5% in 1995-96 to a high of 95.1% in 1996-97. Over this time period, the amount of revenue anticipated and actually received was exactly the same except for a \$4,946 net increase in 1994-95. The district's precise knowledge of the amount of revenue for the next budget year means that the major challenge is estimating and controlling expenses.

Approximately 75% of the district's expenses are for salaries. Except during contract renewal periods, the district knows salary amounts for all positions in the next budget year either through contracted labor agreements or particular position amounts. Therefore, the district can identify,

fairly precisely, the salary amount needed. Moreover, these estimates are usually higher than that which is ultimately needed because of employee terminations, retirements, resignations and vacancies.

The non-salary portion of the budget, the remaining 25%, is somewhat more variable. However, many of these costs can be accurately predicted and accounted for through contracted services, 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.). Some districts improperly use surplus to cover major equipment or building breakdowns that have not been properly funded in a capital reserve account.

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 next school year. At that point the district has had nine months experience to estimate expenditures and revenues for the last three months of the year. These estimates should be quite accurate, as three-quarters or more 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 repairs 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 overestimated surplus (i.e., it had less money at the end of the year than anticipated) in three consecutive years starting in 1994-95. The district slightly underestimated surplus (i.e., it had more money than anticipated) in 1997-98. The differences between estimated and actual surplus amounts (as a percentage of the total expenses) in the two earlier years (1994-95, 1995-96) are certainly within the “appropriate” range of surplus amounts.

However, in the two most recent years surplus estimates and actual amounts have been slightly outside the normal range. The 1997-98 surplus amount was the lowest in the four-year period and below what LGBR normally observes. In addition, the average actual surplus of 2.2% was 44% below the average estimated surplus for the past four years. And, the 1996-97 estimate was almost three times the actual amount. This degree of inaccuracy is unusual. However, the precise level of unreserved, undesignated fund balance is a discretionary issue for the board to resolve.

**Surplus Estimates and Actual Surplus
as a Percent of Total Expenditures**

School Year	Surplus Estimate as a Percent of Total Expenditures	Actual Surplus as a Percent of Total Expenditures
1997-98	1.3%	1.6%
1996-97	5.9%	2.0%
1995-96	3.1%	1.7%
1994-95	5.2%	3.3%
Average	3.9%	2.2%

Estimates of expenses and revenues also impact on these surplus amounts. In terms of expenses, the differences between the district's estimates and actual amounts are generally within the normal range. However, in the last two years the district slightly underestimated expenses, which reduced surplus (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 (Underestimate)	Percent Overestimate of Original
1997-98	\$33,571,164	\$33,714,553 *	\$(143,389)	-0.4%
1996-97	\$32,072,867	\$32,134,535 *	\$(61,668)	-0.2%
1995-96	\$30,915,281	\$30,162,228 *	\$753,053	2.4%
1994-95	\$29,740,110	\$28,990,682	\$749,428	2.5%

*Excludes TPAF amounts to make comparisons more accurate.

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

Revenue Estimates as a Percent of Original Estimate

School Year	Estimated Revenues	Actual Revenues	Amount of Underestimate (Overestimate)	Percent Underestimate of Original
1997-98	\$33,056,895	\$33,233,483 *	\$176,588	0.5%
1996-97	\$31,219,558	\$31,115,547 *	\$(104,011)	-0.3%
1995-96	\$29,490,286	\$29,681,703 *	\$191,417	0.6%
1994-95	\$28,547,383	\$28,619,620	\$72,237	0.3%

*Excludes TPAF amounts to make comparisons more accurate.

The analysis of Princeton's financial control over surplus funds for the past four years indicates that the district generally has been reasonably accurate in estimating and controlling revenues, expenses and surplus. The district's sound financial controls provided some reserve and minimized the tax burden on citizens. However, the last two years raise some concern because surplus amounts were lower and less accurate than normal.

Recommendation:

District officials should establish a goal of maintaining surplus within a range of perhaps 2% to 4% and endeavor to minimize the annual differences between estimated and actual surplus amounts.

Audits

This section of the report analyzes the district's costs for completing the required annual audit and how well the district implements any audit findings.

For each of the past three years (through 1998-99), the district spent about \$46,000 to complete the annual audit. District officials thought these costs could be reduced for school year 1999-00 and requested proposals from various audit firms. The district recently awarded a contract to complete the 1999-00 audit for \$33,500. This is \$12,500 or 27.2% less than the previous cost.

The team commends the district for obtaining competitive proposals for audit services and reducing taxpayer costs by \$12,500 per year.

Prior Year Audit Findings

A review of the three most recent audits indicates that the district does a good job in meeting financial control and reporting requirements and does an excellent job of correcting any audit findings. Specifically, the 1997-98 audit listed one prior year finding that was corrected in the current year. That finding was the use of credit cards that violated the purchasing threshold amount and type of purchases authorized. The 1996-97 audit listed two prior year findings that were corrected in the current year. These findings were: a) the failure to remit grant funds that were due to the DOE and the federal government and b) not providing evidence of a self-audit for free and reduced meal applications. The 1995-96 audit listed no prior year findings that needed to be corrected in the current year.

Grants

Each year the district receives and spends approximately \$4.4 million in state grant funds, \$.6 million in federal grant funds and a relatively small, but growing amount of private grant funds.

One indicator of the effectiveness of the grant function is whether or not the district properly coordinates the use of these funds with planned and proper expenditures rather than returning the money at the end of the grant period. Interviews with district personnel serve to identify when funds are returned because of grant limitations or other factors outside the district's control.

Over the past three years, the district has made major improvements in using grant funds. In 1995-96, the district returned \$219,304 in state grant funds. This represented 7.3% of all state grant expenditures that year. In the most recent year, the district returned \$98,792 or 2.2% of all state grant funds expended that year, or a 70% reduction in the proportion of funds returned. Interviews with personnel knowledgeable of the grant funds returned in 1997-98, indicate that funds were returned because of reductions in needs or other factors outside the district's control.

The improvements that occurred with using state funds also occurred with federal funds. In 1995-96, the district returned \$61,785 in federal funds. This represented 8.5% of the district's total federal grant expenditures. In 1997-98, only \$2,854 was returned, or less than one percent of the total federal grant expenditures.

The district grants function not only improved in use of state and federal grant funds, but efforts to win additional competitive grants from state, federal and private sources were also strengthened. For example, in the 1998-99 school year the district won new competitive grants totaling \$259,000. Moreover, applications have been submitted for \$717,000 in additional grants for the 1999-00 school year.

The review team commends the district on the significant progress made in planning, coordinating and using allotted grant funds.

FOOD SERVICE

A review of the district's food service program was conducted, including interviews with the food service director, visits to school kitchens and cafeterias to observe operations and the analysis of various documents.

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 district funds the entire cost of the food service operation, the expense should be reported in the general fund. However, if the district contributes any funds toward the food service operation, it is to be recorded in the enterprise account as a lump sum contribution.

The Princeton Regional 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 served in all six schools in the district, all of which are production facilities. During the 1997-98 school year, the district served 115,207 paid lunches, 40,778 free lunches and 10,285 reduced lunches for a total of 166,270.

The current lunch period is 30 minutes for kindergarten through eighth grades and 42 minutes at the high school. There is an optional 30 minute period for high school students with overloaded schedules.

Staffing for the food service program includes two full-time employees, eight managers who work six hours daily, twelve food service workers who work five hours daily, and six cashiers

who work three hours daily. The full-time employees are the food service director and assistant director, who also function as managers in the middle school and high school. Two of the elementary schools also utilize a manager as a cashier when lunch is being served. All food service personnel are currently employees of the privately contracted company. However, there is one person in the school district business office who functions as bookkeeper and benefits administrator for food services.

The district assigns cafeteria aides to supervise students in the elementary and middle school cafeterias. These aides also supervise students during playground activities. Elementary and middle school teachers continue to be relieved of cafeteria supervision in the 1995-98 Princeton Regional Education Association (PREA) Agreement. The high school utilizes both teachers and aides for cafeteria supervision.

When comparing the percentages of expenses to industry average, the district is above average on payroll costs. The acceptable margin is between 39% to 45% of total operating expenses. Payroll costs comprise 62.3% of the total operating expenses for 1997-98. Four service lines at the high school have contributed to some additional salary costs. Also, in 1997-98, the district reportedly requested that the newly contracted company employ the personnel from the previous food service company, which was the primary factor resulting in the high payroll costs for that year.

The salaries for the school year 1997-98 for food service workers were between \$8.40 to \$12.00 per hour for cafeteria cooks and \$5.50 to \$7.60 per hour for cafeteria attendants. The \$6.50 to \$8.00 ranges for multiple function food service workers were well within this spectrum. Effective in 1997-98, only the food service director received health benefit coverage.

As demonstrated in the following chart, 76.9% of the staff work four hours per day or less, which is close to the 75% industry standard to smoothly meet the demands of service.

PRSD Kitchen and Staff Locations				
	P/T	P/T	P/T	
	Manager	Cashier	Food Service	TOTAL
	(7 hr/day)	(3 hr/day)	(4 hr/day)	
High School	1	2	5	8
Middle School	1	2	4	7
Community Park	1		2	3
Riverside	1		1	2
Johnson Park	1	1	1	3
Little Brook	1	1	1	3
TOTAL	6	6	14	26

Recommendation:

Industry standards indicate that three points of service at a high school are acceptable for a population of 1,300 or less. As an effort to control payroll costs, the high school food service lines should be limited to a total of three points of service.

Financial

The results of operation of the district food service program for the years 1995-98 are illustrated in the following table:

PRSD Food Service - Results of Operation for the Years Ended 1996, 1997 and 1998					
	1995-96	1996-97	1997-98	1997-98	% CHANGE
				% TOTAL	1996-97
				Operating	to
				Expense	1997-98
INCOME					
Daily Sales	\$358,533	\$440,365	\$533,262	69.5%	21.1%
State Sources	11,632	10,355	9,715	1.3%	-6.2%
Federal Sources	137,683	137,897	142,453	18.6%	3.3%
Miscellaneous Income	12,044	2,057	285	0.0%	-86.1%
Total Revenues	\$519,892	\$590,674	\$685,715	89.3%	16.1%
OPERATING EXPENSE					
Salaries	\$279,222	\$403,775	\$421,998	55.0%	4.5%
Employee Benefits	99,855	0	5,723	0.7%	
Management Fees	20,500	0	13,816	1.8%	
Supplies and Materials	24,058	11,229	19,542	2.5%	74.0%
Equipment Maintenance and Supplies	0	138,495	1,518	0.2%	-98.9%
Depreciation	3,815	3,816	582	0.1%	-84.7%
Cost of Sales	151,808	166,239	281,948	36.7%	69.6%
Miscellaneous	15,035	21,371	22,500	2.9%	5.3%
Total Operating Expenses	\$594,293	\$744,925	\$767,627	100.0%	3.0%
Net Income (Loss) before Transfer	(74,401)	(154,251)	(81,912)	-10.7%	-46.9%
Operating Transfer in	110,000	138,495	0	0.0%	
Extraordinary Item (Inventory Spoilage)	(20,414)	0	0	0.0%	
Net Income (Loss)	\$15,185	(\$15,756)	(\$81,912)	-10.7%	

Based on the information listed above, the district's food service program has not been profitable. Board contributions were \$110,000 for the school year 1995-96 and \$138,495 for the school year 1996-97. In 1997-98, PRSD signed a contract with a food service company with the stipulation that the school district would not cover any losses.

It was noted that in March, 1997, the food service company in place at PRSD declared bankruptcy. This forced the school board to assume operations for the remainder of the school year. According to sources from the currently contracted food service company, during the transition some expenses were not reported in the correct school year. Reportedly this was the primary reason for the 69.6% increase in the cost of sales from 1996-97 to 1997-98.

The district's food service program charges \$2.25 for high school lunches, \$2.00 for middle school lunches and \$1.85 for elementary lunches. This is the maximum allowable under state guidelines. Teachers and staff members purchase their meals ala Carte. Students are also allowed to purchase specific items from the ala Carte menu.

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 ala Carte items to encourage students to buy government funded lunches. As an example, the total of three ala Carte items is higher than the lunch meal, so students perceive funded lunches as a better value. Profits on ala Carte menus are carefully analyzed to insure that the enterprise fund 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. Other school districts in the area have been successful in boosting their food service earnings by using more popular brands of foods, including deli or pasta bars, offering promotional theme days or offering favorite fast food items from private vendors. Such proactive attempts could increase student, faculty and staff participation in the district’s food service program, which could lead to increased sales.

Recommendation:

Breakfast currently is not being provided in the district, as it is not deemed cost effective to provide meat, grain, fruit and milk. Community Park School is being evaluated as a pilot breakfast program due to the socioeconomic composition of students at this site.

As a means of fund raising for student activities, it is recommended that the student committee consider selling breakfast items ala Carte such as bagels, muffins and donuts. Staff can purchase coffee and breakfast, which is prepared in the lunchroom by the contracted food service company.

The district utilizes beverage and snack vending machines at the high school and administration building. There is one machine located at Valley Road Administration Building and three at Princeton High (one each in an interior hallway, cafeteria and gym). A private distributor provides the machines and is responsible for merchandising service, cleaning and maintenance of the machines. The district currently receives a 20% commission on vending machine sales at Valley Road and a 15% commission on sales at the high school. Vending machine revenue for calendar year 1997-98 was \$2,362.65.

Vending machines alleviate long lunch lines and add variety to the menu. In addition, the machines provide additional revenue from after hour sales that can be used to defray operating costs. Statistics show that a vending machine will generate sales of 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 in the table below shows the profit districts realize with supplemental vending. The estimates utilize conservative numbers and do not include staff or visitor participation.

PRSD Food Service - Vending Machine Sales Projections	
Student Population (1997-98)	
Estimated Per Capita Spending	\$0.12
Estimated Profit by School Per Vending Machine	
Estimated Sales Per Day at Princeton High (Population 951)	\$114.12
Projected Annual Sales (180 Days)	\$20,541.60
Estimated Product Cost (55%)	\$11,297.88
Annual Lease Cost (\$115 X 12)	\$1,380.00
Estimated Profit at Princeton High	\$7,863.72
Estimated Sales Per Day at J. Witherspoon (Population 750)	\$90.00
Projected Annual Sales (180 Days)	\$16,200.00
Estimated Product Cost (55%)	\$8,910.00
Annual Lease Cost (\$115 X 12)	\$1,380.00
Estimated Profit at J. Witherspoon	\$5,910.00
Estimated Sales Per Day at Community Park (Population 308)	\$36.96
Projected Annual Sales (180 Days)	\$6,652.80
Estimated Product Cost (55%)	\$3,659.04
Annual Lease Cost (\$115 X 12)	\$1,380.00
Estimated Profit by Community Park	\$1,613.76
Estimated Sales Per Day at Johnson Park (population 401)	\$48.12
Projected Annual Sales (180 Days)	\$8,661.60
Estimated Product Cost (55%)	\$4,763.88
Annual Lease Cost (\$115 X 12)	\$1,380.00
Estimated Profit by Johnson Park	\$2,517.72
Estimated Sales Per Day at Littlebrook (Population 353)	\$42.36
Projected Annual Sales (180 Days)	\$7,624.80
Estimated Product Cost (55%)	\$4,193.64
Annual Lease Cost (\$115 X 12)	\$1,380.00
Estimated Profit at Littlebrook	\$2,051.16
Estimated Sales Per Day at Riverside (Population 340)	\$40.80
Projected Annual Sales (180 Days)	\$7,344.00
Estimated Product Cost (55%)	\$4,039.20
Annual Lease Cost (\$115 X 12)	\$1,380.00
Estimated Profit at Riverside	\$1,924.80
TOTAL Estimated Profit PRSD	\$21,881.16

Recommendation:

The district should consider expanding the program by placing vending machines in all district schools. Labor and maintenance would be the responsibility of the contracted food service company. Total vending machine profits, for one machine in each school, are projected at \$21,881 annually. By placing two machines, one non-carbonated drink and one snack, in each school the district could generate a profit of approximately \$43,762. Machines should be strategically placed to allow access whenever the buildings are open. Finally, every effort should be made to place vandal-proof machines at all locations.

Revenue Enhancement: \$43,762

FACILITIES & OPERATIONS

Overview

Princeton Regional Schools instructional facilities consist of 488,500 square feet of space in six facilities. The general, observed condition of the facilities is excellent in the elementary schools and good to excellent in the middle and high schools given the age and wear and tear on the buildings. The grounds and building exteriors appear well groomed and maintained. No substandard facilities were identified in the most recent Quality Assurance Annual Report to the county superintendent.

SCHOOL FACILITY PROFILE			
School	Type	Oct 98 Enrollment	Square Feet
Princeton High	9-12	961	200,000
John Witherspoon Middle	6-8	677	94,500
Community Park	K-5	308	48,500
Johnson Park	K-5	401	55,000
Littlebrook	K-5	353	43,500
Riverside	K-5	340	47,000
Total		3,040	488,500

Please note: the district maintains administrative and facility maintenance offices in the Valley Road School, which is no longer used for district instructional purposes. There is one full-time custodian assigned to this building, which is appropriate. For this reason, the maintenance and operating costs of the Valley Road School are not included in this analysis.

The management of the district’s schools and grounds are under the purview of the manager of maintenance and operations who reports to the school business administrator. The manager has responsibility for the provision of maintenance, repair, renovation, utilities and day to day building and grounds services, provides oversight and support to school cleaning (custodians report to school principals), and coordinates the long range facilities planning process.

District staff, supplemented by contracts for highly technical or specialized needs, provide maintenance, grounds, and cleaning services. In addition to the manager, the administrative office, which includes a custodial coordinator and bookkeeper, has an annual salary budget of \$187,000 including benefits.

The remaining organization includes a grounds supervisor, three groundskeepers and seven maintenance trades staff. There are seven custodial supervisors (head custodians), and 21 custodians assigned to schools for cleaning. The custodial supervisors report to the school principals, with quality control, training and standardization of means and methods provided by the custodial coordinator. There are two full-time custodial substitutes or “floaters” assigned by the custodial coordinator, one for custodial duties and one split between custodial and grounds.

The current manager of maintenance and operations was appointed in September, 1998. Since that time he has introduced an automated, on-line work order system that has begun to equitably allocate and account for the district’s manpower and material resources. He has also developed a business plan that supports the educational goals of the district and provides for the health and safety of students and staff on a priority basis (see Best Practices).

However, the manager is not provided with on-line access or control of accounting and financial information that is important to establish full accountability for all aspects of facilities maintenance and operations. When information was requested on contract and material purchasing procedures and account status, it was necessary to get manual reports and information from the purchasing agent. Similarly, when requesting data on fee collections for outside use of facilities, reviewers were referred to the business office.

The district is fortunate to have a qualified and dedicated facility manager, with an automated facility management system (ACT 1000) that is up and running. While the work order module is currently being utilized, other modules (facility use permits, inventory control etc.), need to be brought fully on-line and integrated with other district business systems. This will provide the manager with the tools necessary to both account for, and be accountable for, the cost, utilization and efficiency of the district facilities.

Recommendation:

Complete implementation of the ACT 1000 Facilities Management system, to include the integration of inventory control and facility permit modules with district purchasing and financial systems. Provide the manager of maintenance and operations with control and accountability for all operational and financial aspects of facilities management.

Cost of Operations

The following table summarizes the district's maintenance, cleaning and operating costs for the 1997-98 school (and fiscal) year:

1997-98 FACILITY EXPENSES		
Category	Expense (\$)	\$/S.F.
CLEANING		
Salaries	1,178,579	2.41
Supplies	53,343	0.11
Total	1,231,922	2.52
MAINTENANCE		
Salaries	485,419	0.99
Supplies	145,933	0.30
Contracts	11,186	0.02
Misc.	25,614	0.05
Total	668,152	1.36
GROUNDS		
Salaries	168,566	0.35
Supplies	26,773	0.05
Contracts	38,462	0.08
Total	233,801	0.48
UTILITIES		
Natural Gas	195,103	0.40
Electric	283,122	0.58
Water/Sewer	57,545	0.12
Waste/Recycling	34,839	0.07
Total	570,609	1.17
INSURANCE	126,381	0.26
GRAND TOTAL	2,830,865	5.79

Source: 1998 CAFR, except salaries, which were calculated by LGBR using payroll documents and including direct benefit costs.

As indicated, the district spent \$2.83 million or \$5.79 per square foot for facility operations during the 1997-98 school year. However, to effectively evaluate operating expenses, it is necessary to compare the level and cost of services between Princeton and other available benchmarks. The *American School and University (ASU)*, a national publication for facilities, purchasing and business administration, performs annual maintenance and operations surveys of school districts around the country. It provides reports on the cost to operate schools (including payroll, outside contract labor, gas, electricity, heating fuel, equipment and supplies etc.) on a regional level. Region 2 includes New York and New Jersey.

The following table summarizes these comparative findings. As noted earlier, in September, 1998 a new manager of maintenance and operations was appointed. Since that time, as a result of a budget reduction and an effort to improve efficiency within the department, various personnel moves were introduced to attempt to reduce cost and/or control spending. In fairness to the district, and to help demonstrate the impact of these initiatives on payroll costs, there is a column for actual costs for the 1997-98 school year and one for projected costs in the 1998-99 school year after the reduction. For comparative purposes, except for payroll cost, other expenses (equipment, supplies, contracts and utilities) were held constant:

COMPARATIVE FACILITY COSTS			
Cost Component (\$/S.F.)	1997-98 Actual	Oct 97 ASU	1998-99 Projected
PAYROLL			
Custodial	2.41	1.81	2.46
Maintenance	0.99	0.52	0.71
Grounds	0.35	0.27	0.35
Total	3.75	2.60	3.52
EQUIPMENT, SUPPLIES & CONTRACTS			
Maintenance Equipment & Supplies	0.46	0.27	0.46
Grounds Equipment & Supplies	0.05	0.08	0.05
Contracts	0.10	0.32	0.10
Total	0.61	0.67	0.61
UTILITIES			
Natural Gas	0.40	0.40	0.40
Electric	0.58	0.70	0.58
Other Fuel	0.00	0.27	0.00
Water/Sewer	0.12	0.18	0.12
Total	1.10	1.55	1.10
Misc.**	0.33	0.16	0.33
GRAND TOTAL	5.79	4.98	5.56
Total Custodians	32	N/A	28
SF/Custodian	15,266	17,760	17,446

**Trash and Insurance. District payroll cost includes direct benefits. ASU includes “fringes.”

Please note: even though the total number of custodians was reduced from 32 to 30, including two “floaters”, there was a slight *increase* in total custodian salary cost between the 1997-98 and 1998-99 school years. This is a result of three retirements taking place *very early* in the fiscal year, which skewed the 1998 salary costs slightly downward.

As illustrated by these comparative findings, district costs are mostly comparable to or below ASU for *Equipment, Supplies and Contract* and *Utility* costs, but consistently higher for *Insurance (Misc.)* and *Payroll* costs. Even though the district has reduced total payroll costs between the 1997-98 and 1998-99 fiscal years (from \$3.75 to \$3.52 per square foot), the district’s facility payroll is still \$.92 per square foot higher than the ASU figures. The higher payroll cost, totaling approximately \$449,000 annually, is most notable in custodial and maintenance services. Insurance costs are discussed in the **Insurance** section review.

Because these benchmarks are intended for directional purposes only, and to recommend areas for further evaluation, LGBR examined the salary cost (both numbers of staff and salaries) for facilities maintenance and operations.

Custodial Staffing and Salaries

Through attrition, during the 1998-99 school year, the district reduced the *total number* of custodians from 32 to 30, and the number of custodians *assigned directly to schools* to 28, with two “floaters”. This brought the square feet per custodian to 17,446 square feet, almost identical to the 17,760 square feet per custodian identified for Region 2 in the ASU survey.

The two “floaters” are assigned throughout the district as substitutes for long-term absence (vacation or sick leave) and/or for emergencies. One of the two floaters is also used to supplement the grounds operation. Other grounds staff are used as substitutes in schools on an emergency basis. The use of centrally administered school support staff, and the flexibility to assign people between “functional areas” is a most effective use of resources. It provides the operations management the ability to determine priorities, monitor attendance and track overtime expenditures.

In an effort to further monitor and control overtime, the district requires that the maintenance and operations manager approve all overtime (which is centrally funded in the facilities budget). In addition, overtime is capped at two hours per day per school to allow coverage for custodians who “call out”. (Overtime costs are addressed later in this review.)

During the 1998-99 school year, the district reallocated custodians between schools and shifts. Currently, a proper balance exists between day custodians performing porter services and cafeteria duties, and evening shift staff, who are doing school cleaning. The district has also implemented a “mid-day” shift (12:00 to 8:30 p.m.) in selected schools to afford greater flexibility to supplement staff in support of both day and evening school activities. The district should also consider establishing flex-shifts (i.e., Tuesday to Saturday and/or Sunday to Thursday) in the high school and middle school to provide “scheduled” weekend coverage and help reduce overtime cost.

Since staffing levels appear to be appropriate, the primary reason for higher payroll cost is salaries, inclusive of benefit costs. In the area of facilities management (custodial, maintenance and grounds) benefit costs account for approximately 27.26% of total payroll. The cost and impact of benefits on the district’s total budget are covered in the **Insurance** section of this review, and are not addressed here.

The following chart compares Princeton’s 1997-98 custodial salaries to occupational wages for **all** janitors and cleaners and sanitary engineers in the Mercer County area, as reported by the New Jersey Department of Labor for 1997:

	Princeton (1997-98) Average	Mercer County (1997) Mean
Custodians	\$12.85	\$8.40
Supervisors	\$17.39	\$16.60

(*Hourly rates exclusive of benefits)

As indicated, Princeton’s average custodial rates are \$4.45 per-hour higher for custodians and \$.79 per hour higher for custodial supervisors than the mean wages for similar positions in both the public and private sectors in Mercer County. Admittedly, these published rates include hourly costs for individuals who do not require security clearances and are involved in cleaning office buildings where the levels of cleanliness are not as critical as in schools. However, an internal survey of districts performing contracted cleaning services in Central New Jersey

indicate average salaries of \$10.50 per-hour for custodians and \$15.00 per-hour for supervisors, or approximately \$2.35 per-hour less than Princeton wages. These rates do not include overtime costs.

Overtime Cost

As indicated previously in this review, the district has introduced several initiatives over the past year to track and reduce overtime cost. They were not successful in reducing overtime. The district expended \$105,000 for custodial overtime during the 1997-98 school year, of which, approximately 20% was recovered through fees from outside users. Through May 30 of the 1998-99 school, the district had expended approximately \$108,000 for custodial overtime. At the time of writing this review, no details were available on the total amount of user fees collected.

While the district has been aware of overtime expenses, it needs to develop and adopt an **overtime management plan**. The first step requires identifying overtime by cause, on a school-by-school basis. While overtime is often necessitated by legitimate emergencies, it can also be the result of poor planning, the uncoordinated scheduling of activities, improper allocation of staff resources to the appropriate shift/work week, and a lack of accountability at the cost center where the overtime is generated.

For example, in Princeton 40% of all custodial overtime occurs at the high school and middle school. By establishing “flex-schedules” that allow for scheduled weekend coverage, the overtime demands at these schools would be reduced. Even though premiums are often required for weekend work, it is much less costly than overtime.

Once an overtime history is identified and appropriate shift changes occur, an allowance for overtime should be developed for the following cost centers: a) the schools for extracurricular and planned activities; b) the athletic department for weekend events, and c) maintenance and operations for after-hour emergencies and/or weather generated needs. There should be a monthly reporting of overtime use and account balances. *Under the plan, directors and principals would be held accountable for the management of their overtime budget.*

For example, the district’s average overtime rate for all custodial staff is \$13.91 per hour, or approximately \$21.00 per hour for overtime. Assuming that each school would require two hours of daily (non-reimbursable) overtime for one-half the school year (90 days), an allowance of approximately \$4,000 would be required for each, or \$24,000 total for school overtime. The athletic department could be allocated four hours of overtime for 20 events per year or approximately \$2,000. Maintenance and operations could be allocated four hours of overtime for 40 emergencies per year or approximately \$4,000. Through this process, a realistic, planned allocation could be negotiated for each cost center, with appropriate controls and accountability.

Cost of Cleaning Summary

Since salaries primarily determine cleaning costs, the district has limited choices if it wants to reduce expenses. District officials can greatly reduce overtime and renegotiate salaries, or it can outsource services. Since the outsourcing option would include grounds and facility

maintenance in addition to cleaning services, the review will consider this option first, following the analysis of grounds and maintenance staffing and salaries, then consider the alternative. (See **Cost of Cleaning, Maintenance and Grounds Summary**)

Maintenance and Grounds Staffing and Salaries

As indicated in the earlier table (Comparative Facility Cost), in comparing Princeton’s maintenance and operating costs to the *ASU* benchmark data, payroll costs vary significantly.

The following table summarizes the staffing and salaries for maintenance and grounds staff for the 1998-99 school year. Benchmarking data is included and shaded for comparative purposes:

	Total Staff	Total Payroll	Average Salary*	Average Hourly Rates**	Mercer Hourly Rates***	S.F./Acre per Staff	S.F./Acre per ASU
Maintenance	7	\$348,201	\$49,743	\$18.15	\$17.50	69,786	107,147
Grounds	4	\$168,566	\$42,142	\$15.28	\$10.20	31.25	29.00

* Includes benefits.

** Excludes benefits.

*** Source: 1997 NJDOL Wage Report for all of Mercer County. Maintenance rates are averaged between carpenters (\$19.40 hr.) and painters (\$15.60 hr.).

NOTE: Salaries and payroll have been “adjusted” according to the recent organization changes, all other expenses were held constant at 1997-98 expenditures.

As indicated, the grounds operation seems to have the appropriate number of staff based upon the number of acres that must be maintained. Princeton’s salaries, however, are more than \$5.00 per hour above the average for all individuals performing landscaping services in Mercer County. In part, this “spread” can be explained by one employee, with a number of years in the district, whose salary is nearly double the entry-level pay. If you discount this one salary, the average hourly rate for groundskeepers is reduced to \$12.75 per hour. While closer to the Mercer County average, it is still higher than the \$10.50 per hour rate for school districts in Central New Jersey, which have contracted out for services.

Maintenance staff salaries are in line with Mercer County averages. As footnoted, the county rate is an average of carpenter’s and painter’s rates, the two trades specified in the district’s trades contract. The maintenance staff performs a variety of work in all trade categories, and to attract and keep quality mechanics, the district must remain competitive with regional rates.

However, the number of maintenance staff is high when compared to the *ASU* benchmark, which suggests a total of four staff to perform maintenance duties for a district of this size. The “additional” staff can be explained by the district’s preference to utilize maintenance staff to perform what is usually considered renovation or construction work, in addition to traditional maintenance and repairs.

Over the past several years, in addition to repair and maintenance responsibilities, trades staff have been engaged in constructing furniture for computer rooms, performing change-of-use renovations and supplementing the work of outside contractors on certain capital projects.

LGBR has no preference for performing work “in house” or contracting out for services, only that work is done in the most cost-effective manner, in accordance with good accounting procedures. With the ACT 1000 work order process in place, maintenance and operations has been tracking the cost to perform all repairs and renovation work in the district. By October, 1999, they will have a full year of data to evaluate and benchmark against competitively bid projects.

LGBR recommends that the district create a formal process to do true competitive contracting. That is, develop specifications and scopes of work for needed and approved renovations and solicit proposals from both “in-house” staff and outside contractors. The proposals from district staff should include all benefit and overhead costs.

If the district were the successful low bid, then the cost of material and labor could be charged against the appropriate capital account. This would provide the district with the ability to accurately evaluate the cost effectiveness of both maintenance and capital construction/renovation operations.

Recommendation:

Adopt a competitive contracting process to evaluate the most cost-effective way to complete renovation and construction projects. Charge labor and material for renovation and construction projects to the capital account.

Cost of Cleaning, Maintenance and Grounds Summary

The cost to the district to provide cleaning, maintenance and grounds services (excluding management, utilities and miscellaneous expenses) during the 1997-98 school year was \$4.07 per square foot or \$1,988,195 per year. This total is adjusted downward from actual 1997-98 expenditures to reflect personnel shifts and reductions in staff that took place during the 1998-99 school year.

Category	\$/S.F.
Cleaning	2.52
Maintenance	1.07
Grounds	0.48
Total	\$4.07

In the Cost of Cleaning Summary section of this review, LGBR proposed the outsourcing of cleaning services. LGBR would further recommend that maintenance and grounds also be considered for outsourcing. Other school districts have had the greatest success in contracting services where all aspects of facility and grounds operations are covered under a single contractor’s responsibility. It provides for greater accountability, control, and lower prices to the district.

LGBR recommends that the district maintain its current administrative structure, at an annual salary cost of \$187,387, to perform contract administration, project development, capital planning and the competitive contracting process, as previously recommended. To maintain the proposed renovation/construction program, the district should maintain a staff of four building-

trades staff, under the purview of the maintenance and operations manager, to “bid on” and perform renovation projects, with their salaries and material needs to be funded from capital accounts.

Using an estimated range of \$2.50 to \$2.70 per square foot for an outside contractor to provide a full service cleaning, maintenance and grounds program (as compared to the current cost of \$4.07 per square foot), the district could save between \$669,000 and \$767,000 per year by outsourcing.

However, these estimated savings would have to be "discounted" by the salaries of the four building trades staff (referenced above) that would be maintained to perform renovation projects. Therefore, at an average annual salary of \$50,000 per year each (\$200,000 total), annual estimated savings opportunities by outsourcing would be reduced to a range of \$469,000 to \$567,000.

It should be re-emphasized that these savings are conservative, given the current high level of cleanliness and maintenance of the district's schools, since the contractor would not have a high initial investment to bring the buildings up to a “maintainable” level. It also allows the current administrative structure to remain in place to provide quality control, ACT 1000 systems administration, cleaning and maintenance contract administration, project development, and renovation services. However, for the purpose of estimating savings, LGBR will utilize the lower estimate, discounted by keeping four maintenance staff salaries in the operating budget.

Outsourcing

LGBR is recommending outsourcing of cleaning, maintenance and grounds services for the Princeton schools, based upon the current condition and cost of operations, with the belief that the current standards of cleaning and maintenance can be sustained or improved at a significantly lower cost. Outsourcing is not a panacea to all the district's facility issues and problems. It must be approached carefully, with sensitivity to current employees, and clear goals and objectives defined.

School districts that have had greatest success in contracting for services have defined and communicated, in advance of the bid, what they expected in terms of salary and benefits for potential employees, any provisions concerning current employees, performance standards, and penalties for non-compliance. They also provided training for district personnel in the “art” of contract administration. All of these factors have an impact on the final cost of the contract and quality of services received.

Contractors who provide these services are required to comply with all appropriate statutes regarding security and background checks for potential cleaning and maintenance employees. The better the contractor understands the needs and expectations of the district the better chance they will have to meet them.

Outsourcing can be a time consuming and difficult process. However, with an excellent management staff and an automated work order process in place, Princeton is extremely well positioned to outsource successfully. The potential savings are significant; savings that can

support classroom instruction or other district initiatives (e.g. \$400,000 of annual debt service payments would support approximately \$5 million in capital improvements) or, be returned to taxpayers.

Recommendation:

Outsource facility cleaning, maintenance and grounds services, while keeping the current administrative staff and four maintenance staff to perform renovations and small construction projects.

Cost Savings: \$469,000

Alternative

As an alternative to contracting for outside services, the district may prefer to bargain a reduction to comparable contracted cleaning and grounds wage rates in Central New Jersey. Using the standard of \$10.50 per hour for custodians and grounds workers and \$15 per hour for head custodians, an average reduction of \$2.35 per hour, or \$4,900 per-year per-person, would have to be met. This would save approximately \$167,000 per year. In conjunction with the implementation of an overtime management plan and a reduction of non-recoverable overtime from \$100,000 to \$40,000 per year, total savings of \$227,000 could be realized without contracting out services, eliminating positions or reducing other benefits for current district custodial and grounds staff.

To try to approach the level of operating budget savings offered through outsourcing, the cost of the four maintenance staff performing renovations could be shifted to the capital account (Fund 12). This would save an additional \$200,000 per year, at an average annual salary of \$50,000.

Recommendation:

As an alternative to outsourcing, the district may wish to consider negotiating a reduction in custodial and grounds salaries by an average of approximately \$4,900 per year for savings of \$227,000, and reducing all non-recoverable overtime costs by \$60,000. All salaries for maintenance staff performing capital improvements should be shifted to the appropriate capital account for an additional estimated operating budget reduction of \$200,000 per year.

Potential Cost Savings: \$227,000

Utilities and Energy Management

The district has retrofitted all of its boilers with energy efficient gas-fired units and has control systems in place. The total expense for utilities was \$1.10 per square foot during the 1997-98 school year, which was well below the regional benchmark of \$1.55 per square foot. Notwithstanding the current efficiency, the district has initiated negotiations for third party financing to retrofit all schools with energy efficient lighting, which will be funded through energy savings, as allowed under N.J.S.A. 18A-42. This will improve the quality of the learning environment in all schools and brighten up the corridors in the high school, which are currently sources of complaints. The district is commended for this initiative.

Long Range Facility Planning and Capital Budget

The long-range facility planning process should evaluate school enrollment and capacity, track and project residential development, assess the condition and infrastructure needs of district buildings and match those against the educational goals of the district. The output of the process is a long-range plan, which defines the need to improve, expand and/or construct school facilities and ultimately a referendum in support of capital projects.

The manager of maintenance and operations chairs an ad hoc committee which, with newly appointed members, was given from May through November, 1999 to evaluate the current status of the long-range plan and report back to the board of education.

In the interim, in order to deal with increasing enrollments at the Johnson Park School, the district effected a re-alignment of school attendance districts between Johnson Park and Community Park to better match enrollments with capacity for the 1999-00 school year. They are commended for identifying a cost-effective solution to meeting this immediate problem, and especially for the efficient and sensitive manner in which it was effected.

The district's long-term capital requirements will be defined over the 1999-00 school year by the ad hoc committee, subject to the input of the board of education and ultimately, the voters. The last school bond issue in 1992 for \$8.4 million targeted various school improvements. As reported in the last completed audit, the district has \$7.8 million in net bonded school debt as of June 30, 1998 and \$111 million in school borrowing margin available.

The district budgets capital outlay annually for various construction services and improvements (\$903,000 in fiscal year 1997-98) and equipment purchases (\$513,000). Over the past three years, expenditures have been directed to implementing the district technology plan and making necessary health and safety improvements to comply with code. These are appropriate expenditures under fund 12, and the district is commended for keeping pace with changing technology and code requirements without incurring long term debt.

TRANSPORTATION

Princeton Regional operates its own fleet of eighteen buses, contracts with vendors for additional buses, and utilizes the Mercer County Educational Services Commission (MCESC) for some jointure routes. In addition to regular public school routes, the district buses are utilized to provide transportation for students to parochial and special education locations within the area. In the 1997-98 school year, PRSD coordinated 37 bus routes utilizing three private vendors and the MCESC. All regular district owned and contracted routes are stacked in tiers of two each. The district staggers school starting and ending times to facilitate this practice.

The district's total transportation expense for the school year was \$1,172,720. However, the State of New Jersey provided only \$177,288 in transportation aid to the district for that year. The balance of the total actual expense, approximately \$995,440 was the responsibility of the school district taxpayers.

The district overall 1997-98 expenditure for student transportation has declined by 1.2% from 1996-97 cost.

Princeton Regional School District	1996-97	1997-98	% Difference
Student Transportation Services			
Salaries for Pupil Trans between Home-School (Regular)	\$249,850	\$315,725	26.4%
Salaries for Pupil Trans between Home-School (Special Ed)	152,961	60,347	-60.5%
Salaries for Pupil Trans Other Than bet. Home & School	8,237	12,286	49.2%
Cleaning, Repair and Maintenance Services	31,474	29,339	-6.8%
Contracted Services Between Home & School - Vendors	447,614	419,061	-6.4%
Contracted Services Other Than Between Home & School - Vendors	65,590	76,498	16.6%
Contracted Services (Special Education) - Vendors	3,992	13,437	236.6%
Contracted Services (Special Ed) - Joint Agreements	146,697	140,173	-4.4%
Miscellaneous Purchased Services	56,017	84,561	51.0%
Supplies and Materials	23,919	20,183	-15.6%
Miscellaneous Expenditures	1,183	1,110	-6.2%
Totals	\$1,187,534	\$1,172,720	-1.2%
Source: 1997-98 Comprehensive Annual Financial Report			

In-district and Out-of-district Transportation

The district provides transportation to public, nonpublic, special education, vocational and charter school students. Transportation services are provided for 22 special education students who attend schools out-of-district through a jointure with Mercer County Special Services School District (MCSSD). The service cost the district \$126,227 for the 1997-98 school year. According to the District Report of Transported Resident Student (DRTRS), a total of 52 special education students received out-of-district transportation services in 1997-98.

Designated students attending schools in the regional district are transported at an identified cost of \$13,768 in accordance with desegregation standards promulgated by the New Jersey Department of Education. These students do not necessarily attend the closest school and must be transported to another school within the district to comply with the state's standards.

Supplemental Transportation

The district also offers supplemental transportation services to transport students to and from field trips, athletic events, and other extracurricular activities. The district contracted to provide these services for the 1997-98 school year. It was noted from the team's review of the district's transportation records and the CAFR report, that the vendor was paid a total of \$76,498 for services rendered for the school year ended June 30, 1998.

Private and Parochial Transportation

During the 1997-98 school year, district owned vehicles, contracted services, and a jointure with MCSSD were utilized to provide transportation services for 242 students to 7 non-public schools. The district also paid an average of \$675 per pupil to the parents of 112 students as aid-in-lieu of transportation (AIL).

A report issued by the State of New Jersey's Commission of Investigation recommended such a combination transportation program, which utilizes both publicly and privately contracted buses.

Maintenance of a publicly owned fleet provides an alternative to vendor-provided transportation, and the vendors know that they are not the only option. It is believed that such practices result in more reasonably priced bids and possible concessions from drivers. The end results are more options and greater control over transportation costs for the district.

Recommendations:

The State of New Jersey Commission of Investigation's December, 1997 Advisory on School Transportation recommended that school districts possess some degree of their own transportation. This provides an alternative, cost-effective means of transportation, in addition to notifying bidders that they are not the only option. As a result, bids may be more reasonably priced. The review team commends the district for its utilization of the public and private mix of vehicles.

As a means of furthering cost efficiencies, the district should investigate the possibility of joining routes from among neighboring districts where feasible.

During the 1997-98 school year, the district transported 1,672 students to six public schools, seven non-public schools, one charter school, three vocational schools, four out-of-district public schools and 13 out-of-district private schools for the handicapped. Of the 1,192 public school students and 242 nonpublic school students transported, 553 were not eligible for state-aided transportation services because they did not meet the state-mandated requirements of distance from home to school.

Courtesy Busing

Courtesy busing is defined as transporting elementary students who reside less than 2.0 miles from their schools and secondary students who reside less than 2.5 miles from their school. These limits are set by statute and Department of Education regulations. Districts are not funded by the state to provide courtesy busing. In Princeton Regional, busing is provided for students living less than the determined distances if they reside along district determined hazardous routes. For school year 1997-98, district and municipal officials have identified 363 township students and 91 borough students who reside along 23 hazardous routes to school. Transporting these students reportedly cost the district a total of \$110,028 for the school year ended June 30, 1998. Through long term agreements with both Princeton Township and Princeton Borough, transportation costs for public school students living less than remote are paid to the school district by both bodies, and costs for non-public school students residing less than remote are paid by the township for its residents. The total revenue for the 1997-98 school year for this purpose was \$109,000.

Recommendation:

The Princeton Regional School and municipal officials should continue to scrutinize courtesy busing to determine non-hazardous from hazardous busing. Exploring the possibility of parents sharing in the cost of any non-hazardous transportation can provide significant savings to the taxpayers.

Bus Fleet and Staff

The district employs a salaried transportation coordinator, whose many responsibilities include establishing and revising bus routes and time schedules. During the 1997-98 school year, the district employed 15 bus drivers, who were guaranteed four hours work per day, and received paid benefits. The bus driver's 1997-98 contract with the district provided for a starting salary of \$14.31 to a maximum of \$16.82. The drivers are principally responsible for transporting regular and special education students to schools within the districts. A number of the bus drivers obtain extra hours by transporting alternative high school children to and from school, and by taking some field trip assignments. Substitute drivers are utilized when the regular hourly drivers are not available. Total salaries and benefits paid to district bus drivers for the 1997-98 school year were \$350,755. Aides are utilized on those special education runs, as required. Aides and substitute drivers receive no benefits. Bus repairs are contracted to two local garages.

The Department of Education's Comparative Spending Guide (March 1999) includes a section on district transportation efficiency. A district's vehicle utilization is calculated by dividing student ridership by vehicle capacity. Districts, which fell below .75 in vehicle utilization, were required to develop a corrective action plan outlining how they intended to improve efficiency. The PRSD achieved a rating of 1.757 bus utilization, which is a very favorable rating.

The Department of Education's Comparative Spending Guide (March, 1998) lists the bus utilization rate for PRSD district as 1.757. The October, 1998 District Report of Transported Resident Students provides the data used for this calculation. The district is to be commended for this rating which is calculated by dividing student ridership by vehicle capacity and is exclusive of special service districts, educational services and jointure commissions.

III. COLLECTIVE BARGAINING ISSUES

The following three 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 agreement, 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 Princeton Regional Education Association (PREA), effective 1995-98, covers teachers and other instructional certificated employees, such as guidance counselors, nurses, librarians, psychologists, social workers, learning consultants, etc. All other individuals, who are not specifically enumerated in the contract, are excluded. The 60-page contract contains many articles (such as recognition, negotiation of successor agreement, grievance procedure, teacher rights, association rights and privileges, board rights and responsibilities, teacher employment, promotions, vacancies, and new positions, transfers and reassignments, teacher evaluation, complaint procedures, renewal of non-tenured teachers, teacher facilities, teacher-administrator liaison, extended leaves of absence without pay, personal and academic freedom, dues deduction and agency shop, miscellaneous provisions, etc), which 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 1997-98 salary guides, which is the year selected for financial comparisons with other benchmarks.

Teacher Work Year

The in-school work year for teachers employed for ten months is 185 days. Guidance counselors and student assistance counselors work an additional five days for a total of 190 days. New teacher orientation days are in addition to the in-school work year.

Teaching Hours and Teaching Load

The daily teaching load in the high school is five hours per day of pupil contact, consisting of five teaching periods and one duty period. The high school day consists of seven hours and one minute, which includes eight periods, not to exceed fifty minutes each, and three minutes of passing time per period.

The daily teaching load in the middle school for teachers and subject area coordinators is five hours per day of pupil contact, consisting of six periods. The middle school day consists of a 30-minute lunch, seven periods of 50 minutes each, including passing time, and a five-minute homeroom period, exclusive of pupil contact time.

The teaching load in the elementary schools is 24 hours and ten minutes of pupil contact per week, excluding a homeroom period of five minutes.

Recommendation:

This contract is highly specific in terms of the limitations on hours of pupil contact for teachers. Reportedly, administrators, paid aides and volunteer parents are primarily responsible for supervising children in hallways, cafeterias, and playgrounds. The employment of aides for this purpose is an added expense for the school district. Most negotiated agreements provide designated “free” time for teachers during the week for lunch and lesson preparations, but with a clear understanding that teachers are responsible for professional supervision of children the remainder of the time during the workday. With limited teacher supervision of children outside the classroom, there is an increased risk of accidents or injuries affecting students and district liability in the absence of adult supervision. District officials should endeavor to address this problem during future negotiations.

It should be noted that the review team did observe a number of elementary school teachers who were walking their classes down the hallway to the next class location and that, individually, teachers may fulfill professional functions which exceed the terms of the negotiated contract.

Teachers in grades 7 through 12 are not required to prepare for more than three subject courses each semester.

Building-based teachers may be required to remain after the end of the regular workday, without additional compensation, to attend faculty or other professional meetings each Monday, excluding the fourth Monday, which is designated for association meetings.

In addition to their lunch period, classroom teachers have daily preparation time as follows:

1. Elementary school – 25 minutes
2. Middle school – 50 minutes
3. High school – one period

Under specified conditions, during 1997-98 teachers were paid as follows, for covering classes during a scheduled preparation period:

1. Period - \$24.04
2. Half Day - \$60.10
3. Full Day - \$119.11

Non-teaching Duties

Teachers cannot be required to perform the following non-professional duties:

1. Collecting money from students for insurance and photos.
2. Delivering books to and from classrooms.
3. Custodial functions.

Elementary school teachers continue to be relieved of cafeteria supervision. Middle school teachers have no cafeteria supervision, and no bus duty or pupil supervisory duty before and after school. Bus and hall duty stipends are set forth in Schedule B.

Salaries

Each teacher is placed on the next step of the salary schedule at the beginning of the next school year, unless the teacher’s employment and/or adjustment increments are withheld by the Board of Education. The salaries of all teachers in the unit are set forth as follows in Schedule A:

Schedule A – 1997-98 Salary Guide

Years	Bachelors	Masters	MA + 30	Doctorate
0	\$33,928	\$36,710	\$39,119	\$40,781
1	\$34,793	\$37,646	\$40,117	\$41,821
2	\$35,681	\$38,606	\$41,140	\$42,888
3	\$37,504	\$40,579	\$43,242	\$45,079
4	\$39,420	\$42,653	\$45,451	\$47,383
5	\$41,435	\$44,832	\$47,774	\$49,804
6	\$43,552	\$47,123	\$50,215	\$52,350
7	\$45,777	\$49,531	\$52,781	\$55,024
8	\$48,117	\$52,063	\$55,478	\$57,836
9	\$50,575	\$54,722	\$58,313	\$60,791
10	\$53,160	\$57,520	\$61,292	\$63,898
11	\$55,876	\$60,458	\$64,424	\$67,162
12	\$58,215	\$62,988	\$67,121	\$69,974
13-15	\$63,199	\$68,380	\$72,868	\$75,965
Longevity Steps	(Criteria in the contract determine eligibility for longevity).			
After 15 years	\$64,099	\$69,357	\$73,907	\$77,048
After 20 years	\$65,013	\$70,344	\$74,960	\$78,145
After 25 years	\$65,940	\$71,348	\$76,028	\$79,259

A teacher who is assigned to work weekends, after the close of the regular in-school year, or during district-scheduled school holidays or vacations are compensated at the following rates:

- Curriculum development activities - \$20/hr.
- Teaching in professional development activities and for activities which are extensions of the normal work-year responsibilities - \$40/hr.
- Teachers working at the district’s neighborhood learning centers – hourly head coach rate (Schedule C).
- For professional development and training activities - \$30/hr.

Recommendation:

As previously indicated, the median teacher’s salary at Princeton was \$58,304 in 1997-98, which was \$6,703 or 13.0% higher than the \$51,601 average amount for the four

comparison districts. Multiplying this difference by the number of teachers at Princeton (approximately 236) indicates that the impact on Princeton's expenditures was about \$1.58 million.

According to the NJEA Research New Jersey Teacher Salary Guides, 1996-97 Edition, Princeton Regional had the highest cumulative earnings among the comparison districts, as indicated in the following table:

District	Cumulative Earnings		
	10 Years	20 Year	30 Year
Princeton Regional	\$425,130	\$1,076,892	\$1,769,427
The Chathams	\$384,797	\$1,006,059	\$1,723,569
Summit City	\$396,486	\$955,289	\$1,660,819
Bernards Twp.	\$373,676	\$899,892	\$1,566,342
Hopewell Valley Reg.	\$372,200	\$937,260	\$1,514,450
Four District Average	\$381,790	\$949,625	\$1,616,295
Princeton Reg. Excess	\$43,340 (+11.4%)	\$127,267 (+13.4%)	\$153,132 (+9.5%)

Note: The 1997-98 cumulative earnings were not published.

The Princeton Regional teachers' salary guide provided about 10% to 12% more earnings than the four comparison districts with similar district factor groupings.

The accredited experience and the amount of academic training of teachers determine individual salaries on teachers' salary guides. In June, 1997, Princeton Regional had an average teacher experience of 16 years, compared to an estimated state average of 16.7 years. The average teacher experience in the four comparison districts was 13.5 years. Salary guide construction relative to academic training levels, obviously, also affects individual teacher salary levels.

Payroll records show that 71 Princeton Regional teachers, or about 30%, had reported salaries (exclusive of extra stipends) of \$70,000 or more compared with 8% of the teachers statewide, according to NJEA Research Bulletin A97 - 3/4/6/September, 1998.

Stipends

Appointments to stipend positions are made according to the teacher salary guide and supplemented by the stipends for the period in which they serve in these positions.

Schedule B – 1997-98 Stipends

Position	<i>Payment</i>
Admin. Interns-Elementary/One Semester	\$980
Audiovisual Assistants-Elementary	\$1,957
Audiovisual Assistants-Middle School	\$2,218
<i>Coordinators</i>	
K-4 Technology for Children	
September, October, May, June	\$1,108
K-4 Science/Math	\$2,218
K-12 Nurses	\$2,218
High School – Compensatory Education	\$2,218
High School – Computer Center	\$2,218
High School – Subject Area	\$3,041
Middle School – Subject Area	\$2,218
After-school/Summer Programs	\$3,041
Child Study Team-October 1 Student Enrollment	
0-400	\$2,607
400-800	\$3,783
800+	\$4,780
<i>Hourly Payments</i>	
Middle School-Bus & Hall Duty	\$12.67/hr
Instructional Support Coordinator, Management Information Specialists, Peer Leadership	Head coach hourly rate*

*Stipend based on hours approved by administration at head coach rate (Schedule C).

Extra Pay for Extra Services (EPES)

Teachers receive extra payment for activities that are classified as interscholastic athletics, co-curricular or extracurricular and which take place after the close of school. Stipends are calculated by multiplying the number of hours by the EPES hourly rate as follows:

Schedule C - EPES

Position	1997-98 Hourly Rate*
Head Coach	\$22.85
Associate Coach, Single Coach & Single Advisor	\$19.80
Assistant Coach	\$15.20

*Hourly calculations are subject to review and/or revisions as a result of program changes and/or tournament participation.

The district's extracurricular costs, which are slightly below the per pupil average for the four comparison districts, appear reasonable. While the total expenditures for stipends for athletic coaches was higher than the comparison districts, the individual stipends for each position appeared to be comparable to the amounts paid in the four comparison districts.

Payment for Unused Sick Leave

With notice by November 30th, and upon retirement at the end of the school year, the retiree is paid for 100% of the unused accumulated sick-leave days to a maximum of \$10,000 at the per

diem rate of \$95. Teachers whose entitlement exceeded \$10,000 on June 30, 1993 were capped at the amount earned by that date.

District officials are commended for providing a \$10,000 cap upon individual sick leave payments.

Sick Leave

Teachers are entitled to 12 sick leave days each school year and unused days accumulate with no maximum limit. An employee who is ill or disabled for a greater number of days than the total number of accumulated sick-leave days, may apply to be paid the difference between his/her salary and the pay of a substitute.

Temporary Leaves of Absence

Teachers are entitled to a maximum of three days leave of absence, with pay, for personal business. Effective July 1, 1990, unused personal days may be accumulated for purposes of retirement reimbursement only, to be paid in the same manner as accumulated sick days to a maximum of ten days.

Teachers are granted the following leaves, under specified conditions:

- In the event of death in the teacher's immediate family, the teacher receives up to a maximum of five consecutive workdays. Under individual circumstances, a teacher may be granted up to five days for a close relative outside the immediate family, as defined contractually.
- One days leave of absence without loss of pay is granted upon request to attend the funeral of a relative or a close friend who is not a member of the immediate family.
- Five days leave of absence without loss of pay may be granted upon request to care for a member of the immediate family who is ill.
- Three days leave of absence may be granted to a father to provide for family care upon the birth of a baby.

Recommendation:

Aside from personal illness provisions, three personal days, with pay, per year should be adequate to meet individual employee needs for personal time off with two exceptions: 1) a separate bereavement leave provision for family, and 2) leaves for jury service or military duty as governed by statute.

The following leaves may be granted without loss of pay upon the approval of the board of education or its designee:

1. Leaves to visit other schools or to attend meetings or conferences of an educational nature.
2. Time at the beginning or end of a school year, as may be required, to attend summer school and/or travel to the place where such classes are to be held.
3. Up to five days for the purpose of marriage and honeymoon or up to two days for the purpose of attending the marriage of a member of the immediate family.

Recommendation:

Collectively, the above seven reasons for paid personal days could produce a significant number of paid absences in any year. District officials may wish to consider negotiating a maximum number of paid personal days per year for each employee, or, otherwise, as previously indicated, place most of the reasons under the three-day allowance.

Military and Other Leaves

Brief leaves of absence, with pay, are granted annually to personnel required to perform short periods of annual military duty, pursuant to N.J.S.A. 38:23-1 et. seq. section 38:23-1 of the New Jersey Statutes. Copies of the military orders are filed with the board secretary. Extended military leaves without pay must be renewed annually.

A leave of absence, without pay, of up to two years may be granted to any teacher who joins the Peace Corps, VISTA, National Teacher Corps, or serves as an exchange or overseas teacher, or accepts a Fulbright scholarship.

A tenured teacher may be granted a leave of absence, without pay, for up to one year to teach in an accredited college or university, private school, or other public school district or to care for a sick member of the immediate family.

The contract also provides for disability leaves, such as pregnancy, and for child rearing and adoption leaves. During the period of disability, the employee may elect to use accumulated sick leave days.

Professional Development and Educational Improvement

When recommended by the superintendent and approved by the board, payment is provided for the full cost of tuition and other reasonable expenses incurred in connection with any courses, workshops, seminars, conferences, in-service sessions or other sessions which a teacher is required and/or requested by the administration to take.

With prior approval, the district reimburses up to \$500 per person per contract year for any course taken at an accredited college as a part of a degree granting program directly applicable to the positions represented by the bargaining unit. In addition, a teacher may take any one college-level course from an accredited institution for up to a maximum of \$500 in tuition reimbursement per teacher and within an annual district-wide limit of \$5,000.

District officials are commended for limiting the district wide contractual obligation for tuition reimbursement to \$5,000 annually. Princeton tuition payments in 1997-98 compared favorably with payments in the four comparison districts.

Insurance Protection

The district provides employees working a minimum of twenty hours, or a 50% contract, paid health and prescription coverage for employee and dependents. There is the exception of

employees hired on or after July 1, 1993 that they must pay the additional premium for dependent coverage during the first three years of employment. The prescription drug co-payment is \$5 for the life of this contract.

The district pays a maximum of \$363 per teacher for an individual dental program. If the dental premium exceeds the stated amount by three percent per employee per year for the duration of the contract, the two parties will jointly seek a new carrier who can offer the same coverage for the stated amount.

Retired employees have the privilege of being covered under the Major Medical Contract upon payment of the appropriate premium. Individuals on leave, without pay, may also be covered under the group plans by paying the premiums. Tenured teachers who are terminated due to a reduction in force continue to receive insurance protection for three months after termination.

Recommendations regarding insurance protection are contained in the insurance section of this report.

Administrators' Association Agreement

The Agreement with the Princeton Regional Administrators' Association (PRAA), effective 1996-99, covers principals, supervisors, assistant principals, athletic director and director of guidance. The 26-page contract contains many articles (such as recognition, negotiation of successor agreement, grievance appeal procedure, renewal of non-tenured administrators, administrative positions and structure, extended leaves of absence without pay, board rights and responsibilities, complaint procedure, administrator definition, and duration of agreement, etc.), which 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 guides, which is the year selected for financial comparisons with other benchmarks.

Workday and Work Year

The work year for administrators is 220 days. The district recognizes that administrative duties require hours beyond the daily workday at certain times of the year, and with supervisory approval, may adjust the work schedule.

Twelve-month administrators are entitled to 22 paid vacation days and 18 paid holidays per year. Administrators may carry over a maximum of 33 accumulated vacation days to any subsequent year, with specified exceptions. Any other unused vacation days in excess of 33 may be carried over as accumulated sick days without limit.

Recommendation:

District officials should evaluate the contract language, which permits the transfer of unused vacation days in excess of 33 to accumulated sick days, as the purposes of the two types of days are dissimilar.

Sick Leave

All administrators are entitled to 14 sick-leave days per year. Unused sick-leave days accumulate from year to year without limit.

For administrators hired after July 1, 1996, the retiring administrator is paid for unused sick days at \$82/day, to a maximum of \$10,000. Upon retirement, other administrators are paid for 100% of unused accumulated sick-leave days at the daily rate and up to the following maximums for 1997-98: daily rate - \$87.25 to a maximum of \$14,279.

The district is commended for establishing a maximum payment for unused sick days upon retirement.

Temporary Leaves of Absence

Administrators are entitled to three days leave of absence without loss of pay for personal reasons.

Administrators are granted the following leaves, under specified conditions:

- In the event of death in the immediate family, the administrator receives up to a maximum of five consecutive workdays. Under individual circumstances, an administrator may be granted up to five days for a close relative outside the immediate family, as defined contractually.
- One day's leave of absence without loss of pay is granted upon request to attend the funeral of a relative or a close friend who is not a member of the immediate family.
- Five days leave of absence without loss of pay may be granted upon request to care for a member of the immediate family who is ill.
- Three days leave of absence may be granted to a father to provide for family care upon the birth of a baby.

Recommendation:

Three personal days with, pay, per year should be adequate to meet individual administrator needs for personal time off with two exceptions: 1) leaves for jury service or military duty as provided by law, and 2) a separate family bereavement leave.

The following leaves may be granted, without loss of pay, upon the approval of the board of education or its designee:

1. Leaves to visit other schools or to attend meetings or conferences of an educational nature, upon recommendation of the superintendent.
2. Up to five days for the purpose of marriage and honeymoon or up to two days for the purpose of attending the marriage of a member of the immediate family.

Salaries

The 1997-98 salary range was based upon a 3% increase in the 1996-97 range. Individual salaries for the three years of the contract period are listed in Schedule C and salary ranges for 1997-98 are set forth in Schedule B as follows:

Categories	Minimum	Maximum
Supervisor	\$82,018	\$90,141
Assistant Principal/Director	\$86,274	\$94,397
Elementary Principal	\$90,645	\$99,249
Middle School Principal	\$95,865	\$105,053
High School Principal	\$99,737	\$109,356

Longevity – Paid in addition to base salary:

- After completion of ten years of service - \$1,000.
- After completion of fifteen years of service - \$1,500.

Median administrators’ salaries for Princeton Regional and the four comparison districts are listed in the following table:

Administrators’ Salaries	Princeton Regional	Bernards Township	The Chathams	Hopewell Regional	Summit City
Median Salary	\$93,025	\$78,500	\$95,455	\$83,783	\$83,733
Student/Admin Ratio	169.2	219.1	149.7	166.6	129.1
Source - 1999 NJDOE Comparative Spending Guide					

Recommendation:

The Princeton Regional median administrator salary in 1997-98 was about 9% higher than the average (\$85,393) median salary for the four comparable districts. This translates into a higher expense for Princeton of about \$150,000 annually.

Professional Development

The district provides up to \$2,750 per administrator per year for professional growth programs, lease or purchase of computers and related equipment, and professional obligations such as memberships, conferences, and professional subscriptions and books. After a minimum of two years as an administrator in the district, the individual owns the computer and related equipment.

The district has established a tuition reimbursement pool of \$2,500 per contract year. At the end of the year an administrator may apply for reimbursement for up to two graduate courses taken at an accredited institution.

Other Support

The district provides every other year up to \$150 to cover the cost, after insurance reimbursement, of an annual physical examination. Eye examinations and glasses are not included.

Annually, each administrator receives \$150 in his/her final paycheck to defray costs associated with financial-planning/retirement-counseling services.

With the exception of classified students, non-resident children of administrators or deceased administrators hired on or before June 30, 1996 are permitted to attend Princeton Regional Schools tuition free in all grades. Administrators hired on or after July 1, 1996 pay \$1,500 per child per year for their non-resident child(ren) to attend Princeton Regional Schools.

Support Staff Association

The agreement with the Princeton Regional Support Staff Association (PRESSA), effective 1996-99, covers secretaries, custodians, maintenance and bus personnel, instructional and non-instructional aides, etc., and excludes specified secretaries in central office. The 60-page contract contains many articles (such as recognition, negotiation of successor agreement, grievance procedure, complaint procedure, support staff liaison council, board rights and responsibilities, employee rights and privileges, association rights and privileges, call time and overtime, extended leaves, military leave, reduction in force, protection of employees, employee evaluation, employment, transfers and reassignment, renewal of tenure-eligible employees, employment-termination procedures, employee conditions, agency shop, personal freedom, miscellaneous provisions and duration of agreement, etc.), which 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 guides, which is the year selected for financial comparisons with other benchmarks.

Work Schedule

For maintenance, facilities and secretarial personnel, annual contracts are effective from July 1 through June 30, while ten-month contracts are effective from September 1 through June 30 of the following year. Ten-month contracts for secretarial employees hired on or after July 1, 1984, consist of 190 workdays and 17 holidays.

The work year for contractual aide personnel is in accordance with the district academic calendar or up to 185 workdays. The school principal determines the work year for hourly employees.

Maintenance and Custodial Work Hours

Schedule Posting - By the fifteenth of each month, the supervisor posts the work schedules for maintenance and facilities personnel for the following month.

Work Shift - Eight hours of work, exclusive of a 60-minute lunch period, constitutes a work shift. The superintendent may establish differentiated starting and stopping times consisting of eight consecutive hours for employees working a Monday through Friday workweek. These

hours remain constant for a 12-month cycle, unless modified by mutual agreement. Except for an emergency, employees receive at least 30 days prior written notice before an involuntary change in his/her scheduled starting and stopping times. Employees may be assigned to perform their duties in more than one building (floaters).

Flexible Hours (Swing Shifts) – Assignments to a week other than Monday through Friday are made through volunteers and employees hired after June 30, 1996. Employees whose regular shift includes Saturday and Sunday do not receive overtime pay for that regular shift. For regularly scheduled shifts that include Saturday and Sunday, two employees must be assigned at all times.

When required during the months of May, June, September and October, two members of the grounds crew work consecutive 10-hour days on Wednesday through Saturday. Volunteers are sought, but in the absence of volunteers, assignments are made on the basis of seniority. Saturday work on these shifts is paid on a straight time basis. Correspondingly, needed maintenance personnel work 10-hour days on Wednesday through Saturday on one project per year with the same conditions as described above.

District officials are commended for negotiating flexible work hours and work shifts, which are more cost effective.

Any custodian employed prior to June 30, 1996, could remain a custodian provided (s)he elected to perform all duties of the custodial job title. Employees opting to be cleaners were transitioned to the new cleaners guide after 1995-96. Full-time cleaners are entitled to contract benefits.

Cleanup Period – Employees are granted a 15-minute period at the end of the work shift to put away equipment and supplies and for personal cleanup.

Secretarial Work Hours

For positions of 35 hours per week, the workday consists of seven hours, exclusive of a 60-minute duty-free lunch period. For positions of 40 hours per week, the workday consists of eight hours, exclusive of lunch. For positions of less than 35 hours per week, the principal or supervisor defines the workday within reasonable hours. Employees continue to enjoy appropriate rest periods as provided in the past.

Aide Work Hours

For contractual employees, the workday consists of seven hours, exclusive of a duty-free lunch period. The principal determines the working hours for hourly employees. Full-time elementary school aides enjoy 20 minutes of duty-free time during their scheduled day. Aides in the middle and high school continue to be scheduled in accordance with the practices at the schools.

School Closings/Emergency Shutdowns

The contract defines three categories of snow days. Employees are paid double time for the hours dedicated to snow removal. Effective July 1, 1996, employees were no longer given a holiday for school closings due to snow. Employees not reporting to work due to a snow closing were required to make-up the day if it is rescheduled for students.

Call Time and Overtime

Any maintenance or facilities employee called to return to work outside of his/her regular scheduled shift is paid a minimum of two hours at the overtime rate, so long as said two hours are not contiguous with the employee's regular scheduled shift. Emergency call-in work on Saturdays, Sundays or scheduled holidays, which is required as the result of a fire, flood, vandalism, or snow removal, is paid at double the hourly rate. Employees required to work on Sundays for regularly scheduled and recurring activities and non-school activities also receive double time payment.

Recommendation:

Many school districts find that time and one-half payment, with a minimum of two hours, is adequate for compensation of employees who are called in for emergencies, snow removal, etc. Since, reportedly, there have been claims for triple time, the district should consider negotiating a clarification of contract language.

Subject to the prior written approval of the supervisor when possible, employee overtime is paid at the rate of time and one-half for all time worked in excess of 40 hours in any workweek. Employees contracted for less than 40 hours per week receive straight time payment for excess hours up to and including 40 hours per week. Unapproved absences do not count for credit for overtime purposes.

Vacations and Holidays

Maintenance and facilities personnel are eligible for vacations as follows:

- First-year employee – one workday for each full month of service up to a maximum of ten workdays.
- Over one year, but less than five years of service – ten workdays.
- Over five years, but less than ten years of service – 15 workdays.
- Over ten years of service – 22 workdays.
- Vacations may not be taken during the two weeks before the beginning of school.
- Upon resignation, earned vacation is paid according to the proportion of full months worked to the total contract year, unless proper two-week notice has not been given.

Twelve-month secretaries receive vacation days as follows:

- First-year employee – one workday for each full month of service up to a maximum of 10 workdays.
- Over one year, but less than ten years of service – 15 workdays.
- Over ten years of service – 22 workdays.

Ten-month employees hired on or after July 1, 1984 do not receive paid vacation days. Those secretaries employed on or before June 30, 1984 receive the following:

- First-year personnel – one workday for each full month of service up to a maximum of eight workdays.

- Over one year, but less than ten years – 12 workdays.
- Over ten years – 16 workdays.

Holidays – A total of 18 holidays are scheduled for 12-month employees and 17 holidays for 10-month employees.

Sick Leave

All maintenance and facilities personnel are entitled to 14 sick-leave days each school year as of the first official day of said school year. First-year secretarial and aide employees are entitled to one sick-leave day for each full month (before the 15th of the month) of employment from date of hire through June 30. Otherwise, 12-month secretaries are entitled to 14 sick-leave days per year and 10-month secretaries and aides are entitled to 12 sick-leave days each school year.

Support employees are paid for 50% of their unused accumulated sick days at the daily rate of \$55 to a maximum of \$5,000.

District officials are commended for establishing a daily rate and maximum payment for unused sick leave days.

Temporary Leaves

Temporary leave days for support staff parallel those previously described for teachers.

Recommendation:

Aside from personal illness provisions, three personal days, with pay, per year should be adequate to meet individual employee needs for personal time off with two exceptions: 1) a separate bereavement leave provision for family, and 2) leaves for jury service or military duty as governed by statute.

Salaries

Maintenance and facilities personnel received 3.5% across the board increases, inclusive of increment with the exception of starting salaries, which were reduced 10% from the previous year level.

Schedule A – 1997-98 Maintenance & Facilities Personnel Salary Information			
Category	Starting	Hiring Point**	Maximum
00 Cleaner	\$19,750	\$22,120	\$25,616
01 Custodian	\$20,967	\$24,291	\$32,061
02 Boilerman	\$22,167	\$25,621	\$33,825
03 Custodial Supervisor	\$28,041	\$32,470	\$42,865
04 Grounds	\$21,943	\$23,720	\$28,200
05 Carpenter	\$28,570	\$32,973	\$43,746
06 Painter	\$25,025	\$29,904	\$38,331
Contract Premiums	1995-98		
Supervisor JW School		\$1,150	
High School		\$1,500	
Asst. Custodial. Supervisor-HS		\$875	
Chief Mechanic/Boilerman-HS		\$875	
Custodian/Bus Driver		\$650	
Acting Custodial Superv.		\$7/day	
Night Premium*		\$.30/hour	

*Employees hired after June 30, 1996 and assigned to regular shifts that end up to 11 p.m. do not qualify for night premium payments.

**Maximum initial salary for newly hired employees with previous experience.

District officials are commended for negotiating a “phasing out” of the extra payment for the evening shift.

Secretarial personnel received 3.5% across the board increases, inclusive of increment with the exception of starting salaries, which were reduced 10% from the previous year level.

Thirteen secretarial/clerical employees received longevity stipends ranging from \$400 to \$1,800 and totaling \$12,100 during the 1998-99 school year.

Schedule B – 1997-98 Secretarial Personnel Salary Information*			
Category	Starting	Hiring Point	Maximum
01 Executive Secretary	\$26,915	\$33,345	\$45,320
02 Administrative Secretary	\$26,915	\$29,108	\$41,132
03 Bookkeeper, Data Processing Technician, Word Processing Secretary	\$23,855	\$28,372	\$40,081
04 Library Asst. Secretary	\$23,070	\$27,445	\$38,772
05 Clerk Typist	\$19,661	\$23,180	\$30,936

*The above salaries are for 12-month employees, based on a 35-hour week. For those who work on other schedules, the salaries are factored as follows:

12-month – 40-hour week – 1.1428	10-month 35-hour week - .8333
12-month – 6/7 contract ---- .8571	10-month 6/7 contract ---- .7142
12-month – 5/7 contract ---- .7142	10-month 5/7 contract ---- .5951
12-month – 4/7 contract ---- .5714	10-month 4/7 contract ---- .4762

Aide personnel received 3.5% across the board increases, inclusive of increment with the exception of starting salaries, which were reduced 10% from the previous year level.

Fifteen aide staff members received regular longevity stipends ranging from \$400 to \$1,800 and totaling \$14,250 during 1998-99.

Schedule C – 1997-98 Aide Personnel Salary Information			
Category	Starting	Hiring Point	Maximum
Full-time Instructional Aides	\$12,919	\$16,581	\$26,117
<i>Part-time aide salaries were increased by ten cents per hour from the previous year.</i>			
Part-time Aides		\$8.57/hour	
Personal Assistants		\$5,000*	

*Personal Assistants receive a \$5,000 stipend per contract year, prorated based upon the percent of contract being worked only when (s)he is performing the duties of personal assistant.

In 1997-98, the district expended about \$50,000 in stipends for child study team coordinators, nursing extra payments, and personal assistant stipends in special education.

For longevity, secretarial and aide employees, annual base salaries are increased by the appropriate amount calculated as of the first day in July. For longevity, maintenance and facilities employees, payment is made in accordance with Schedule D on or about the employee’s anniversary date.

Schedule D – Longevity			
After 12 years	\$400	After 21 years	\$900
After 13 years	\$450	After 22 years	\$1,000
After 14 years	\$500	After 23years	\$1,100
After 15 years	\$550	After 24 years	\$1,200
After 16 years	\$600	After 25 years	\$1,300
After 17 years	\$650	After 26 years	\$1,400
After 18 years	\$700	After 27 years	\$1,500
After 19 years	\$750	After 28 years	\$1,600
After 20 years	\$800	After 29 years	\$1,700
		After 30 years	\$1,800

Sixteen maintenance/facilities employees received longevity stipends, which ranged from \$400 to \$1,700 and totaled \$10,250 for 1998-99.

Note the recommendations regarding the salaries of cleaning and grounds custodians under the facilities management section of this report.

INSURANCE

The district spends about \$3.1 million per year on health insurance. This includes \$2.4 million for medical benefits, \$.5 million for prescription drugs and \$.2 million for dental coverage.

The district offers four types of medical insurance plans provided by three different insurance companies. It offers the traditional plan, a planned provider option (PPO) called Select, a point of service (POS) plan called Choice, and three HMO options. The district does not require employees to contribute to the costs of their medical insurance, except for dependent coverage for the first three years. Most employers (both public and private) require employees to pay a portion of the cost for medical insurance. Not requiring employee contributions results in no incentive to choose the less expensive medical options. For example, approximately 65% of Princeton's employees have traditional coverage.

The district also provides a free standing drug prescription program with nominal co-pays for two of the three bargaining units. The co-pays are \$0/3 (generic/name brand) for the Administrators' Association, \$0/5 for the Education Association, and \$5/10 for the Support Staff.

The district pays 90% of dental insurance coverage cost.

The wide variety of medical insurance options provided by the district, combined with no contribution from employees, minimal prescription co-payment and dental contribution amounts result in very high health insurance costs in Princeton. A comparison of Princeton's health benefit cost to the selected districts indicates that Princeton's cost per employee is \$1,478 or 29.3% above average (see table below).

District	Princeton	Chathams	Summit	Bernards	Hopewell	4-District
County	Mercer	Morris	Union	Somerset.	Mercer	Average
# Employees*	435	361	350	362	434	388
Benefit \$	\$2,835,844	\$1,619,241	\$2,227,595	\$1,601,178	\$2,123,999	\$1,893,003
Cost/Employee	\$6,519	\$4,485	\$6,361	\$4,423	\$4,894	\$5,041

*The number of employees was obtained from the CAFR and is unaudited.

Multiplying the \$1,478 by the number of employees at Princeton indicates that if Princeton's costs were average, the district would spend \$624,930 less on health benefits.

The district is taking major steps to reduce health insurance costs. The district, through the new controller, improved the administration of the program as follows:

- Recently obtained competitive proposals for coverage and broker service and hired a new broker beginning in 1997-98.
- Found and corrected the mistaken payment of premiums for employees who had left the district.
- Began properly accounting for credits from insurance providers.

- Corrected the improper categorizing of employees e.g., categorizing single employees as family coverage and vice versa.
- Passed on increases in premium costs to employees as authorized in negotiations.

The new controller fixed these administrative problems and estimates that the district saved \$40,000 per year in reduced costs and/or increased revenue.

After implementing administrative changes, district officials began analyzing and improving the health plans. The district considered joining the State Health Benefits Plan (SHBP), but rejected the idea for several reasons. The plan's costs were very comparable to what the district obtained, but the district was concerned about increases in premiums, especially since Princeton's contract settlement dates were six months before new rates were established, and the plan did not cover routine physical examinations, which are considered important in Princeton.

The first health plan improvement was to implement tiered rates in April, 1999. Prior to that date, the district only had single or family coverage. Now there are four categories. The district estimates that this modification saved about \$112,000. Second, the district negotiated co-pays for prescriptions for support staff, which saved roughly \$40,000. Third, newly hired support staff now pay any difference between the cost of the medical insurance plan they choose and the lowest cost medical insurance plan offered by the district. Newly hired teachers had received single or family coverage, but now receive only single coverage for the first three years. There are no estimates available of cost savings for these changes.

Potential Future Savings

This report focuses on the 1997-98 school year because the audit of that year was the most recent available. However, when recommending alterations in health insurance costs to the district, LGBR uses the most recent information available concerning the number of employees, negotiated settlements and health insurance costs. This takes into account the rapid cost and coverage changes that occur in the health insurance industry.

The district recently negotiated new agreements with bargaining units that have significantly reduced the costs of health insurance coverage. These new agreements will reduce district costs by a total of \$291,366 as shown below:

- For the first time, employees pay for one month, or 8.3% of the premiums for their medical insurance, prescription and dental coverage. This will save the district about \$244,766 per year and, on average, will cost employees about \$540 each.
- The district negotiated large increases in co-payments in prescription plans for one of the two bargaining units that had nominal co-pays. The other bargaining unit is currently in negotiations. The co-pays went from \$0/5 to \$5/10, which will save the district about \$46,600 annually. The district also added, for all bargaining units, a mail order prescription plan that has no co-pay.

The team commends the district for successfully negotiating and implementing major improvements that reduce the high costs of health insurance coverage.

Recommendation:

Employee contributions of 16% to 24% of premiums are reasonable, especially given the relatively high salary levels at Princeton. In the future, the district should consider increasing the employee contribution by negotiating at least one additional month of premium charges. This would increase the employee contribution to 16.7% of total premium costs and further reduce district costs by \$244,000.

Potential Cost Savings: \$244,000

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.

School Districts

The Princeton district technical coordinator was a co-author of the grant application for the establishment of the MercerNet countywide distance learning/data network, which was funded by a U.S. Commerce Department \$700,000 grant and an in-kind donation of \$1.6 million in equipment and services from Comcast Cable. MercerNet has over 70 miles of fiber-optic cable for the interactive video, audio, and 10 MB Ethernet data network. Interactive classrooms are located in over 14 sites, including 12 high schools, Mercer County Community College, several of Mercer County's public libraries, and the Invention Factory Science Center in Trenton. MercerNet can accommodate two-way full-motion video, audio, high-speed data transmission, and interface with remote multimedia libraries and each school's digital servers and Internet connections. The cable infrastructure can carry data over 1,000 times faster than the telephone twisted-pair copper lines and 100 times faster than ISDN. Faculty members and experts can collaborate on innovative learning programs, encompassing many subjects, through interactive classrooms located at many different sites.

Recommendation:

The Princeton Regional School District has a very valuable resource in this cooperative endeavor, which has high expectations and programmatic potential. However, the facility is being underutilized at the present time. District officials should consider leading a countywide effort in coordinating school and student course scheduling to make it possible for distance learning activities to take place through the available equipment and network. Visitations to, and communication with, distance learning cooperatives in other counties could prove helpful in achieving the full potential benefits of these remarkable facilities.

Educational Technology Training Center (ETTC)

Most districts in Mercer County have chosen to work together in a collaborative effort to plan the professional development opportunities for technology for all staff with Princeton Regional School District as the Local Educational Agency (LEA). The application for DOE funding was developed with the support of both Rider University and Mercer County Community College as partnering institutions of higher education.

The ETTC, one of 21 Educational Technology Training Centers in New Jersey, is located in Valley Road School in Princeton Regional. The center primarily serves the school districts of Mercer County and provides both public and nonpublic employee training in the use of

technology. A variety of services are offered, including customized courses, on-site and in-class support and training, technical advice and support services, and as a library for preview of software and emerging technologies.

School districts may opt for full membership or participate in a “pay-as-you-go” system. Member districts are offered discounted fees for training. Some districts chose pre-paid vouchers that can be used by their staff for either a half-day or full-day session. Individual courses require a minimum of five registrants and are restricted to 12 to 15 participants. The number of educators trained has increased from 509 in 1997-98 to over 1,400 in 1998-99. Over the same period, ETTC annual income has increased from \$19,000 to about \$70,000. The regional district, which acts as the LEA for the ETTC, has received DOE educational technology grants and is currently applying for an assistive-technology grant of \$60,000. Assistive technology is any piece of equipment or product system that a teacher, parent or child uses to increase, maintain, or improve the functional capabilities of a child with disabilities.

The district is commended for serving as the local education agency for the county ETTC. A cooperative technology training endeavor obviously is the most cost-effective arrangement, provided that an adequate number of school districts participate and training facility utilization is maintained at a reasonable level.

Municipalities

The regional district and the two municipalities work on an informal basis to share equipment and services when the need is identified and communicated and the equipment and/or services are available. The township presently utilizes a school building as municipal offices, while a new township facility is under construction. The school district provides a part-time person to maintain the township computers and network and the township reimburses the proportional salary.

The district works on a limited basis with other government agencies to reduce purchasing costs by establishing cooperative purchasing agreements. The district purchases gasoline and diesel fuel with the Township and the Borough of Princeton. The district is considering expanding the cooperative purchasing efforts by joining with other school districts.

As indicated under the facilities section of this report, the district facilities manager has an outstanding computer database of Right-to-Know information, which can be shared with municipal officials. In addition, should the district decide to outsource custodial, maintenance and grounds services, the contract could be designed through an interlocal agreement to cover the school district and the two municipalities. The district facilities manager has the expertise to manage such an outsourcing endeavor.

P. L. 1999, Chapter 60 was signed into law earlier this year by Governor Whitman to provide aid to local units of government, including school districts, to study regionalization and shared and consolidated services. A school district that plans to study or implement a regional service agreement may apply for a grant and/or loan to study regional service or consolidation opportunities and to fund one-time start-up costs of regional or consolidated services by visiting

the DOE Website at: <http://www.state.nj.us.njded/grants/redi.htm> or by calling the DOE at 609-633-2454. District officials are encouraged to continue to explore additional areas where shared services would be cost effective for the school district and the municipalities.

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 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.

All 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. District officials provided the following written summary of the most frequently expressed concerns.

Charter School Funding

General fund tax-levy is currently the basis for charter school funding. This tax-levy allocation falls within the budget cap and consumes significant amounts of local resources. The charter schools' statutes and regulations most acutely affect school districts like Princeton Regional, which depend heavily upon local property taxes for revenue.

Comprehensive Educational Improvement Funding Act (CEIFA)

The school financing reforms incorporated into the body of the CEIFA legislation, and the implementation of it, have made it very difficult for local school districts to plan budgets. Rules and regulations have changed annually, making it difficult to anticipate budget development. In addition, to date, the implementation of CEIFA in Princeton Regional and in many other school districts has not produced any significant tax relief.

Special Education Costs

The costs of supporting children with special needs continue to increase beyond what the local budget caps permit. The NJ Department of Education continues to set tuition rates for special education that dramatically exceed budget limitations.

Regulatory Concerns

The imposition of regulations without related state financial support continues as a major obstacle to fiscal control and continues to divert increasingly scarce resources.

Purchasing Regulations, Bidding Procedures, etc.

Issues related to purchasing and contract awards, such as payment of prevailing wages, award of contracts to low bidders, and similar regulations limit the school district's ability to allocate budget resources to the improvement of the infrastructure.

LGBR notes that the Governor recently signed L. 1999, c. 440, which revises various provisions regarding public contracting.

**LOCAL GOVERNMENT BUDGET REVIEW TEAM
ACKNOWLEDGEMENTS**

Roland M. Machold, State Treasurer
Peter Lawrance, Deputy State Treasurer
Robert J. Mahon, Director, Local Government Budget Review Program

Princeton Regional School District Review Team

Dr. George H. Daniel, Educational Team Leader
Local Government Budget Review Program

Naomi Furrier Bourodimos, Local Government Budget Review
Robert F. Harding, Local Government Budget Review
Dr. James T. Smith, Local Government Budget Review

