

Government that Works!

NEW JERSEY DEPARTMENT OF THE TREASURY

LOCAL GOVERNMENT BUDGET REVIEW

**BOROUGH OF BOUND BROOK
BOARD OF EDUCATION**

CHRISTINE TODD WHITMAN
Governor

JAMES A. DiELEUTERIO, JR.
State Treasurer

FEBRUARY, 1999



GOVERNMENT THAT WORKS

OPPORTUNITIES FOR CHANGE

The Report of the Borough of Bound Brook Board of Education

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 at no cost by the State. 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 municipality but do represent the cost of the entity'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 the entity an indication of the potential magnitude of each issue and the savings, productivity enhancement, or cost to the community. 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 bargaining process. We believe, however, that these estimates are conservative and achievable.

**LOCAL GOVERNMENT BUDGET REVIEW
EXECUTIVE SUMMARY
BOUND BROOK BOROUGH BOARD OF EDUCATION**

Local Government Budget Review (LGBR) of the New Jersey Department of the Treasury conducted a study of the Bound Brook Borough School System in response to a request of the Bound Brook Board of Education. Some 29 areas were reviewed resulting in commendations; suggestions and/or recommendations aimed at promoting cost reduction and potential savings for the district. Three areas are recognized as “best practices” along with other commendations cited in the findings and three recommendations are made for possible state regulatory or statutory reform. The following is an executive summary of the findings and recommendations.

1. Benchmarking/Comparative Analyses

Statistical data of school districts comparable to Bound Brook is provided as a basis for making many of the recommendations.

2. Administration and Staffing

The review team suggests that the district require all high school teachers to teach six classes daily and eliminate two teaching positions.

3. Computers

The district should survey staff members to identify staff development needs for computing and address those needs through structured in-service training.

4. Insurance

The district should set up a safety committee to discuss methods of reducing claims and also develop and implement a policy for “light duty” work.

5. Transportation

The transportation coordinator’s duties should be assigned to the athletic director and the position should be reclassified as a part time bus driver; the Van #14 route should be eliminated for the 1998-99 school year; and the board should consider parking its buses in the lot behind the administration building and eliminate its parking space rent.

6. Vehicles

The district should contract with the Somerset County Department of Public Works maintenance facility for all vehicle repairs and the board should apply to the Department of

Transportation (DOT) at the state level for access to the Bridgewater fuel site and should use it for all fuel purchases.

7. Facilities

The district should sell the LaMonte facility and both central administration and special services staffs should be moved from their existing locations.

8. Plant Operations: Custodial, Maintenance and Grounds

The district should eliminate the \$.40 per hour stipend given to the custodians and eliminate one custodial position at the high school.

9. Cash Management

The board should use the New Jersey Cash Management Fund and 91 Day T-Bills as a benchmark for interest earnings to try to maximize the district's earning potential.

10. Professional Services

The board should seek part time interns from local educational institutions with specific computer skills to handle routine software and hardware computer related functions.

11. Legal Service

The district should advertise for proposals, negotiate with several attorneys and consider a retention agreement which clearly outlines what is included in the retainer fee.

12. Food Service

The district should consider building the costs of cleaning into the next contract and, possibly recouping the cost of the space occupied by the food service company.

13. Special Education

The board should continue to return out-of-district students in private placements to in-district classes whenever appropriate programs and services can be delivered. Also, the board should promote increasing the number of tuition paying special education students from other districts to fill available spaces.

14. Security

The board should reduce the number of police personnel at football games from four to two and at basketball games from two to one.

TABLE OF CONTENTS

<u>CONTENTS</u>	<u>PAGE</u>
COMMUNITY OVERVIEW	1
I. BEST PRACTICES.....	3
COOPERATION & ASSISTANCE OF PRIVATE SECTOR BUSINESSES	3
READING RECOVERY PROGRAM	4
SCHOOL-TO-WORK OPPORTUNITIES PROGRAM	4
II. OPPORTUNITIES FOR CHANGE/FINDINGS AND RECOMMENDATIONS	6
COMPARATIVE ANALYSES	6
ADMINISTRATION AND STAFFING.....	11
COMPUTERS	14
EMPLOYEE CONTRACTS	16
INSURANCE	16
TRANSPORTATION	17
VEHICLES.....	20
FACILITIES	23
PLANT OPERATIONS: CUSTODIAL, MAINTENANCE AND GROUNDS.....	29
CASH MANAGEMENT.....	32
PURCHASING.....	34
PROFESSIONAL SERVICES	36
LEGAL SERVICE.....	37
FOOD SERVICE.....	38
SPECIAL EDUCATION	39
BASIC SKILLS	43
BILINGUAL & ENGLISH AS A SECOND LANGUAGE (ESL).....	44
ATHLETIC PROGRAMS.....	45
EXTRA CURRICULAR ACTIVITIES.....	46
GUIDANCE	47
DRIVER EDUCATION.....	48
ADULT HIGH SCHOOL.....	49
SECURITY.....	50
GRANTS MANAGEMENT	51
INVENTORY CONTROL & FIXED ASSETS.....	51
SURPLUS.....	52
ENERGY UTILIZATION	53
APPENDIX.....	55
III. SHARED SERVICES.....	57
IV. STATUTORY AND REGULATORY REFORM	59

COMMUNITY OVERVIEW

Bound Brook Borough is a mixed socioeconomic suburban community located in the easternmost part of Somerset County, approximately 35 miles west of New York City. The borough, which is now over 300 years old, encompasses 1.6 square miles and has a population of just over 9,400, according to the 1990 U.S. Census. As an attractive residential borough, Bound Brook enjoys all the advantages of a major metropolitan area while maintaining the atmosphere of a small town.

Today the economy of Bound Brook, once dependent on a single industry, thrives on the many service and manufacturing operations of central New Jersey. The borough stands at the crossroads of major highways (Routes 287, 22 and 28) and is convenient to the Garden State Parkway, the NJ Turnpike and Route 78.

Though many of the students in the Bound Brook school system come from families that have lived in town for generations, increasing numbers of ethnically diverse residents are moving into town. According to the 1990 U.S. Census, race and national origin consists of the following: 91% White, 2% Asian/Pacific Islander, 2% Black and 5% other cultures. Approximately 14% of the population are of Hispanic origin. More than 79% of the population in the borough is 18 years or older.

Bound Brook students come from families with a median family income of \$43,225, with 517 persons in poverty. Per capita income was \$17,142. The median value (1990) of a single family home was \$165,500. Approximately 80.1% of the property valuation are residential housing (1990) with 12.4% commercial, 5.3% apartments and a mere .2% industrial. The debt service per capita (1991) was \$63.18.7.

According to the October 15, 1997 Application for School Aid (ASSA) Report, the Bound Brook school system has a total resident enrollment of 1,193.5 students from pre-kindergarten through grade 12. The neighboring town of South Bound Brook sends 110 students to the Bound Brook High School on a tuition paying basis. The State Department of Education categorizes the district by a district factor grouping (DFG) of "CD."

At the initiation of this study this school district consisted of three elementary schools and one jr./sr. high school. At the elementary level, the south side of the borough had two elementary schools: Lafayette Elementary for grades kindergarten through grade three and LaMonte Elementary for grades four through six plus pre-kindergarten. The north side had one elementary school; Smalley Elementary for grades kindergarten through six. The jr./sr. high school is located in the center of town. At the culmination of the 1997-98 school year, the LaMonte Elementary School was closed and the students were assigned to one of the two remaining elementary schools: Lafayette for all students in grades pre-kindergarten through one and Smalley for all students in grades two through six. This action terminated the geographic division of the elementary students (north/south), thereby bringing students district-wide together

at the very beginning of their education. More importantly, it put an end to the informal “other side of town” syndrome and/or connotation which, according to several interviewees, has plagued the district for many years.

The mobility rate in the three elementary schools ranges from 11.1% to 21% (state average is 16%). At the jr./sr. high school level the turnover/mobility rate is 13.5% (state average is 13.9%). 53% of the adult residents are high school graduates and 29% are college graduates and beyond. The high school drop out rate for the 1996-97 school year was a respectable 1%.

At the time of this review, the district had 203 full time and two part-time employees (employees working less than 20 hours per week). Certificated employees number 141, with non-certificated staff (including aides, secretaries, custodial and maintenance personnel) numbering 64. Substitute employees are used on an as needed basis.

The 1998-99 budget represented a 1.4% increase in total expenditures over the previous year. Bound Brook’s total cost per pupil budgeted for 1997-98 was \$8,966. This was \$952 above the state average. According to the NJ DOE Comparative Spending Guide, out of 55 New Jersey school systems of operating type K-12/0-1,800 students, Bound Brook ranked 42nd (low to high.) It should be noted that, based on projected enrollment and expenditures for the 1998-99 school year, the total cost per pupil is expected to drop significantly to \$7,445.

In addition to the public schools, Bound Brook has two parochial schools. Community services include a free public library and an extensive recreation program. Local government consists of a mayor who serves a four year term and six council members who serve three year terms.

I. BEST PRACTICES

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

Cooperation & Assistance of Private Sector Businesses

The Bound Brook school system has been very successful in seeking and attaining assistance from area businesses, a number of which are not located in Bound Brook. Examples include the following:

AT&T volunteers wired all of the Bound Brook school buildings for the Internet (referred to as the “Net Day Project”). AT&T has been very generous with its expertise, staff resources and money donations to the district. The company donated \$10,000 toward “seed money” for the Educational Foundation (mentioned below) which is providing staff resources to assist in the closing of the LaMonte Elementary School and movement of furniture and equipment to the Lafayette and Smalley Schools.

Union Carbide has donated money to the school district via grants particularly geared toward math and science initiatives. The company also provides funding for the “Student to Washington D.C. Program.”

The Education Foundation is an autonomous corporation with a 501(c)(3) tax exempt status, separate and distinct from the board of education. The mission of the foundation is to enhance the quality of education and provide new educational opportunities for the students of the Bound Brook School District by generating and distributing financial, and other, resources. In carrying out its mission, funds are provided for activities which supplement, compliment and augment the basic education program and include equipment and facilities not provided by other means. Teachers and other school staff are offered “venture capital” for creative ideas and programs, including resources to enhance their professional growth. The foundation promotes community awareness of educational challenges and solutions; develops enrichment programs to address the needs of the Bound Brook School District and the community it serves, fosters development of alumni relations, and provides a vehicle for individuals, businesses and organizations to share resources and gifts with the Bound Brook School District. To date, the foundation has been very successful in its fund raising efforts. Thanks to these efforts and the resulting donations, the

foundation has been able to provide fall and spring mini grants to teachers sponsoring various initiatives. Plans are now in the making to finance the renovation and restoration of the high school auditorium.

Ethicon, a subsidiary of Johnson & Johnson, donates funds, sponsors and provides both expertise and staff resources (engineers) to assist students involved in the Robotics Program; the design and construction of radio controlled robots. Assistance extends from initial planning and designing right through to robot construction and participation in the national tournament which is held annually.

Public donations from residents and alumni have resulted in the purchase of approximately \$30,000 worth of new equipment for the newly renovated weight room in the high school.

Reading Recovery Program

The Bound Brook school system participates in the Reading Recovery Program, a nationally acclaimed supplemental reading program aimed at teaching low achieving children to become independent, efficient readers and writers. The goal of the program is to provide an intensive short-term intervention for students in the lowest 20% of the grade one population.

The program includes five key elements:

- an instructional program for children;
- a unique two-level in-service teacher education model;
- a set of professional materials and trade books for children;
- a program of continuing education for trained Reading Recovery teachers; and
- a program of monitoring, research and evaluation that ensures the long range effectiveness of the program.

The program is cost effective in that students whose needs aren't met now as first graders might need costly basic skills classes in future years.

School-to-Work Opportunities Program

The Bound Brook school system has recently become involved in the NJ School-to-Work Opportunities Program.

“New Jersey’s school-to-work initiatives involve year-round employer participation, combine school-based and work-based learning, linking them to advanced education to facilitate a smooth transition from school to work. These initiatives provide educated and motivated students with both academic and occupational training, enabling them to develop the necessary technical skills to compete for high-skilled jobs.”

The program has progressed positively in Bound Brook. Thirty businesses in the area were contacted by the educator in charge of the program and, following one-on-one interaction

between students and the program coordinator, several students were placed in available positions. Businesses involved in the program have shown much enthusiasm, requesting additional students, requesting that students remain with them during the summer, etc. Types of businesses participating in the program include child care management, food production/management, health service/management, general office work, computer marketing and distribution, auto supply marketing and distribution, warehousing and shipping.

II. OPPORTUNITIES FOR CHANGE/FINDINGS AND RECOMMENDATIONS

The purpose of this section of the review report is to identify opportunities for change and to make recommendations that will result in more efficient operations and financial savings to the school district and its taxpayers.

In its study, the review team found the district makes a conscious effort to control costs and to explore areas of cost saving efficiencies in its operations. Many of these are identified in the Best Practices section of this report. Others will be noted as appropriate in the findings to follow. The district is to be commended for its efforts. The review team did find areas where additional savings could be generated and has made recommendations for change that will result in reduced costs or increased revenue.

Where possible, a dollar value has been assigned to each recommendation to provide a measure of importance or magnitude to illustrate cost savings. The time it will take to implement each recommendation will vary. It is not possible to expect the total projected savings to be achieved in a short period of time. Nevertheless, the total savings and revenue enhancements should be viewed as an attainable goal. The impact will be reflected in the immediate budget, future budgets, and the tax rate(s). Some recommendations may be subject to collective bargaining considerations and, therefore, may not be implemented until the next round of negotiations. The total savings will lead to a reduction in tax rates resulting from improvements in budgeting, cash management, cost control and revenue enhancement.

COMPARATIVE ANALYSES

Many of the recommendations are made based upon comparative analyses using Department of Education data in comparison with districts of similar size and demographics. Comparisons of this nature are valuable for the purposes of this report. The Department of Education does not intend these to be used by the district to gauge adequacy or efficiency. Other data sources are used such as various state agencies, state education associations, publications and private industry. School districts used for comparison with Bound Brook include Keyport, Manville, South Amboy and Spotswood and K-12 districts in the state with enrollments between 0 and 1,800 students (55 school districts). The following charts illustrate much of the data used.

Bound Brook Board of Education
Statistical Comparison Based Upon Audit Report & Report Cards
As of June 30, 1997

<u>Description</u>	<u>Bound Brook</u>	<u>Keyport</u>	<u>Manville</u>	<u>South Amboy</u>	<u>Spotswood</u>
County	Somerset	Monmouth	Somerset	Middlesex	Middlesex
District Type	II	II	II	II	II
Grades	K-12	K-12	K-12	K-12	K-12
District Factor Group	CD	CD	CD	CD	CD
Cert Employees		138	118		158
	128			111	
Other Employees		33	46		110
	56			47	
Total Employees		171	164		268
	184			158	
Square Miles		1.4	1.9		3.0
	1.6			1.4	
Number of Schools					
Elementary		1	2		2
	3			1	
Middle			1		1
				1	
High School		1	1		1
	1			1	
Altern./ Adult					
Total Schools		2	4		4
	4			3	
Student Enrollment					
		1,296	1,303		
	1,249			1,068	1,521
Teacher / Student Ratio					
Elementary	1:13	1:13.7	1:18	1:15	1:13
Middle			1:21	1:8	1:13
High School	1:12	1:9.5	1:11	1:9	1:13
Admin. Personnel					
Number of Administrators		10	8		13
	10			9	
Admin./ Student Ratio	1:128.3	1:139	1:168.1	1:127.5	1:118.8
Admin./ Faculty Ratio	1:11.7	1:11.6	1:13	1:11.8	1:10.4
Median Salary					
Faculty		\$42,287	\$44,975		

	\$46,206			\$36,700	\$42,788
Administrators					
	\$80,520	\$69,921	\$82,227	\$68,320	\$72,250
Median Years of Exp.					
Faculty		13	14		14
	13			12	
Administrators		23	24		26
	21			24	
HSPT Passage%					
Reading	82.1%	78.6%	82.4%	97.2%	93.5%
Math	84.8%	72.4%	90.7%	100.0%	96.4%
Writing	84.6%	80.2%	73.3%	94.4%	98.6%
All Sections	70.9%	56.8%	62.7%	94.4%	91.4%
High School Grad Rate	96.3%	104.9%	95.7%	102.8%	97.1%
Drop Out Rate	1.0%	3.5%	4.2%	1.0%	2.0%
Post Grad Plans					
4 yr. College/ Univ.	42%	19%	23%	32%	43%
2 yr. College	32%	15%	49%	30%	35%
Other Post Secondary	8%	6%	6%	13%	5%
Military	2%	1%	1%	7%	2%
FT Employment	14%	51%	6%	18%	9%
Undecided	2%	8%	15%	0%	6%

Bound Brook Board of Education
Comparison of Revenues and Expenditures
Based Upon the Audit Report as of June 30, 1997

<u>Revenues</u>	<u>Bound Brook</u>		<u>Keyport</u>		<u>Manville</u>		<u>S. Amboy</u>		<u>Spotswood</u>	
Local Tax Levy	8,100,2	61.6	5,033,70	42.7%	7,625,79	68.7%	5,926,8	56.8%	6,351,77	45.6%
	23	%	7		3		91		7	
State Aid	3,704,8	28.2	4,747,07	40.3%	3,085,74	27.8%	4,002,7	38.4%	3,673,87	26.4%
	40	%	6		8		94		6	
Federal Aid	178,739	1.4%	272,208	2.3%	174,364	1.6%	235,560	2.3%	227,573	1.6%
Other	1,155,2	8.8%	1,731,73	14.7%	211,276	1.9%	266,759	2.6%	3,680,60	26.4%
	52		1						0	
Total Revenue (All Funds)	13,139,054	100.0%	11,784,722	100.0%	11,097,181	100.0%	10,432,004	100.0%	13,933,826	100.0%
<u>Expenditures</u>										
Regular Program - Instruction	4,261,680	34.2%	3,768,263	33.2%	3,722,282	32.8%	3,136,254	31.0%	4,362,370	32.9%
Special Education	841,325	6.8%	952,395	8.4%	614,607	5.4%	879,006	8.7%	891,931	6.7%
Basic Skills - Remedial	177,873	1.4%	305,205	2.7%	143,449	1.3%	156,815	1.5%	231,078	1.7%
Bilingual Education	163,166	1.3%	92,854	0.8%	40,085	0.4%	36,973	0.4%	13,533	0.1%
Vocational Program		0.0%		0.0%		0.0%		0.0%		0.0%
Sponsored Co-curricular Activities	44,556	0.4%	20,450	0.2%	84,345	0.7%	40,950	0.4%	88,255	0.7%
Sponsored Athletics	232,392	1.9%	176,566	1.6%	205,731	1.8%	141,491	1.4%	251,286	1.9%
Other Instructional Programs		0.0%	2,694	0.0%		0.0%		0.0%	17,958	0.1%
Community Services Programs		0.0%		0.0%		0.0%		0.0%		0.0%
Total Instructional Cost	5,720,992		5,318,427		4,810,499		4,391,489		5,856,411	
<u>Tuition State Facilities</u>										
Undistr. Instruction Expense	499,673		710,275		644,768		356,492		599,193	
Total Instructional \$\$	5,720,992		5,318,427		4,810,499		4,391,489		5,856,411	
At Bound Brook's Enrollment	5,720,992		5,125,552		4,611,138		5,135,739		4,809,111	
General Administration	363,485	2.9%	365,795	3.2%	450,666	4.0%	583,202	5.8%	429,756	3.2%
School Administration	879,225	7.1%	415,296	3.7%	509,070	4.5%	424,894	4.2%	598,276	4.5%
Total Administration Cost	1,242,710		781,091		959,736		1,008,096		1,028,032	
At Bound Brook's Enrollment	1,242,710		752,764		919,962		1,178,944		844,189	

Food Service	950	0.0%		0.0%		0.0%		0.0%		0.0%
Health Service	143,869	1.2%	85,614	0.8%	137,266	1.2%	86,427	0.9%	202,522	1.5%
Attendance & Social Work	54,586	0.4%	69,930	0.6%	200	0.0%	10,000	0.1%		0.0%
Other Support Service	472,016	3.8%	473,516	4.2%	677,845	6.0%	616,120	6.1%	629,441	4.7%
Other- Impv. of Inst. Sev.	15,491	0.1%	194,511	1.7%	45,742	0.4%	27,550	0.3%	347,210	2.6%
Media Service School Library	192,178	1.5%	108,555	1.0%	247,136	2.2%	110,766	1.1%	129,643	1.0%
Operation of Plant	1,066,610	8.6%	1,045,737	9.2%	1,152,311	10.2%	695,995	6.9%	1,266,518	9.5%
Other		0.0%		0.0%		0.0%		0.0%		0.0%
Bus & Other Support Services	1,559,544	12.5%	1,509,741	13.3%	1,302,948	11.5%	1,044,589	10.3%	1,738,065	13.1%
Total Support Services	3,505,244		3,487,604		3,563,448		2,591,447		4,313,399	
At Bound Brook's Enrollment	3,505,244		3,361,125		3,415,769		3,030,634		3,542,035	
Transportation	196,087	1.6%	338,498	3.0%	167,890	1.5%	166,325	1.6%	371,714	2.8%
Capital Outlay	339,123	2.7%	53,453	0.5%	582,485	5.1%	1,107,859	10.9%	381,330	2.9%
Special School	259,794	2.1%	9,970	0.1%	28,597	0.3%		0.0%	40,278	0.3%
On Behalf TPAF Pension	485,662		185,037		168,750		140,213		192,911	
Reimbursed TPAF Pension	209,988		452,570		407,687		356,722		488,738	
Total General Fund Expenditures	12,459,273		11,336,925		11,333,860		10,118,643		13,272,006	
# of Students	1,249		1,296		1,303		1,068		1,521	
Per Student Rates										
Instruction Cost Per Student	4,580		4,104		3,692		4,112		3,850	
Admin Cost Per Student	995		603		737		944		676	
Support Serv Cost Per Student	2,806		2,691		2,735		2,426		2,836	
Total Gen. Fund Cost Per Student	9,975		8,748		8,698		9,474		8,726	

ADMINISTRATION AND STAFFING

According to the 1996-97 NJ School Report Card data, Bound Brook's number of district administrators went from 11 FTE's (full-time equivalents) for 1994-95 up to 11.4 FTE's in the 1995-96 school year and back down to 10 FTE's in the 1996-97 school year. 1997-98 administrative staffing consisted of 11.4 FTE's.

- 1.0 Superintendent
- 1.0 Board Secretary/Business Administrator*
- 3.8 Principals (including 1 interim)**
- 1.0 Assistant Principal
- 1.0 Director of Pupil Personnel Services
- 1.0 Supervisor of Special Services
- 2.6 Curriculum and Athletics Supervisors
 - Supervisor of Athletics & Health/Phys. Ed.
 - Supervisor of English/History
 - Supervisor of Science/Math
 - Supervisor of World Languages & all other disciplines

* There was an interim board secretary/business administrator filling in for the regular board secretary/business administrator who was on leave.

** The high school principal spent about .2 of his time as administrator of the Adult High School.

Four curriculum supervisory positions were created for the 1997-98 school year, with each supervisor working two thirds of his time as a supervisor and one third as a teacher. The high school principal also became administrator for the Adult High School. This accounted for one fifth of his time. The position of athletic director was abolished. These changes amounted to approximately 1.4 additional district administrator FTE's for the 1997-98 school year.

During the 1998-99 school year, there will be one less administrative FTE as the position of director of pupil personnel services was abolished and this unit was placed under the supervision of the supervisor of special services. Also, with the closing of the LaMonte Elementary School, one of the remaining FTE's will be primarily in charge of the adult high school, the summer school program, curriculum coordination, and special assignments. Approximately 60% of this administrator's salary and benefits will come out of state funding and adult high school tuition. It should be noted that adult high school and summer school students, as well as faculty, for which this administrator is responsible, would not be the Bound Brook student body and faculty, per se. Therefore, student to administrator and faculty to administrator ratios which accurately reflect this school district should only be based on approximately ten administrators.

According to the NJ Report Cards, the number of students per district administrator fluctuated from the 1994-95 school year to 1996-97.

1994-95	117.9	(state average - 155.7)
1995-96	108.5	(state average - 160.1)
1996-97	128.3	(state average - 166.5)

The number of students per district administrator (1997-98) was 119.8, which represented a significant decrease; but the projected ratio (1998-99) would realize a student to administrator ratio of 136.6 to 1 and this is the closest to the state average (166.5) that it has been in several years.

The number of faculty per district administrator has also fluctuated since the 1994-95 school year.

1994-95	10.4 to 1	(state average - 12.7 to 1)
1995-96	10.1 to 1	(state average - 13.1 to 1)
1996-97	11.7 to 1	(state average - 13.5 to 1)

The number of faculty per district administrator (1997-98) was 10.3, which again represented a significant decrease, but the projected ratio (1998-99) would realize a faculty to administrator ratio of 11.5 to 1, thereby bringing the ratio closer to the state average (13.5 to 1).

The above data was reinforced by the New Jersey Department of Education's Comparative Spending Guide (1997-98). Bound Brook is grouped with 54 other schools of similar size and operating type. In this group, as of 1998, Bound Brook ranks:

- 51st (low to high) for total administrative cost (\$1,359);
(the state median is \$1,032.)
- 50th (high to low) for student to administrator ratio; and
- 50th (high to low) for faculty to administrator ratio.

Rankings for next year (1998-99), based on projected student, faculty and administrative counts could conceivably improve, representing efforts on the part of the existing administration to streamline administrative staffing and operations.

Total administrative salaries and benefits for 1997-98 (according to the NJ School Report Card) made up 12% of the total expenditures for the district, which is 1% more than the state average, but 2% less than the previous year (1996-97), thereby showing a marked cost reduction.

Median salaries and benefits for both faculty and administrators in Bound Brook, according to the 1996-97 NJ School Report Card are below state averages: \$4,708 less for faculty and \$361 less for administration.

Class Size

Class sizes at the elementary level (Grades Pre-K to Six) averaged as follows:

Grade	# of Students	Avg. Class Size	# of Classes
--------------	----------------------	------------------------	---------------------

Pre-Kindergarten	64	16.0 students	4
Kindergarten	104	17.3 students	6
Grade 1	84	16.8 students	5
Grade 2	101	20.2 students	5
Grade 3	101	20.2 students	5
Grade 4	92	18.4 students	5
Grade 5	73	24.3 students	3
Grade 6	88	22.0 students	4

The overall average class size for grades Pre-K through Six was 19.1. The state average was 22. Plans for the 1998-99 school year call for one less elementary classroom/teacher. With this reduction in staffing and the expected increase in enrollment, the average class size is expected to increase. (Note: As of 6/30/98, enrollment for the next school year has already increased by 38 students in grades Kindergarten and One.)

Cost Per Pupil

Based on the "Estimated Cost Per Pupil for Tuition Purposes" document, Bound Brook is expected to realize a significant drop in cost-per-pupil for the 1998-99 school year as compared to 1997-98. (ADE signifies average daily enrollment.)

	Grades 1-5	Grades 6-8	Grades 9-12
Estimated ADE (1997-98)	464	252	409
Estimated Tuition Rate	\$7,501	\$8,171	\$8,151
Estimated ADE (1998-99)	479	225	489
Estimated Tuition Rate	\$7,116	\$8,975	\$6,802
Difference in ADE	15	(27)	80
Difference in Tuition Rate	(\$385)	\$804	(\$1,349)

This may be a one-year occurrence due to the large number of students (147) entering high school and the much smaller number of students (88) graduating with the educational cost for grades 9-12 remaining constant.

In addition to the anticipated increase in enrollment, other factors contributing to the reduction in cost-per-pupil include having a majority of the junior and senior high school teachers, per contract, teach six periods per day as opposed to performing various duties during certain periods, and having somewhat larger class sizes at the secondary level.

Out of 48 teachers in the high school, 35 are teaching six classes per day with 13 teaching five classes. Understanding that the number of students, teachers and classes vary by specific disciplines, statistically, if all 48 teachers were to teach six classes, this could conceivably warrant the reduction of two staff members by attrition. This would produce enough savings to pay part-time aides to perform existing duties now being performed by teachers.

Recommendation:

The review team suggests that the district require all high school teachers to teach six classes daily and eliminate two teaching positions. If this suggestion is not in compliance with existing contracts, this recommendation should be taken into consideration for future negotiations.

Cost Savings: \$80,000

COMPUTERS

There has been a great amount of technological transformation within the Bound Brook school system. With any major change there are often both positive and, not-so-positive, things to report. On the positive side, computers are being incorporated into the curricula more in this school system than in most of the others reviewed by LGBR teams. On the not-so-positive side, there are some members of the staff who are unfamiliar with the process of integrating new technology into their curricula and/or instructional methodologies. Also the district has had to abandon hardware as a result of software changes made in the business office. These shortcomings come as an expense to the district of both time and the frustration of learning new operational methodologies. Incremental change may result in lower cost, but this reduced cost may be accompanied by a diminished gain.

Classroom Computing

The district utilizes a national software vendor for basic skills improvement. The software uses routine exercises for improving individual skills in reading comprehension and mathematics. It then scores the student in strengths and weaknesses and designs subsequent lesson plans to suit the individual student's needs. This assists the teacher in designing remedial lesson plans for each student's individual needs, but it is not a panacea for all basic skills problems. The software is cost effective in that students whose needs aren't being met by regular classroom instruction might need additional costly basic skills classes in future years.

The school library has Internet access for students in the high school and the classrooms were being wired by a local company free of charge. Once this is completed Internet access will be available in all classrooms. The district is considering switching Internet service providers and has the possibility of becoming its own Internet service provider, whereby members of the community could use the district's infrastructure to access the Internet. This would reduce the costs to the district for overall utilization. It would require the district to either purchase more

hardware, such as routers and dial up links, or have a contract with a local Internet Service Provider (ISP), whereby the district rents back bandwidth at down times for the school which may be peak times for residential usage.

Student Information Software

The district uses another national company in the guidance office for its student information and scheduling. The district has recently made several changes regarding guidance personnel and upgrades to hardware and software packages. It converted to the newest version of the student information software and changed the responsibilities of individuals who handle certain information. With all these changes to the process, there has been a less than smooth transition. Transitions with technology are rarely smooth and often do not go according to plan. The district needs to concentrate on the human impact of integrating technology in order to maximize the synergy that can develop when good hardware, software, and people-ware are combined.

Business Office Computing

The district has made the most rapid changes regarding information processing in the business office. The district switched its payroll from a full service payroll company to its business office software company in January, 1997. The software was written in a proprietary format which made flexible report writing difficult and data translation a chore. The company offered to upgrade the hardware and software for the district. Management's investigation of the proposal revealed that the proposal included equipment that was no longer manufactured or supported by the manufacturer. It was then decided that the district should pursue other vendors who offer more practical solutions for the business office. This led the district once again to doing a time consuming, costly conversion of all data for the payroll and financial packages.

On the plus side, automation has realized efficiencies through the reduction of administrative staff in the business office. The office is now staffed with fewer clericals and the district has even discussed shortening the work week of the business administrator from five days per week to four. Payroll staff has been reduced by one staff member and a secretary has been moved to special services. The savings have been made possible by a very willing and capable business office staff and a superintendent who is very active in working with that staff.

Recommendation:

The district should survey staff members to identify staff development needs for computing and address those needs through structured in-service training. The costs will vary, based on types of training required, but estimates of \$60 per person per day for individual training are accepted for budgetary purposes (these are Human Resource Development Institute (HRDI) estimates). For a classroom situation of 10-15 participants estimates range from \$300 to \$500 per day.

Value Added Expense: \$10,000 - \$25,000

EMPLOYEE CONTRACTS

A review of the contracts in the Bound Brook school system found them to be reasonable. They do not include many of the more extravagant benefits found in some New Jersey school districts' contracts. Some conditions found within the contracts that the board might consider negotiating out of future contracts appear in the appendix, at the end of this section of the report.

INSURANCE

The Bound Brook Board of Education has reduced the cost of insurance over the past few years through regularly bidding out the insurance and conducting safety reviews. The district currently pays approximately \$150,000 for workers' compensation, liability, and property and casualty insurance lines. The carrier switched insurance lines two years ago for workers' compensation and the costs have most notably dropped in this line. The district, with slightly under 200 employees, pays almost as much in insurance as other districts studied by LGBR which have as many as three times the number of employees. Bound Brook Borough is currently in a Joint Insurance Fund (JIF) for both workers compensation and property/casualty. The school district is permitted to participate in a municipal JIF if the municipality participates, but it is not the only joint insurance fund in which the district is eligible to participate.

The broker has made strides toward reviewing other options and the acting business administrator has been willing to contain costs through exploration of risk abatement techniques. A solidly funded joint insurance fund, which has a demonstrably good history toward achieving a safe work environment, would most suitably address the board's desires for equal or better coverage at lower cost. The broker estimated the savings for joining a JIF to be about 10% in premium dollars compared to being fully insured. The district's business administrator further investigated this option and saved \$24,000, or 16%, upon soliciting a bid from the municipality's joint insurance fund.

Bound Brook needs several things in place prior to achieving savings in insurance. The district should establish a safety committee, which meets regularly to discuss work-related injuries and the steps that should be taken toward preventing them from reoccurring. The broker should assist the district in establishing a viable safety committee and should, also, continue to meet with the business administrator regularly to discuss issues pertaining to risk reduction. In addition, the district could set up a "light duty" program to reduce indemnity costs by bringing employees back to work from workers' compensation injuries. Industry estimates suggest that an organization can save between 15-25% in claims by implementing a light duty program. This savings is offset in increased salary charges.

Recommendations:

The district should set up a safety committee and meet regularly to discuss methods to reduce claims.

The team recommends that the district develop and implement a policy for "light duty," negotiating for modification of existing contracts, if necessary.

Cost Savings: \$10,000 - \$15,000

TRANSPORTATION

With its size of 1.6 square miles, the district is not required to, and does not, provide transportation, with the exception of special education students and students who attend the Somerset County Vo-Tech School, which is approximately 5.5 miles outside the district. To expand further on the transportation of special education students, the district only transports those students whose Individual Education Plan (IEP) indicates that transportation is required.

Transportation staffing consists of one full time coordinator and four part-time drivers. Although the drivers are part-time and work approximately 20 hours per week, they do receive benefits. (The recommendation to discontinue benefits for the four part-time drivers, as well as two other part-time employees, appears previously in the health benefits section of this report.) In addition to the coordinator's administrative duties, he also drives for field trips and special events.

The special education and vo-tech routes are fixed and do not require regular attention and modification. Nearly all scheduling efforts are related to athletic events and school trips, with athletics taking precedence. Currently, when requests for transportation are received, the coordinator must first check with the athletic director for conflicts. Since the majority of the transportation coordination revolves around athletics, it is the opinion of the review team that this function should be assigned to the supervisor of athletics. This would reduce the need for a full time transportation coordinator.

Recommendation:

The transportation coordinator's duties should be assigned to the athletic director and the position should be reclassified as a part-time bus driver. The resultant savings would be approximately \$10,000, which is one half of the current position cost including salary and benefits.

Cost Savings: \$10,000

For the school year 1997-98 the board operated eight vehicles for student transportation, two 54 passenger buses, one 25 passenger bus and four vans. One 54 and the 25 passenger buses are primarily used for class trips and athletic events. The other 54 passenger bus is used to move students between Bound Brook High School and the Somerset County Vo-Tech facility. Three of the district's four vans are used to transport the special education students to the appropriate schools and the fourth van is used for backup, as needed.

The district transports 15 special education students to the three elementary schools in the district and nine students to facilities out of district. In addition, 51 high school students are bused to the Somerset County Vo-Tech High School.

The 1996-97 transportation budget, including school trips and athletic events, was \$198,847, down \$32,965 from the previous year. The transportation budget accounted for 1.6% of the

district's total budget and the district received \$49,000 in state aid. A breakdown of the primary expenditures is as follows:

Transportation Expenditures (1996-97)

Salaries @ Position Value	\$110,924
Insurance & Lease Payments	\$ 30,989
Fuel, Repairs & Rent	\$ 15,018
Joint Transportation Agreements	\$ 41,916
Miscellaneous	\$ 2,279

As reported in the facilities section, beginning with school year 1998-99, the LaMonte Elementary School will be closed and students will be reassigned to either the Lafayette or Smalley Elementary Schools. The closing of LaMonte Elementary provides the district with an opportunity to cut its transportation costs by eliminating one route, and reducing the hours of a driver.

Based on the schedules provided by the transportation coordinator, van #14's route can be eliminated for the 1998-99 school year. Van #14 currently transports four students in district to the LaMonte School and another four students out-of-district: three students to Montgomery Academy and one to Somerset Academy. The driver of the van #14 route is contracted for 25 hours per week.

In the upcoming school year, the four in-district students currently transported by van #14 pickups will be transported by either van #17 to the Lafayette School or van #18 to the Smalley School, depending upon their grade levels. Currently, van #18 takes one student to the Center School in Highland Park. By contracting this route out, van #18 could transport the four out of district students currently transported by van #14. The mail delivery duties which van #18 currently performs could be coordinated among the drivers during the actual runs. Cost for contracting out the Center School route is approximately \$15 per diem or \$2,700 per year.

By eliminating the van #14 route the district would experience an annual savings of approximately \$20,000 in salaries and benefits and \$2,580 in vehicle insurance, fuel and repairs for a total savings of \$22,580. This cost would be offset by the value-added expense of \$2,700 for outsourcing the Center School route, thereby reducing the savings to \$19,880. It would also generate an estimated one-time revenue enhancement of \$2,000 from the sale of the back up van.

Recommendations:

The review team suggests that the district contract out the Center School route.

Value Added Expense: \$2,700

Further, the review team recommends eliminating the van #14 route for the 1998-99 school year.

Cost Savings: \$19,880

Revenue Enhancement: \$2,000

Additional savings can be realized from the route run by van #17. The student currently transported to Robert Morris School in South Bound Brook will be attending Lafayette School in the up-coming school year. This will reduce the time required to perform the morning run, as well as eliminate the 10:40 a.m. pick up and 11:20 a.m. drop off of this student at the LaMonte pre-school program. This would allow van #17 to transport the sixth grade special education student currently going to Smalley School to the high school next year. In addition, since the after school program will be moved to Lafayette School, the 2:30 p.m. to 3:30 p.m. after school program run can be reduced to a 15 minute run, since only students from the Smalley School will need to be transported. Based on these runs, the driver's hours can be reduced from 20 hours per week to a maximum of 15 hours per week. This would generate an annual savings of \$2,800 in salary and benefits costs.

Recommendation:

Reduce the contracted hours for the van #17 route from 20 per week to 15 per week.

Cost Savings: \$2,800

Vehicle Storage

Presently, the district rents space at a cost of \$3,000 per year for the overnight storage of its school buses. The board should consider parking the buses behind the school administration building. With minimal redesigning of existing space, there would be sufficient room to accommodate both the bus and staff parking needs. The question as to whether or not this would violate zoning regulations was posed to the borough's construction code official. He indicated that school boards and municipalities are exempt from zoning restrictions and, therefore, the restrictions do not apply. By moving the buses to the administration building, the business administrator would have first hand knowledge of the transportation operations, while realizing a recurring savings of \$3,000, which is what they are presently paying to lease parking space.

Recommendation:

The board should consider parking its buses in the lot behind the administration building and eliminate its parking space rent.

Cost Savings: \$3,000

The Department of Education (DOE) has proposed a school transportation efficiency plan which is designed to encourage school districts to develop more efficient transportation systems.

Districts with a rating lower than the 30th percentile are required to submit plans to improve their transportation efficiency. In a report published by DOE, Bound Brook's rating was at the 24th percentile. This is mainly due to its transportation requirements and available vehicles. Early morning runs consist of transporting 16 students to three in-district schools and one out-of-district school. Due to time constraints, school locations and special needs, no bus or van owned by the district can move all the students at one time. The closing of the LaMonte Elementary School will eliminate one route which will help improve the efficiency of one route, but further improvements would still be necessary.

Under the above recommendations, van #18's load will increase from seven to nine students and van #17's load will increase from five to six. Van #18 is capable of transporting 13 passengers, (one wheelchair plus 12 passengers,) and would need four additional students to fill the bus to capacity. Van #17 is capable of transporting 16 passengers and would need ten more students to fill the bus.

VEHICLES

During the 1996-97 school year the district operated two pickup trucks and one van for use by the custodial/maintenance personnel. The trucks were used for plowing school grounds and moving equipment and furniture. The district also operated one 54 passenger bus and seven vans (two ten passenger and five sixteen passenger) for student transportation.

The total cost of vehicle repairs for the three custodial/maintenance vehicles was \$3,135; and the cost for the eight student transportation vehicles was \$4,888. This equates to an average cost of \$730 per vehicle. The district has made every effort to reduce maintenance costs and, while these costs are very reasonable, there is room for further cost reduction.

The Somerset County Department of Public Works operates a large maintenance facility located at 750 East Main Street in Bridgewater. Aside from its own maintenance responsibilities, the Department of Public Works performs a number of services for municipalities and school boards within the county. These services include, but are not limited to, facility maintenance, vehicle and equipment maintenance, and road maintenance and repairs. Through commodities agreements the county public works department will provide districts with gasoline, diesel fuel and vehicle maintenance services. At the time of this review, the cost of fuel was 72 cents per gallon for gasoline and 64 cents per gallon for diesel fuel. While these prices are significantly higher than the state's fuel prices, the location of the site makes this a good and convenient choice. The hourly rate for truck/bus repairs is \$30. Included in the price are periodic maintenance and fuel usage reports for each vehicle. These reports would provide the business manager with a clear picture of his maintenance costs and fuel efficiencies.

The district is paying approximately \$48 per hour to local vendors for repairs. This cost is in line with the industry's standard hourly rate for truck/bus repairs, but by going to the county public works repair facility, the district can save approximately \$18 for every hour of work performed on its vehicles. Labor repair hours for the 1996-97 school year totaled approximately 67.2. An \$18 per hour reduction in cost would save \$1,209 on 67.2 hours of labor.

In addition to the lower labor rate, the county also provides parts at its cost, no administrative or handling fees are added. Based on contract pricing this should reduce the district's parts costs by approximately 35-40%. The district spent \$5,276 for parts during the past school year. If one were to have conservatively reduced the parts cost by 25% the district would have saved \$1,319.

Recommendation:

The district should contract with the Somerset County Department of Public Works maintenance facility for all vehicle repairs.

Cost Savings: \$2,528

A review of the past fuel purchasing practices has raised some concern to the review team. It appears that not all of the motor fuel taxes are being recovered. The 1996-97 school fuel receipts showed that \$899 in motor fuel taxes was not recovered from the Amoco, Exxon and Coastal Oil Companies. While staff members indicated that they were sure these taxes were reimbursed at a later date, documentation showing the return of all taxes was not available.

In addition to potentially uncollected motor fuel taxes, it appears that some drivers were engaged in the practice of purchasing diesel fuel from a local Hess station, taking cash receipts and, in turn, going to the local Getty station with the receipt for reimbursement. The Getty station would process a credit card transaction for gasoline, using a district credit card in the amount on the cash receipt and reimburse the driver for that amount. It should be noted that both stations are owned by the same vendor. Aside from the fact that this action may or may not be appropriate, it presented two problems for the board. Since the price per gallon of diesel fuel is different from gasoline, the amount of gasoline which was charged would differ from the amount of diesel fuel purchased. The board was, therefore, unable to monitor fuel usage or verify the validity of these purchases. The board also lost some of its motor fuel taxes. Diesel fuel has a higher motor fuel tax than gasoline. It is approximately nine cents per gallon higher. Based on the gallons billed and the price of diesel fuel for the time period, it is estimated that the board lost approximately \$120 in motor fuel taxes during an eight month period. While it appears that this practice has stopped, it is important that the transportation coordinator and business manager be aware of the side affects of this practice to ensure that it does not reoccur in the future.

The review team recommends that the board apply to the NJ Department of Transportation (DOT) for access to the fuel site located in Bridgewater near the junction of Rt. 206 and Rt. 22 on Commons Way. This DOT site is within one mile of the Somerset County Vocational High School where the majority of the boroughs' bussed students are transported. This is a self service site and requires a fuel card for each vehicle and employee. By using this purchase technique, all transactions by vehicle and employee are recorded. Both diesel fuel and gasoline can be purchased at this site at the state's average monthly cost plus a three cent administrative fee. Cost

for each card is \$1.50. The team also recommends that the district secure a fuel agreement with Somerset County and use this site for all of its vehicles.

During the month of February, 1998, the state's average cost of gasoline was 53.2 cents per gallon and diesel fuel was 56.6 cents per gallon. Fuel records for the same time period indicated that the board was paying between \$1.04 and \$1.22 per gallon for gasoline and between \$1.13 and \$1.18 per gallon for diesel fuel. Including the three cents administrative fee and excluding motor fuel tax, the board could save a minimum of 14.6 cents per gallon by buying fuel at the DOT site. Considering the board used approximately 8,900 gallons of fuel during the 1996-97 school year, an additional savings of \$1,280 could be realized by using this site.

Recommendation:

The board should apply to DOT for access to the Bridgewater fuel site and should use it for all fuel purchases. Furthermore, it is recommended that all practices of making purchases for one thing and calling it something else be terminated immediately. All use of commercial credit cards should be terminated.

Cost Savings: \$1,280

The school district's rented storage space for the school buses from a local vendor costs \$250 per month. Apparently, rent payments were made on a Getty credit card at that time and billed out as repairs and service. On two occasions the rent was billed out as fuel purchases. The problem with this is that the district received motor fuel tax reimbursements for non-fuel purchases.

Recommendation:

The board should make arrangements with Getty Oil for the return of motor fuel tax reimbursement on these two purchases.

Recording Keeping

Vehicle records are not kept in one central location, but rather, in several different locations. The review team recommends that a vehicle jacket for each vehicle owned by the district be maintained by the business office. The jacket should contain all pertinent information; e.g., daily safety inspection and usage log, vehicle inspection data and vehicle repair and fuel usage records.

Recommendation:

The district's business office should maintain a vehicle history for each vehicle.

Vehicle Inspections

It appears that the district is out of compliance with the Division of Motor Vehicles regulations under N.J.A.C. -13:20-30.3 which requires:

1. Every school bus owned or leased by a board of education shall be systematically inspected and maintained to insure that such bus and accessories are in safe and proper operating condition.
2. A systematic inspection maintenance record be maintained for each vehicle.
3. The minimum inspection to be performed shall be in accordance with the vehicle's manufacturer's maintenance requirement.
4. Such records shall include, at least:
 - An identification of the vehicle including New Jersey registration number, make, model, serial number and number of tires, their sizes and number of ply;
 - A record of inspection and repairs indicating their date and nature;
 - A lubrication record;
 - A systematic means for indicating for each school bus the nature and due date of various inspection and maintenance operations to be performed;
 - If leased or otherwise contracted for, such records shall also include an identification of the leasing agent or contractor furnishing the bus;
 - Daily vehicle condition report by a driver.
5. Any report or record of inspection shall be maintained for the life of the vehicle inspected and shall be available for inspection to the Division of Motor Vehicles.
6. All of the records stated in this section shall be available for inspection to the State Department of Education, Bureau of Pupil Transportation.

Recommendation:

The district should immediately institute an inspection program which complies with N.J.A.C. 13:20-30.3.

FACILITIES

The Bound Brook School District currently has one junior high/high school, three elementary schools, one administration building, a special services building and an athletic complex consisting of a field house, fields, press box, bleachers and a refreshment stand. The fields are used for football, soccer, and track and field events. The junior high/high school and LaMonte Elementary School are older buildings while Smalley and Lafayette Elementary Schools are

newer facilities. In 1994, the district contracted with a Morristown based firm to conduct a demographic and enrollment projection study through the year 2000. The report projected minimal growth in student population over the next five years.

**Bound Brook Schools
Facility Statistics
1997-98**

	Grade	Built	Size	Capacity	Enrollment	Available Space
Jr./Sr. High School	7-12	1907	93,458	815	635	180
LaMonte	4-6	1915	22,965	256	227	29
Smalley	K-6	1950	27,134	330	265	65
Lafayette	Pre-K-3	1960	24,543	292	235	57
Totals			168,100	1,693	1,362	331

In 1924, 1957 and 1989 additions were added to the junior high/high school. One addition was added to the LaMonte Elementary School in 1923 and two self-contained modular units were added to the Smalley Elementary School in 1993. The district's schools contain a variety of multi-use rooms which serve the general education population as well as programs for special education, the bilingual/ESL students and the basic skills students.

Of the two older facilities, the LaMonte Elementary School is in the poorer condition. Estimates to repair and upgrade this facility as an educational institution were in excess of \$2,000,000. Investing this amount of money into an 83 year old wooden structure was unacceptable to the board. After considering this, and other options, the board decided to add on to the other two elementary schools (Smalley and Lafayette) which are both more modern, masonry structures.

The board chose to consolidate the districts elementary facilities; Lafayette Elementary would house pre-k through grade two and the Smalley Elementary would house grades three through six. The LaMonte School would be closed. The board also decided on expanding the Lafayette and Smalley Schools to accommodate the consolidation at a cost not to exceed \$3,930,000. This expenditure would accommodate the construction of full day kindergarten classrooms, computer labs, small group instruction areas, an elevator and life safety improvements at Lafayette Elementary School. Smalley Elementary School would have additional classrooms, a computer lab, art and music rooms and small group instruction areas. In May, 1997, the board held a special election and the referendum passed.

The board considered a number of options for the future of the LaMonte Elementary School. One option included renting the LaMonte School to the Somerset County Education Commission (SCEC). The SCEC was interested in setting up a school offering alternative programs; i.e., a school for pregnant teens and alternative incarceration. Rent for the year would have been established at \$100,000 per year. Although profitable for the district, the idea was extremely unpopular, particularly among residents in the vicinity. The board has since offered to sell the LaMonte School to the municipality for \$1, but as of this date the municipality has not formally accepted the offer, nor has the municipality disclosed the intent to do so.

Recommendation:

The district could sell the LaMonte facility to other interested parties. The current tax value of the property is \$577,700 (\$167,000 land and \$410,600 improvements.) The sale of this property could bring in a one time revenue enhancement of approximately \$300,000 with a recurring revenue enhancement of at least \$5,294 in taxes.

**One Time Revenue Enhancement: \$300,000
Recurring Revenue Enhancement: \$5,194**

New Construction

Construction on the Lafayette School and Smalley School projects started in November, 1997. Completion for both projects is scheduled for August, 1998. The projects are managed by a construction consulting firm. The consultants hold monthly meetings with representatives from the district, architects and contractors to discuss progress, problems, scheduling and projected deadlines. All disputes, change orders and payment requests are processed through the consultants.

The new construction at the Lafayette School consists of two kindergarten classrooms, one computer lab, two resource rooms, an elevator, handicap-accessible rest rooms, and storage areas. The area of the school will increase by 5,800 square feet bringing the total school size to 29,174 square feet. The cost of this project is approximately \$953,900. In addition to the new construction, some renovation to existing classrooms will also take place. Three classrooms are slated to be combined into two classrooms to accommodate one kindergarten and one pre-k. This would have given Lafayette School a total of two pre-k classes, six kindergarten and six first grade classrooms. With the installation of the elevator and a redesigned rest room, the facility will be in compliance with the Americans with Disabilities Act (ADA) regulations.

The Smalley School construction project consists of two separate additions. One addition will contain five classrooms, four resource rooms, handicap-accessible rest rooms, and storage. The other addition will contain an art room, a music room with storage area, and a kiln room. The existing kindergarten will be renovated and converted into a media center and one modular classroom will be converted into a computer lab, resource room and office space. The cost of the project is approximately \$1,598,300. As a result of the alterations and additions, the square footage for this school will increase by approximately 11,800 square feet, bringing the total school size to 37,940 square feet.

Renovations

In an effort to deal with new technologies and changing requirements, six options were developed, including estimates, by the architects. These options were as follows:

1. Convert the metal shop in the high school to a design and fabrication lab (\$202,000).
2. Convert the wood shop in the high school to a counseling, career, and student center (\$244,000).
3. Convert the drafting room and junior high school office into a counseling, career, and student center (\$175,000).
4. Convert the drafting room and junior high school office to classrooms and an academic office (\$170,000).
5. Convert the high school sewing room and two classrooms into technology labs (\$252,000).
6. ADA package - Install two student rest rooms on the first and third floors (currently, none exist on these floors); install an elevator in the corner of the auditorium to all floors (school would then be barrier free); construct a new egress in the auditorium needed after the elevator installation; install a wheelchair lift for accessibility from the basement to the gym floor level (\$303,000).

The board chose to approve options one and five. The design and fabrication lab will accommodate the mechanical drawing classes and allow the students to fabricate items from their designs. Beginning with the 1998-99 school year, participation in the technology labs will be mandatory for seventh, eighth and ninth graders. The two technology labs will each be made up of lab and class space to accommodate 24 students. The module is designed to allow students to spend the majority of their classroom time completing the instructional activities. The area will be equipped with all the materials, tools and equipment that students would require to complete the learning activities. The modules selected provide an equal balance between hands-on and computer driven activities. Some of the modules available are Aerodynamics Technology, Career Research, Computer-Aided Drafting, Computer Graphics and Animation, Environment and Ecology, Flight Simulator, Information Technology, Research and Development, Rocketry and Flight Technology, Structural Technology, Tools and Machines, and Video Production.

Activities are designed to effectively assist students in developing problem solving skills, becoming independent thinkers, learning about the daily effects of technology on their lives, becoming adaptable to the changing world around them, and starting to think about a career in or becoming life long learners in a technical world. The estimated cost of renovations and equipment is \$470,000. In order to finance the two projects the board has secured financing through a ground lease at a cost of \$20,000.

The high school is presently out of compliance with ADA regulations and attempts to find justification for the board excluding option six to bring this facility into compliance were unsuccessful. Considering the fact that the district currently has a wheelchair bound student, meeting ADA regulations should be a priority.

Recommendation:

The board should be commended on its efforts to introduce new technologies into the school system but caution should be taken not to ignore the ADA regulations. The district should place a higher priority on the need to deliver the appropriate services to those with disabilities and to avoid potential litigation as a result of noncompliance.

Five Year Plan

The district's five year plan was prepared and submitted in January, 1994. Excluding the LaMonte Elementary School, estimates for repairs to the three remaining schools totaled \$3,275,600. An update to the five year plan was prepared in February, 1997. Estimates for repairs to the same three schools are now \$4,521,700. The chart listed below shows, by school, the estimated costs in the 1994 five year plan and the cost of performing the same repairs three years later.

	Estimated Cost Comparisons			
	1994 5 Yr. Plan	1997 Updated 5 Yr. Plan	Increase	% increase
Jr. High / High School	\$1,990,100	\$2,731,200	\$741,100	37.2%
Lafayette	\$759,000	\$1,227,950	\$468,950	61.8%
Smalley	\$526,500	\$562,550	\$36,050	6.8%
Total	\$3,275,600	\$4,521,700	\$1,246,100	38.0%

It is obvious that putting off capital projects has put additional financial burdens on the district. The chart clearly shows that putting off repairs will bring about increased costs.

One area in need of attention is the roof on the three schools remaining open. The roofs on both the high school and Smalley Elementary School leak. The roof on Lafayette Elementary School is in fair condition but will require attention to avoid future leaking. Of primary concern to the review team is the leaking roof above the room that the Board plans to renovate and turn into the computer labs. Cost estimates for the repair of these roofs total \$250,000.

Recommendation:

The board should repair the roofs mentioned above.

Value Added Expense: \$250,000

Space Utilization

Space utilization within the district could be improved. The district's central administration and special services staffs occupy two separate buildings located on West Maple Street. The board administration building has a total assessed value of \$163,500 (\$102,300 for the land and \$61,200 for improvements). The special services building has a total assessed value of \$102,400 (\$63,000 for land and \$39,400 for improvements). With a tax rate of \$3.17 per \$100, the sale of these properties would generate \$5,182 each year for the administration building and \$3,242 annually for the special services building. It is the perception of the review team that both central administration and special services staffs could be moved from their existing locations. Options which exist include the following:

1. As previously mentioned, the board has offered the LaMonte Elementary School to the municipality for one dollar. If the municipality chooses to occupy the LaMonte site the district could negotiate for sufficient space and move its central administrative and special services units into the LaMonte facility. Negotiations should include the waiver of rental fees except for perhaps costs associated with utilities which the Board already pays. It should be noted that sufficient parking is available at this site which would allow the district to park its buses and other vehicles. The current buildings could be sold, generating a one time source of revenue for the school district as well as reoccurring tax revenue which would benefit the municipality.

Revenue Enhancement (One Time): \$265,900

Revenue Enhancement (Recurring): \$8,424

2. The district could renovate the wood shop and the former weight training room within the high school. The wood shop and weight training rooms are sufficient in size (2,300 square feet) to accommodate both sections. Renovations could be handled by the board's maintenance staff, which possesses necessary skills to complete the job. The location of the rooms within the building are close to both exits and rest rooms. Costs to renovate the rooms are estimated at \$25,000. When completed, the administration building could be sold and the special services building could be razed and paved over to accommodate parking. The estimated cost for demolition and paving is \$30,000. The sale of the administration building would generate a recurring tax revenue enhancement of \$5,182 and the value added expense is estimated to be \$55,000 for building renovations, razing and paving costs. The revenue generated from the sale of the administration building (\$163,500), less the value added expense (\$55,000), would provide a one time revenue enhancement of \$108,500.

Revenue Enhancement (One Time): \$163,500

Revenue Enhancement (Recurring): \$5,182

Value Added Expense: \$55,000

PLANT OPERATIONS: CUSTODIAL, MAINTENANCE AND GROUNDS

Plant Operations

The scope of work within plant operations includes custodial services, all building maintenance and repairs and groundskeeping. Seasonal functions, such as snow plowing and snow removal from sidewalks, are also provided by the plant operations group.

The day to day operation of this department is the responsibility of the plant manager. In addition to custodial and maintenance functions, he is responsible for purchasing, inventory control, and the Right to Know program. Maintenance and operations costs accounted for 8.6% of the district's total budget which is .9% below the 1996-97 national average (according to the American School and University's standard). Staffing consists of 13 full time and two part time personnel. Nine full time and two part time workers are employed as custodians, three as maintenance workers and one as a groundskeeper. The two part time custodians work an average of 12 to 15 hours per week each.

Custodial

By contract, full time custodial and maintenance personnel are provided three uniforms each, annually at the district's expense. They are reimbursed up to \$70 per year for the purchase of work shoes as prescribed by the plant manager and they are also reimbursed up to \$75 per contract period towards the purchase of one winter coat. Receipts must be turned in before reimbursements are made. Custodial personnel are required to obtain their Black Seal licenses at which time they receive a raise of \$.40 per hour.

Recommendation:

The district should negotiate for elimination of the \$.40 per hour stipend given to the custodians since it is an employment requirement.

Cost Savings: \$7,152

The floor plans for the district's four schools show approximately 162,800 square feet of space, excluding stairwells. Allowing 5% of the total square footage for unusable areas, such as stairwells, the staff is responsible for cleaning approximately 170,900 square feet of space. This calculates to approximately 17,620 square feet per custodian. The custodians at the elementary schools average about 24,980 square feet per custodian while the high school custodians average about 14,330 square feet per custodian.

1996-97 /1997-98 school year	Sq. Ft.	5% factor	Custodial FTE	Sq. Ft./FTE
Lafayette School	23,374	24,543	1	24,543
LaMonte School	21,871	22,965	1	22,965
Smalley School	26,115	27,421	1	27,421
Junior/High School (inc. admin. bldg.)	91,408	95,978	6.7	14,325
Total	162,768	170,906	9.7	Avg. 17,619

With the closing of the LaMonte School, the total square footage of buildings maintained will drop to 166,448 for the 1998-99 school year. It was reported by the plant manager that with this

closure and the consolidation of its students into the Smalley and Lafayette Schools, staffing will be reduced by two part-time custodians. The LaMonte School custodian will share duties with the custodians at the Lafayette School which will gain an additional 5,800 sq. ft. and the Smalley school which will gain 11,825 sq. ft. This will now bring the area cleaned by each elementary school custodian to 23,499 while the high school custodians will average 15,996 sq. ft.

1998-99 school year	Sq. Ft.	5% factor	Custodial FTE	Sq. Ft./FTE
Lafayette School	29,174	30,633	1.3	23,564
Smalley School	37,940	39,837	1.7	23,434
Jr./Sr. High School (inc. admin. bldg.)	91,408	95,978	6	15,996
Total	158,522	166,448	9	18,494

The elementary school personnel work 47 hours per week for 40 weeks (Sept. - June) and 40 hours per week for 12 weeks (July - August) and spring/winter recess. All maintenance duties within the elementary schools are completed by 4:00 p.m. High school personnel work 42 hours per week for 40 weeks and 40 hours for 12 weeks. The custodial operation within the high school consists of two shifts. The day shift is staffed by two custodians while the evening shift is staffed by four full time and two part time custodians.

Custodial costs for the 1996-97 school year were \$383,433 for salaries and \$25,356 in operating expenses, together totaling \$408,789. Supervisory costs associated with custodial functions were \$29,298 for a grand total overall cost to \$438,087. This calculates to a cost of \$2.56 per square foot.

The team agrees with the plant manager's plan to have the LaMonte custodian assist in maintaining Lafayette and Smalley Schools but feels that cost reductions and an improvement in efficiency can be achieved within the high school. For the 1998-99 school year, the six high school custodians will clean an average of about 16,000 sq. ft. each. This is below the standard average range of 18,000 to 30,000 sq. ft. cleaned per custodian. It is also below the average of what the elementary school custodians will clean. If the high school custodian square foot requirement were to be increased by 3,204 sq. ft. to 19,200, a staffing reduction of one employee could be realized. Although this number is below the square footage cleaned by the elementary school custodians, an allowance should be made to account for the higher number of students enrolled at the high school. This reduction would equate to yearly savings of approximately \$36,400.

Staffing could then be reorganized to provide broader coverage across all shifts. This could be achieved by eliminating the 8:00 a.m. to 4:30 p.m. position and shifting one night time custodian to a 12:00 p.m. to 8:30 p.m. shift. This shift would provide adequate coverage by overlapping both the day and night shifts. Additional backup assistance could be provided by the groundskeeper as is necessary.

Recommendation:

The review team suggests the elimination of one custodial position at the high school.

Cost Savings: \$36,400

Maintenance

Plant operations employs three maintenance workers. Work orders (WO's) are filled out and are reviewed for approval by the school principal prior to submission to the plant manager. Work orders are then prioritized and logged into a computer, awaiting assignment to the workers by the manager. All completed WO's are logged out of the computer. Maintenance reports can be generated as required. The district's maintenance workers perform most capital maintenance projects which require skilled laborers such as plumbers, electricians and carpenters.

The maintenance staff maintains approximately 190,000 square feet of space. Salaries for the three maintenance workers total \$126,660 and operating and vehicle costs are approximately \$58,300 for a total cost of \$184,960. Supervisory costs associated with maintenance functions are \$23,438 for an overall cost of \$208,398. This equates to a per square foot salary cost of \$.66.

Recommendation:

The review team commends the efforts of the maintenance group and plant manager for performing quality work at a competitive cost. However, the review team does suggest one relatively minor addition to the computerized report. The plant manager should incorporate into the computerized maintenance report an identifier as to which employee completed the task as well as the actual time required to perform that task. This would assist the plant manager in monitoring employee productivity as well as documentation for additional personnel if needed.

Grounds Keeping

As part of a shared services effort with the borough, the district's groundskeeper also maintains the borough's Tea Street Fields and Codrington Park. Maintenance functions include seeding, fertilizing and field striping the grounds as well as cleaning the restroom facilities. In total, the groundskeeper is responsible for maintaining approximately 22 acres of grounds throughout Bound Brook. The borough reimburses the district with one half of the groundskeeper's base salary which is approximately \$14,000. During the winter season the groundskeeper assists district custodial and building maintenance personnel as well as maintaining the grounds keeping equipment. Salary cost for groundskeeping to the district for 1996-97 was \$42,367 and operating expenses were approximately \$27,119. Based on the schedule of tasks performed by the groundskeeper and the area maintained, the salary costs equate to .25 per square foot which is .2 below the American School and University (ASU) standard.

CASH MANAGEMENT

The business administrator is responsible for overseeing the district's cash management process. At the time of this study all of the district's accounts, with the exception of the money associated with the bond referendum, are with Fleet Bank. Fleet Bank has been the district's banking institution for many years, and the district has maintained a good working relationship with the Government Banking Services Unit. The last time that banking services went out for a Request for Proposal (RFP) was in May, 1994. The New Jersey Cash Management Fund (NJCMF) is on the district's list of approved vendors, but there are currently no active accounts with that fund. At the time of this review, the business administrator was actively pursuing whether it would be in the district's best interest to reopen an account with the New Jersey Cash Management Fund.

In talking with the business administrator, the district seems to be content with the level of service that it is receiving from the local bank. Excluding fees, the district is receiving a stated earnings credit rate from the bank of approximately 5.05%. Reconciliations are done manually by the business office staff each month. The district does not request a monthly account analysis from the bank which is an effective tool to use in analyzing the level of service, cost of services, available investment balances and actual interest rate earned.

Recommendation:

The district should regularly review the banking services that are necessary for the district and require annual RFP's for its banking services. This would create more of a competitive environment aimed at reducing the district's costs, maximizing interest, and keeping in line with the "cutting edge" of the banking industry.

The district should require that all banks providing banking services provide the district with a monthly account analysis along with the monthly bank statements. These account analyses are paramount in analyzing and assessing the banking services being received.

An earnings comparison was done on the district's main account with Fleet Bank. This account is a consolidation of the district's five main accounts. Being compared was the actual amount of interest received during fiscal year 1997 and the potential amount of interest that could have been received for the same time period from the New Jersey Cash Management Fund and from 91 Day T-Bills.

In analyzing the consolidation of accounts, the review team found that each month the district's average available balance on which interest rates are applied (ledger balance minus the float, reserve requirement, and compensating balances required for services) was consistently in the low \$2,000,000 range (see Chart 1). As stated above, the district averaged a stated monthly earnings credit rate of approximately 5.05% for this account. In actuality, the team found that the district received interest at a monthly rate of approximately 4.13%. For fiscal year 1997, the district received interest on its money in the amount of \$95,471. In comparison, the amount of interest that could have been received through the NJCMF and 91 Day T-Bills was \$122,374 and \$118,701, respectively (see Chart 2). The district, under a best case scenario, could have received additional income of \$26,903 and \$23,230 from the NJCM Fund and 91 Day T-Bills, respectively.

It is estimated that through aggressive cash management analysis and competitive banking, the district should be able to increase its interest income by between \$20,000 and \$27,000 per year.

CHART 1 - AVERAGE BALANCES

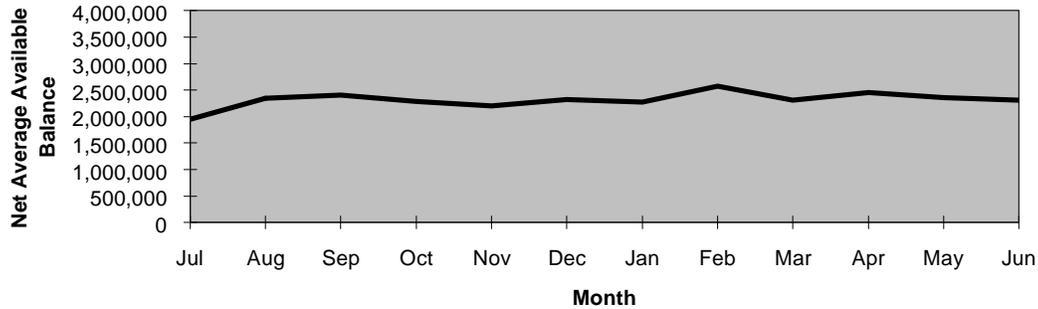
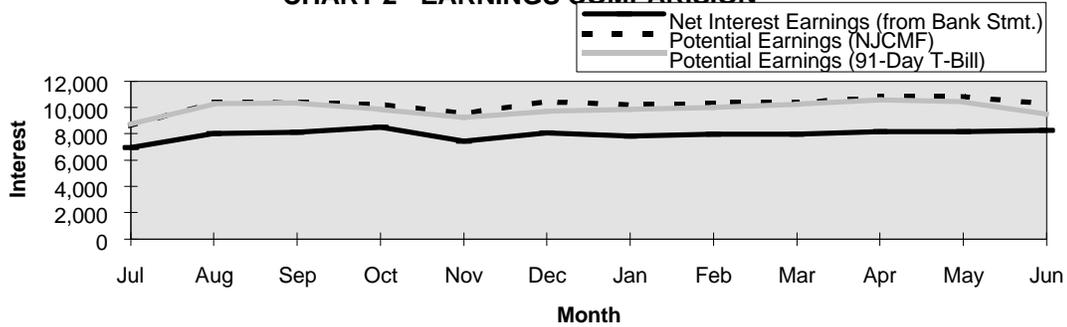


CHART 2 - EARNINGS COMPARISON



Recommendation:

Through all means possible, the district should try and maximize its earning potential, by using the New Jersey Cash Management Fund and 91 Day T-Bills as a benchmark for interest earnings. It is estimated that the district could increase its interest income by \$20,000 - \$27,000.

Revenue Enhancement: \$20,000 - \$27,000

Along with the accounts which are located in the Fleet Bank, the board of education has its money associated with the 1997 school bonds being controlled by the New Jersey Arbitrage Rebate Management Program (NJ/ARM). These monies are disbursed to the board of education accounts from NJ/ARM, when requested by the board to fund construction projects. The monies that remain under the control of NJ/ARM are invested into board approved investment vehicles.

Currently, the district receives approximately 5.25% on all of its investable monies. The district anticipates that this relationship will cease by November, 1998, when all of the money is estimated to be drawn down.

PURCHASING

The purchasing unit handles approximately 2,000 purchase orders during a school year. Through mid-May, 1998, just over 1,900 purchase orders have been processed. Before the district started doing its bulk purchasing through Educational Data Services, Inc. (ED-DATA) consortium, the district was processing approximately 3,000 purchase orders per year. The district has 1.5 staff members in the business office who are responsible for processing the purchase orders from the initial stages through payment.

The purchasing process begins with a requisition being filled out and then sent to the school principal or district supervisor for approval. The requisition is then entered into the purchasing network where a purchase order is given, the account code to be charged is verified, availability of funds is certified, and other checks are performed by the computer. The purchase order is then sent electronically to the business office where the purchasing personnel verify the purchase order for accuracy (account codes, shipping address, total costs, etc.). The verified purchase order is then printed off the system and given to the business administrator and superintendent for approval. Once the approvals are obtained, the purchase order is sent out to initiate the purchase (two copies to the vendor, two copies to the school, two copies to remain in the business office). As items are received at the individual schools, the person who accepts the shipment must check the order for accuracy and sign off on one copy of the purchase order, verifying the receipt of goods (all materials are sent directly to the schools, since there is no central warehouse). Once this copy is received from the schools, along with the vendor's certification and invoice, the payment process is initiated. The district pays bills one time per month, after approval is received at the second school board meeting of each month.

The district utilizes a semi-automated purchasing system. They are planning to change to a new financial package, which includes purchasing, for the new fiscal year. It is the hope of the business administrator that the new system will enable the purchasing system to be almost completely automated, from requisition processing through payment. The institution of the new system, with all of its controls and security features is expected to ensure that all of the purchase orders will be processed correctly and in a more timely fashion (although this was not found by the review team to be a common problem), and that the volume of paperwork will be significantly reduced.

Recommendation:

Local Government Budget Review (LGBR) supports efforts to institute an automated purchasing system as soon as possible. LGBR teams have found that automated systems greatly enhance an entity's ability to maintain records and process purchase orders.

As stated earlier, the district utilizes the services of ED-DATA to do the majority of its purchasing through a bulk purchasing consortium. The district buys the majority of its office

supplies, school supplies, maintenance supplies, athletic supplies and various other materials from ED-DATA. The cost to be involved in this bulk purchasing process is \$5,400 per year. ED-DATA provides the district with an analysis of the savings it generates by bidding out bulk purchases for general supplies and copy duplicator. According to documentation provided, ED-DATA saved the district \$18,608 over state contract pricing during the 1996-97 school year. Excluding the \$5,000 fee the district realized a net savings of \$13,608. The district is very pleased with its relationship with ED-DATA and has found substantial savings due to bulk purchasing versus doing its own purchasing.

The district also uses state contract purchasing for supplies and materials that are found to be less expensive than through the consortium. For example, the district has found that it is in its best interest to buy computer products through state contract. It is also a current practice that the district requires three quotes for all purchases in excess of \$150 and less than the bid threshold. (Note: As a point of reference, quotes are not legally required unless the purchase is going to be 20% or more of the bid threshold, which would be approximately \$2,580.)

Recommendations:

The district needs to continually assess the prices given to it in its bulk purchasing ventures with ED-DATA. The district should use as many purchasing vehicles as possible to ensure that costs incurred reflect the best prices for the district.

The review team commends the school system for its concern for the taxpayers money. District personnel try to get the best prices available by obtaining quotes on all purchases over \$150. This process should be continued.

It was of a little concern to the business office staff that district personnel don't thoroughly understand the purchasing process and what needs to be done to process the purchase order correctly. It is not uncommon that purchase orders are received at the business office with incorrect account codes, missing signatures or other problems. A purchasing manual was created a few years ago, but the staff is unsure as to how much the district personnel refer to the information in the manual.

LGBR review teams have found in other districts that an effective way to educate the district personnel on the purchasing process is to have the purchasing staff make an informational presentation. Through this interactive process, the district staff could be fully educated and could address any problems or questions directly to the purchasing staff.

Recommendation:

The business office staff should make an informational presentation of the purchasing process to appropriate staff members, and this presentation should be complemented with a fully updated purchasing manual.

Finally, in reviewing the purchasing system, an analysis was done of the purchasing process and the bid process to ensure compliance. It appears that the school system properly bids all of its eligible purchases. On the purchasing side, however, there were a couple of instances where the

date paid was prior to the receiving date by the district and the receipt of the vendor's certification.

Recommendation:

While the review team does not feel that the errors in the purchasing system are on a recurring basis, the district needs to continually be reminded of quality control when it comes to the processing of purchase orders. If and when a more fully automated purchasing process is put in place, this problem should be all but eliminated, in that the computer's security and control features should not allow the processing of a purchase order unless everything that is required is accurate, timely and complete. The system should not allow for any steps to be missed or done out of sequence.

PROFESSIONAL SERVICES

Over the past two years, the district has, on several occasions, sought professional services via consultant service contracts. The contracts have ranged from \$300 for a college application consultant to \$28,000 for a service learning consultant. Consulting contracts have averaged about \$8,000 and have included such services as Internet workshops, computer software packages for accounting and for student information, asbestos removal, and the Educational Foundation initiative. Overall, these contracting engagements appear to have been successful.

The district has more flexibility for initiating needed changes when it contracts out for human resources with specific and extensive expertise, rather than relying upon the skills of its own staff. It is possible that the district could bring some of these services in-house while maintaining the flexibility of contracting (e.g., utilizing the "train the trainer" technique). In addition, there is often "honor in your own country." Thus, utilizing in-house skilled staff has the benefits of not only cost savings, but staff morale through recognition as well.

The district could also consider hiring, on a part-time basis, students from either the local community college or the vocational school who are trained in both computer repair and general networking to do the more routine work, and then rely on the more professional contractors to cover the more intricate and sophisticated work. While the review team was in the district it was noticed that the vendor spent a great deal of time loading software. This could be accomplished by a student intern just as readily as by the vendor, but at less cost. For example, if the district were to hire a student three days a week at \$8 per hour and have a retainer for networking with a local contractor, rather than relying upon the contractor to provide all computer related services, the district could save approximately \$10,000 per year (salaries and benefits @ \$13,000 vs. contractor cost @ \$23,000.)

It should be noted that utilizing contractors to manage information can have hidden costs and does require precise contracts that delineate the ownership of information and the storage and conversion of information. For instance, the district had an accounting package which kept the information in a proprietary format rather than an open format. When the district discovered that the information was not easily transportable from platform to platform the vendor's solution was to sell and service hardware which was out of production and obsolete.

Recommendation:

The board should seek part-time interns from local educational institutions with specific computer skills to handle routine software and hardware computer related functions.

Cost Savings: \$10,000

LEGAL SERVICE

During the 1996-97 school year the board expended \$36,146 for legal fees. The district pays the attorney \$125 per hour for legal advice and services. The contract does not have a retainer agreement and the review team was told that legal costs could be reduced with improved policy setting and design. For instance, the district has been contacting the attorney for his opinions regarding potential conflict of interest cases involving board members. If the district were to develop and implement a clear and precise policy, which defines and provides better interpretation of what constitutes conflict of interest, the district would no longer have to request the attorney's opinions regarding this issue.

Also, it should be noted that other districts in the general region of Bound Brook are paying less per hour for legal services. For example, Somerville is paying about \$95 per hour. South Amboy paid a flat fee of \$30,000 for all legal service, except litigation costs. This included attendance at all board meetings and school board related research. If the district were able to pay \$95 per hour instead of \$125, the district could save \$11,500 at the same utilization rate.

The district has also utilized the school board attorney for workers' compensation cases. Most insurance professionals recommend using an attorney who is both experienced and accomplished in this area. If the district were to utilize an attorney who specializes in workers' compensation at the prevailing rate of \$85, the district could save additional money, while having the necessary expertise.

Recommendations:

The district should utilize the services of the school boards' association to advise in the development of certain policies, especially those regarding potential conflict of interest on the part of board members. This would reduce the amount of time the attorney needs to allocate toward such matters.

The district should advertise for proposals, negotiate with several attorneys and consider a retention agreement which clearly outlines what is included in the retainer fee, such as attendance at board meetings and, perhaps, a reduced fee for routine concerns. The board should be assured that, if it does negotiate a lower per hour rate with an attorney, it would not have to hire additional attorneys to cover the other areas at a higher fee. If the district were able to reduce the fee from \$125 per hour to \$95 per hour, the district could save about \$11,500 per year at the same utilization rate. A retainer should control costs even more.

FOOD SERVICE

Like many of the operations found in the Bound Brook school system, there have been significant changes in food service between our test year of 1996-97 and the current year (1997-98). Rather than dwell on a past that no longer exists, the review team has concentrated on the positive strides that have been made by the board and the positive direction in which it is heading.

Back in the early 1990's when it was considered by many to be more affordable to undertake this type of operation, the board decided to get out of the food service business and to concentrate more exclusively on the business of educating its children. It was decided, however, that the longer term food service employees, who wanted to continue in their jobs, would be hired at their salaries by the new contractor. As they were to leave the district, they could be replaced at market conditions which are significantly less than the salaries commonly paid for in-district employment.

Currently, the food service contractor only employs three former district employees and he forecasts the district to be showing a profit this year. In fact, the district purchased a refrigerator out of the surplus proceeds in the food service enterprise fund this year rather than financing the purchase.

The district also has a food service committee which concerns itself with the quality of the product and service the district receives. The committee and the food service company measure the satisfaction of the food service operation by both customer surveys and through the sale of individual products. The district should continue to measure performance of this operation and should be commended for turning a cost center into a profit center while preserving jobs for long term employees, at minimal cost to the district. There are other potential charges that the district could rightfully be charging against the food service account which the district has not yet recouped. These include:

- Rental of facility space on a per square footage basis, either directly to the food service company or against the food service enterprise fund.
- Recouping the cost of cleaning and maintenance duties on a square footage basis for the cafeterias and kitchens. Current cleaning costs average \$2.56 per square foot per year throughout the district.
- Lunch room supervision by teachers at an average cost of a duty period; \$20 per teacher; two teachers per lunch period; three lunch periods per school; and three schools; for 180 days.

Rightfully, these costs are lunch related and should be charged against the food service enterprise fund. Up until now the review team has not seen these included against the enterprise fund. The district should estimate the costs of the custodial and maintenance by square footage and utilizing the American Physical Plant Association estimates for cleaning cafeterias, which by definition, are public circulation areas - 24,000 sq. ft. per custodian.

Subsequent to the review, the contractor who serviced the district went out of business after serving the district for almost ten years. Hopefully, the district will find a suitable replacement, that not only can return a surplus to the food service account, but who also delivers a quality product at an affordable price.

Recommendations:

The district should estimate the square footage for each of the cafeterias and charge the cleaning of the facilities against the food service enterprise fund.

The district should consider building into the next contract the costs of cleaning and possibly renting the facilities. If the district were able to charge \$700 per month for each school for 10 months per year the district could augment its general fund by \$21,000 per year.

Revenue Enhancement: \$21,000

SPECIAL EDUCATION

Based on December 1, 1997 enrollment, the Bound Brook public school system has, in its special education (SE) program, 224 classified students, including 36 students who are classified for speech only. Excluding speech, of the remaining 189 students, 166 are educated within the district; 57 in self contained-classes, 95 in resource rooms and the remaining 14 in the mainstream program. The other 22 SE students are sent out-of-district to both public and private educational centers. The distribution of the out-of-district SE students is as follows:

- 16 students to private day schools;
- 2 students to the Somerset County Educational Services Commission; and
- 1 student to other public school systems.

(Note: three additional SE students are incarcerated.)

It should also be noted that 18 of the SE students are residents of the South Bound Brook school system which sends its students to Bound Brook for high school.

In general, SE students are sent out-of-district, usually due to the extent or nature of the disability, lack of space in district schools, and/or as a result of the perceived lack of an appropriate in-district program, as determined by child study teams and parents.

COST-PER-PUPIL FOR OUT-OF-DISTRICT SE STUDENTS

School Type	Number of Students	Estimated Average Tuition per Pupil	Estimated Average Transportation per pupil	Estimated Average Cost per Pupil
Private	16	\$28,597	\$3,054	\$31,651
Public	1	\$29,434	\$7,000	\$36,434
County ESC	2	\$23,250	\$2,000	\$25,250

Based on this data provided by the school district, the average cost-per-pupil for out-of-district SE students is conservatively estimated at \$31,230. The district’s overall cost-per-pupil (pre-k through 12) as of June, 1997 was \$9,975. It should be noted that the costs of special education programs are usually higher than non-special education programs. These increased costs result from lower student/teacher ratios, the use of aides in the classroom, more sensitive curriculum, student individual education plan (IEP) requirements and specialized staff requirements.

Efforts are being made at this time to provide as much in-district placement of SE students as is deemed feasible and cost-effective. Special education students are not sent out-of-district unless the district is unable to provide an appropriate level of education. Yearly assessments are made of the special education population and its needs.

The Bound Brook school system presently maintains seven self-contained special education classes. They are distributed among four school sites and provide education for 57 students.

In an effort to help the district identify ways to control costs for self-contained special education classes, the review team compared the allowable classroom capacity per type of impairment with actual classroom capacity in the district. As is shown in the table below, the review team found that a maximum of 17 additional students could be educated within the district without hiring any additional teachers or aides.

SELF-CONTAINED BOUND BROOK SE CLASSES

Class Type	School	Age Range	Aide	Number of Students	Class Capacity	Available Space
NI	Smalley	5 - 9	no	6	8	2
PI	Smalley	8 - 12	no	8	12	4
NI	LaMonte	9 - 12	yes	9	10	1
PI	Junior High	11 - 14	no	10	12	2
PI	High School	14 - 18	no	9	12	3
PI	High School	14 - 18	no	9	12	3
ED	High School	15 - 19	yes	6	8	2
TOTAL				57	74	17

Note: Special Education Classifications are as follows:

ED - Emotionally Disturbed

NI - Neurological Impaired

PI - Perceptually Impaired

The review team recognized that differences in age grouping, or other legitimate circumstances, may preclude the district from filling every special education classroom to capacity or that special situations may exist as a result of analysis completed by the child study teams (CST's). The team also realized that "allowable capacity" means "maximum" number of students, not "recommended" number of students. However, it is imperative that the district continue to carefully scrutinize this matter every year and be certain that resources within the district are utilized to the fullest extent possible, before commitments are made to outside educational centers resulting in major tuition and transportation expenses.

The transience rate in this school system is noticeably high, as compared to most other districts in the state. Many of the students entering the system each year are either classified or are found to have special needs which often lead to classification. Therefore, it is prudent to maintain some room for growth in the special education classes where and when possible. In an average year, the number of incoming SE students is, for the most part, close to the number of SE students leaving the school system. Even though this transience does not pose significant additional costs to the district, the volume of work required of CST's is significantly affected. Though the case loads remain pretty much the same, the composition of these loads is constantly changing.

An analysis was made of the available special education spaces in Bound Brook in terms of special education classification categories and the ages of students in each category to see how many students could potentially be returned from out-of-district private and public placements, and then how many of the remaining spaces might be filled with students from other districts on a tuition paying basis.

If two of the five ED students presently attending one of the private schools could be returned to the district as in-district placements in the high school ED class it would fill the class to capacity. The estimated average cost-per-pupil for out-of-district SE students is \$31,651 each. Bringing

them back into the district would result in the cost-per-pupil being reduced to \$9,975 each (total general fund cost-per-student based on the Audit Report as of 6/30/97).

Recommendation:

The district should continue to return out-of-district students in private placements to in-district classes whenever appropriate programs and services can be delivered, in accordance with pupils' Individualized Education Programs (IEP's) and federal and state laws regarding education of handicapped pupils. The review team recommends returning two of the out-of-district ED students to the district, placing them in the high school ED class.

Cost Savings: \$43,352

Prior to the current school year, there were no tuition-paying SE students received from other districts. This year there are two tuition paying SE students attending Bound Brook Schools.

Recommendations:

The district should promote increasing the number of tuition paying special education students from other districts to fill available spaces. For example, if seven of the twelve existing spaces in Bound Brook PI classes could be filled by tuition paying students from other districts, it is projected that revenue earnings totaling \$61,880 would be possible (based on the Estimated Cost Per Pupil for Tuition Purposes document).

Revenue Enhancement: \$61,880

Child Study Teams (CST's)

There are 1.66 child study teams in the Bound Brook school system under the supervision of the supervisor of special services. The team consists of three psychologists, a social worker and a learning disabilities teacher-consultant. Two of the team members are also bi-lingual. One of the psychologists provides guidance counselor services at the elementary level as needed.

CST referral and classification statistics for the past three years are summarized in the table below.

REFERRAL & CLASSIFICATIONS STATISTICS

	1995-96	1996-97	1997-98 (projected)
Referrals to CST	31	21	46
Classifications	31	21	45
Re-evaluations	46	50	69
De-classifications	1	2	1

The Pupil Assistance Committee (PAC) is a concept that was developed by the "Plan to Revise" school districts. The "Plan to Revise" school districts refers to those districts whose educational plans included innovative and creative ways in which to educate and assist children in an effort to prevent future problems. One goal of this concept is to divert children from classification through the development of an intervention program. The practice allows identification of students who

are having difficulty and referral of the students to the Pupil Assistance Committee for development of an intervention plan and procedure.

Special Education Medicaid Initiative (SEMI)

The Special Education Medicaid Initiative (SEMI) is a joint project of the Departments of Education, Human Services and Treasury to claim Medicaid reimbursement for certain medical services provided to eligible special education pupils.

Bound Brook has a small, well organized Medicaid reimbursement program which has generated over \$20,000 for the district since 1996. The district is now averaging \$1,500 per month in claim reimbursements for approximately 30 eligible students and it has agreed to ensure that all documentation of services will be signed. The district will also add nursing services and “medications” to the pupil IEP’s where appropriate. The district has alerted SEMI that staff changes are anticipated and the SEMI program has agreed to provide training for new staff personnel.

BASIC SKILLS

The Bound Brook school system presently has 260 students receiving basic skill instruction in grades pre-k through 12. Included are some students in the ESL Program receiving support instruction in reading, writing and language development.

Students are selected for this program at the elementary level based on multiple measures including: the California Achievement Test, Version 5 (CAT5) scores, teacher recommendations, report card grades and narratives, reading levels and writing samples. At the secondary level students are identified through Early Warning Test (EWT), High School Proficiency Test (HSPT) and CAT5. Student recommendation is also used for placement into the program.

Instruction at the elementary level is by both in-class support and pull out classes. At the secondary level it is all pull out. The target instruction time is approximately 150 minutes per week at the elementary level and 205 minutes per week (five periods) at the secondary level. Group size varies from three to eight students at the elementary with an average of ten students at the secondary level. (The elementary level includes some individualized instruction for the Reading Recovery Program which comes under the umbrella of Basic Skills Instruction.) Non-public basic skills instruction is structured by the Somerset County Educational Services Commission.

Currently, BSIP staffing consists of:

- 3.5 teacher FTE’s (with no aides) at the elementary level, and
- 2.3 teacher FTE’s (with no aides) at the secondary level.

The number of basic skills needs assessments over the past four years has steadily declined. It should be noted that the relatively high mobility rate in this school system results in students entering and leaving the program during the course of the year.

- 1994-95 375 students (Grade 1 through Grade 12)
- 1995-96 352 students (Grade 1 through Grade 12)
- 1996-97 309 students (Grade 1 through Grade 12)
- 1997-98 260 students (Grade 1 through Grade 12).

The current number of BSIP students in the Bound Brook district is 228:

- 92 at the elementary level
- 136 at the secondary level

The district spends approximately \$177,873 per year, or \$780 per BSIP student. Efforts to reduce the cost per pupil for BSI students have been successful. A significant part of that reduction has been in salaries for instruction.

BSIP COSTS

Basic Skills/Remedial	1996-97	1995-96
Salaries of Teachers	\$176,832	\$242,663
General Supplies	871	1,474
Textbooks	170	
Total Basic Skills/Remedial	\$177,872	\$244,137

BILINGUAL & ENGLISH AS A SECOND LANGUAGE (ESL)

The LEP (Limited English Proficiency) student population in the Bound Brook school system accounts for approximately 10% of the total student population. As of April, 1998, the district has a total of 119 students in its bilingual and ESL programs; 104 in the bilingual program and 15 in the ESL program. This is 14 more students than were in the programs one year ago. The 104 students in the bilingual program are all Spanish speaking and the 15 ESL students speak either Chinese, Urdu, Korean, Mandarin, Polish, Punjabi, Russian, Serbo-Croatian, Turkish, or Ukrainian.

Staffing for these programs consists of three bilingual teachers (one in each elementary school) and three ESL teachers (one for the Lafayette and Smalley schools, one for LaMonte Elementary School and the junior high school, and one for the high school). For the 1998-99 school year (with the closing of the LaMonte school) there will be two bilingual teachers and one ESL teacher at the Lafayette school where there is a higher concentration of LEP students. At the Smalley Elementary School there will be one bilingual teacher and .5 ESL teacher. The junior high school will have .5 ESL teacher and the high school will have one ESL teacher.

This school system does not have self-contained bilingual classes, but rather, via a waiver from the State Education Department, the students are taught for designated portions of each school day in a “pull-out” mode. All bilingual students receive ESL instruction in addition to their bilingual

instruction. Next year at the Lafayette School, instruction will be by “inclusion” at the primary grade level.

State funding for bilingual education remained at \$166,625 for both 1995-96 and 1996-97. As of June, 1997, 1.31 % of Bound Brook’s budget is allocated to bilingual and ESL education. From a budgetary perspective, the board of education is cognizant of and receptive to the needs of the bilingual and ESL programs. This is demonstrated by the hiring of a third bilingual teacher in January of the current school year to meet the needs of the growing LEP student population.

At the elementary level the primary grades (especially kindergarten and first) have the largest number of bilingual and ESL students. These students are serviced by level with beginners to advanced in one class. The average class size for these grades is 15 students. Average class size for grades two and three is presently only five students. In grades four through six efforts are made to divide classes according to English proficiency and class size averages at ten students. Bilingual sessions are 90 minutes long: 45 minutes for reading and 45 minutes for mathematics. ESL sessions are 30 minutes in duration.

At the junior and senior high level efforts are again made to divide the students according to English proficiency with class sizes averaging 18 students. Students at this level are in what is considered to be a high intensity ESL program; receiving two 42 minute class periods daily.

The typical bilingual/ESL student remains in the program for three years before exiting. Some students exit earlier, depending on their English proficiency before entering the district. There have also been some cases where students needed an extra year or two to exit the programs. To exit the programs students must pass the State English Proficiency Test (LAB - Language Assessment Battery) or the MAC - Maculitis Assessment Program. Other criteria include results on California Achievement Tests, Early Warning Tests, High School Proficiency Tests, Teacher Progress Reports, reading levels and teacher recommendations.

Over the past several years transience (i.e., the number of students entering or leaving the district within one to two years) in the LEP student population has ranged from 9% to 19%.

ATHLETIC PROGRAMS

The Bound Brook School District spent 1.9 % of its budget on school sponsored athletics for the 1996-97 school year, which is comparable to the four similar districts used for comparative purposes in this study.

The following table provides athletic program costs for the past two years:

Category	1995-96	1996-97	Change
Salaries	\$156,917	\$170,192	\$13,275
Purchased Services	28,534	28,064	(470)
Supplies & Materials	25,372	26,160	788
Other Objects	6,952	7,975	1,023
Transfers to cover Deficit	16,420		(16,420)

graduation, jr. high and sr. high bands, etc. Stipends are paid to teachers willing to sponsor these activities and range, for the most part, from \$1,000 to \$6,000.

The following table provides school sponsored co-curricular activity costs for 1995-96 and 1996-97:

Category	1995-96	1996-97	Change
Salaries	\$38,010	\$44,230	\$6,220
Supplies & Materials	12,236	325	(12,001)
TOTALS	\$50,336	\$44,556	(\$5,781)

Actual expenditures were significantly reduced from 1995-96 to 1996-97. The cost for the school year 1996-97 constituted .4% of the total expenditures and is comparable to the similar districts used for comparisons in this report.

GUIDANCE

The guidance program for the Bound Brook school system operated for the 1997-98 school year under the direction of a director of pupil personnel services. Staffing consisted of the director, three counselors (two for the high school, grades 9-12 and one for grades 7-8,) one clerical for the high school and one assistant clerical for grades 7-8. One of the counselors is bilingual in Spanish.

The NJ DOE's Comprehensive Plan for Educational Improvement and Financing recommends one counselor for every 225 high school students. The Bound Brook School District's guidance staff/student ratio has been basically in line with these recommendations, averaging 200 students per counselor. The director also maintained a small caseload of students.

A recent study of the guidance department found the department to be, in addition to performing routine functions, spending a significant amount of time in a reactive mode, addressing crisis management situations and responding primarily to the needs of individual students. That study recommended that the department develop more structured group counseling, combining counseling and teaching methods and reaching a larger number of students on a preventive, proactive basis. It called for a better balance between individual and group counseling. Examples of subject areas for group counseling included:

- dealing with school achievement issues;
- career exploration, planning and decision-making;
- helping students cope with divorce;
- conflict resolution strategies; and
- developmental tasks for adolescents.

The department was found to be spending fifty percent of its time on clerical, non-“counseling” related functions; e.g., course scheduling, course advisement, management of student records, recording and analysis of student test results and development of student profiles.

The position of director of pupil personnel services was abolished at the conclusion of the 1997/98 school year and the department now comes under the direction of the supervisor of special services. Consideration is being given to establishing an MIS (management information system) position to focus on training and maximum utilization of a new integrated computer program (SASI XP) recently purchased for the district. With proper utilization it is expected to save significant amounts of time and clerical paperwork.

DRIVER EDUCATION

Driver Education for the Bound Brook school system is included as part of the tenth grade health curriculum. It consists of ten weeks of classroom instruction. The instructors are physical education teachers and there is no behind-the-wheel or simulator instruction. For behind-the-wheel instruction students are referred to a Somerset County Jointure and must pay \$200 each for the cost of instruction.

ADULT HIGH SCHOOL

The Bound Brook School District offers a free adult high school program for both residents and non-residents wishing to complete their high school education. This program is currently administered by the high school principal (.2 of his time) and staffing consists of one full time and 13 part time teachers. Enrollment and the number of graduates for the previous three years are shown below.

	1994-95	1995-96	1996-97
Enrolled	253	234	190
Graduated	27	33	24

Only a small fraction of the enrollees reach graduation each year, but this is common among adult high schools and GED Programs throughout the state. This program utilizes four facilities, all within Somerset County. Evening classes for the adult high school are held at the Bound Brook and Hillsborough High Schools. Bound Brook also offers its adult high school program during the day with classes held in the county annex building in Raritan. The county provides the classroom space in the annex free of charge. This program provides an opportunity for parents to attend school while their children are also attending school. It is also convenient for adults who work evening shifts. The district also holds both day and evening classes at the county jail. The district does not have a funded General Equivalency Diploma (GED) program. However, the district will provide assistance in preparing for the test.

Bound Brook Adult High School Program

	Enrollment	Resident	Non Resident
Bound Brook High	223	38	185
Hillsborough High	95	0	95
County Annex	82	2	79
County Jail	32	1	31

The district was once part of a jointure which operated an extensive community adult education program. In 1996 the district chose to discontinue participation due to concerns over costs incurred and revenues generated.

According to the program's coordinator there seems to be a direct correlation between program enrollment and the unemployment rate. As the unemployment rate rises so does enrollment. Currently the program receives approximately \$240,000 in state aid and expended \$247,374 for salaries and operating expenses (based on the 1997 CAFR (Comprehensive Annual Financial Report)).

As a result of the LaMonte School closing, the principal from LaMonte will take over as principal of the Smalley School. The current Smalley School principal will assume the duties of the adult high school and summer school programs, in addition to other duties.

SECURITY

The custodians are charged with the overall responsibility of building security. They control the alarm systems in each school and they insure that all entrances are secured at a prescribed time each day. As required by the board's insurance carrier, all rooms which contain expensive equipment (e.g., the computer tech labs and weight training room) must have additional security.

During school hours all doors at the three elementary schools are secured. Employees wishing to enter the buildings after school has started must use an access card to gain entrance. A buzzer system, which is connected to each main office, was installed to allow visitors access to the buildings. This system involves voice contact with the main office for identification purposes before entrance is permitted. Doors in the high school are secured by the custodial staff by 8:30 a.m. on school days. All staff and visitors must enter the building through the main entrance. The district has a crisis response plan in place. Any contractors working on school property are required to wear identification badges while working on school property.

The board has an agreement with the Bound Brook Police Department for security coverage at home athletic events. Currently, four police officers cover home football games, two cover basketball games and one attends wrestling matches. The hourly rate for the police personnel during the 1996-97 school year was \$33. The team finds the hourly rate paid to the borough police to be reasonable but questions the number of police personnel required to attend football and basketball games. Since the town is only 1.6 square miles, the officers, who are equipped with radios, can contact headquarters if assistance is needed.

Recommendation:

Reduce the number of police personnel at football games from four to two and at basketball games from two to one.

Cost Savings: \$594 yearly

GRANTS MANAGEMENT

Grants are administered, for the most part, by the director of special services. In the past three years the district received 17 grants. The sources of these grants were federal, state and local programs and were both entitlement and competitive. A summary of the grants is provided below.

BOUND BROOK GRANTS

Name	Amount	Type	Source	Expended	Use
1994-95					
Idea-B	\$68,915	Entitlement	Federal	\$68,915	SE supplies, equip and staff
Idea-PS	\$6,160	Entitlement	Federal	\$6,160	Tuition-Preschool handicapped
Title-IV	\$7,012	Entitlement	Federal	\$7,012	ATOD/Violence prevention
CAP	\$836	Competitive	State	\$836	Child assault prevention
Municipal Alliance	\$8,414	Municipal	Local	\$8,414	Part-time prevention counselor
Total	\$91,337			\$91,337	
1995-96					
Idea-B	\$79,335	Entitlement	Federal	\$79,335	SE supplies, equip and staff
Idea-PS	\$9,360	Entitlement	Federal	\$9,360	Tuition-Preschool handicapped
Title-IV	\$6,792	Entitlement	Federal	\$6,792	ATOD/Violence prevention
CAP	\$760	Competitive	State	\$760	Child assault prevention
Bldg. Resist. Skills	\$12,649	Competitive	Federal	\$12,649	Teach conflict resolution skills
Municipal Alliance	\$11,766	Municipal	Local	\$11,766	Part-time prevention counselor
Total	\$120,662			\$120,662	
1996-97					
Idea-B	\$79,928	Entitlement	Federal	\$79,928	SE supplies, equip and staff
Idea-PS	\$8,040	Entitlement	Federal	\$8,040	Tuition-Preschool handicapped
Title-IV - IASA	\$6,792	Entitlement	Federal	\$6,792	ATOD/Violence prevention
CAP	\$892	Competitive	State	\$892	Child assault prevention
Teen Cap	\$400	Competitive	State	\$400	Child assault prevention
Municipal Alliance	\$6,421	Municipal	Local	\$6,421	Part-time prevention counselor
Total	\$102,473			\$102,473	

As the table shows, all grant funds received are spent on the intended programs. There currently is no grants management coordinator.

Recommendation:

The district should consider assigning the responsibility for grants management to the newly appointed adult high school/summer school principal.

INVENTORY CONTROL & FIXED ASSETS

Fixed Assets

The district maintains a comprehensive inventory of all assets owned. The inventory was prepared by Industrial Appraisal Co. and was last updated in June, 1997. The annual update costs approximately \$500. The inventory provides data for each building or department by system number, floor and room, department code, item id number, quantity, description, acquisition date, life expectancy and replacement schedule.

Each principal maintains an inventory and procedure dictates that a form must be completed and submitted to the business office whenever an item is moved or disposed of.

The district should be commended for its efforts to reduce operating costs.

SURPLUS

The Bound Brook school system was fined \$53,764 during the past school year for having excess surplus during the 1996-97 school year in the amount of \$700,000. The surplus was allowed to build up, at least partially, because the district was not paying close enough attention to whether the statutory maximum of 6% would be exceeded. The district, upon being fined by the state, undertook a plan to reduce the surplus to a legally permissible amount. The district provided the review team with a detailed listing of how the surplus money was utilized. This included a property tax levy reduction of \$150,000, an expenditure of salary under a stipulated agreement with the former business administrator, construction and equipment purchasing for a strength conditioning room, asbestos removal, ballfield improvements, the purchase of textbooks, and the subsequent hiring of an ESL teacher.

During the past year (1997-98), the district not only made a concerted effort to reduce the overall surplus, but also kept a vigilant eye on expenditure levels throughout the school year, so as not to have a repeat performance. The district started to concentrate in April on predicted levels of expenditure and on getting an accurate perspective regarding what balances would be as of June 30th. With over 80% of a district's salary related expenses (salary & benefits), fixed costs and contracted services, this could be accomplished easily. Most revenues are also secure or predictable with accuracy.

Recommendation:

The review team supports the district's attempt to control expenditures and recommends that the district, with the automated tools and talented clerical staff at their disposal, attempt to estimate the surplus earlier than in the last quarter.

The process of budgeting for an April election, when state aid numbers are issued in March, and the fact that costs for special education transportation are not established until the summer months, pose difficulties to be addressed from a budgetary standpoint. Since budget season is a busy time in a typical business office, the district could augment its predictability with the use of the board secretary's report. While the report is not perfect and there is a mixture of ten month employees and twelve month employees so that expenditures are not level within a month to

month comparison, the secretary's report can be used as a general guide with fortified information by the business office staff regarding vacancies and new hires.

Recommendation:

The district should utilize the board secretary's report, as well as internal augmentation regarding major budgetary changes in order to better monitor the levels of surplus during the course of a school year. The process of determining surplus and reserve levels should occur early in the budget preparation process.

ENERGY UTILIZATION

Looking for opportunities to reduce its energy costs, the Bound Brook Board of Education entered into an agreement with Greenlight Technologies of Mt. Laurel, NJ to institute a lighting retrofit program. The program objectives were simple; maintain or increase light levels, reduce energy usage and lower material and labor costs associated with the existing lighting system. According to the proposal, Greenlight participants realize average returns of 25 percent, with average savings in lighting electricity bills of 50 percent or more.

The program includes, but is not limited to, the replacement of old fluorescent ballasts and the installation of high efficiency T8 lamps, compact fluorescent lamps, new fluorescent fixtures, HID fixtures, new energy efficient exit signs and parabolic reflectors. The proposal indicates that the retrofit would reduce energy consumption and save 131 kilowatts with a guaranteed reduction of at least 89 kilowatts. Although the program was completed in June of 1997, according to the plant manager, the incandescent exit sign retrofit has not been completed yet.

Recommendation:

The board should withhold further payments until the exit sign retrofit is completed.

By updating old technologies, the retrofit, requiring less electricity, will help reduce the pollutants emitted by generating plants. Greenlight indicates in the proposal that the New Jersey Department of Environmental Protection's (DEP's) Green Lights Program estimates that by reducing the amount of energy used, as outlined in the proposal, the district will help generate an annual reduction in air emission in 517,092 pounds of carbon dioxide, 1,930,478 grams of sulfur dioxide and 861,820 grams of nitrogen oxides.

The program cost, spread over a seven year period, is shown below.

Seven-Year Lease Program

	1st YR.	2nd YR.	3rd YR.	4th YR.	5th YR.	6th YR.	7th YR.
Program Cost	\$28,149	\$28,149	\$28,149	\$28,149	\$28,149	\$28,149	\$28,149
Savings Profile							
Energy Savings	\$41,556	\$42,802	\$44,086	\$45,409	\$46,771	\$48,174	\$49,620
Operational Savings	\$ 4,000	\$ 4,120	\$ 4,244	\$ 4,371	\$ 4,502		
Total Savings	\$45,556	\$46,922	\$48,330	\$49,780	\$51,273	\$48,174	\$49,620
Net Savings	\$17,406	\$18,773	\$20,181	\$21,630	\$23,124	\$20,025	\$21,470

In addition to the lighting retrofit program, the board also contracts with Energis Resources Incorporated of Edison, NJ for the purchase of natural gas. Based on comparisons as to what would have been charged by PSE&G for the same quantity of natural gas, the board saved \$3,841 during the first six months of the program.

The Bound Brook School District should be commended for its efforts to reduce its energy costs.

APPENDIX

EMPLOYEE CONTRACTS

According to the supervisors' contract, the district pays employees to forgo health benefits coverage. This is not currently a practice permitted by school districts for the State Health Benefits Plan.

The district uses the State Health Benefits Plan for provision of health care for its employees. Employees are not charged for any portion of the premium costs. The number of employees covered under the health benefits program when the review team conducted its survey was 190, slightly less than the amount recommended by insurance carriers to consider insurance programs. The district does not offer a prescription plan to its employees, but does participate in the wholesale prescription card plan with the State. This saves the employees money on prescription drugs.

Of the school system's 190 people covered under the health plan, 72 (38%) have the traditional plan. The rest of the employees (62%) are covered under HMO's or NJ Plus; the State's version of a preferred provider network. The standard number of employees recommended by brokers for pricing a school district's health plan has been about 200.

The State Health Benefits Plan offers significant levels of coverage, but the current rules do not permit flexible co-payment arrangements. Rules allow school districts to charge only for other than single coverage. The district is paying 100% of the difference in costs for other than single coverage for a cost of \$398,214. Currently the district has an agreement with the administrators in the district to pay them for foregoing coverage. This is not permitted for school districts under the administrative rules of the State Health Benefits Plan.

Recommendation:

The district should discontinue the practice of paying employees to forego coverage and should be in compliance with regulations.

The district should consider negotiating with the Bound Brook Education Association regarding a premium sharing arrangement for "other than single coverage" at a rate of 20%. The district could set up a Section 125 C account for eliminating the taxability of this cost as an added benefit for its employees.

Cost Savings: \$79,643

The district also currently permits employees who work 20 or more hours per week to receive benefits free of charge. There were six employees who worked less than 30 hours per week whose benefits cost district taxpayers a total of \$26,622. If the district were to change its policy toward benefits for part time employees to include only employees working in excess of 30 hours

per week, the district could save an additional \$26,622. Also, instructional aides receive benefits by contract and are required to work 6.25 hours per day, including breaks and lunch. If the district were to negotiate removal of that benefit the savings would be even more pronounced.

Recommendation:

The district should consider negotiating discontinuance of benefits for part time employees working less than 30 hours per week.

Cost Savings: \$26,622

III. SHARED SERVICES

Tremendous potential for cost savings and operational efficiencies exists through the implementation of shared, cooperative services between local government agencies. 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.

Bound Brook Borough and Bound Brook School District

1. The borough and the school system together pay the salary of one employee to maintain all grounds owned by the municipality or the school system. This is saving the school system approximately \$14,000 annually in salary and benefits.
2. The school system has offered the LaMonte Elementary School building to the borough at a cost of \$1 to utilize as they see fit.
3. School facilities are presently being used by the borough for recreational purposes.
4. The borough performs all garbage collection for the school system. This is saving the school district approximately \$4,000 annually.
5. The borough and school libraries work closely together with the borough using the school's Internet access.
6. The borough police force provides evening, weekend and holiday security, making routine periodic checks on the facilities and grounds.

Somerset County and Bound Brook School District

1. The school system is now utilizing the county facility to purchase gasoline and diesel fuel. Though there is no real savings for gasoline purchases, there is a \$625 annual savings for diesel fuel.
2. The school system will soon be utilizing the county facility for vehicle repair and maintenance. This will realize an annual savings for the school system of approximately \$2,500.
3. The county handles the school systems recycling services.

Bound Brook School District and other Educational Organizations

1. The school system utilizes Somerset County Library services.
2. The Somerset County Distance Learning Consortium provides technical assistance to the school system.
3. The Somerset County Education Commission offers and/or provides the following services:
 - classes for and transportation of special education students;
 - educational services for the incarcerated;
 - home instruction; and
 - alternative placement of students.
4. The school system takes part in bulk purchasing along with other school systems via the Educational Data Corporation.
5. The borough and the school system are both members of a cooperative pricing system agreement for natural gas. The Middlesex County Educational Services Commission serves as the lead agency. Most Somerset and Middlesex County boards of education are members. Participation in this agreement realized a savings to the school district of \$3,841 in its first six months.

Areas where there could be additional sharing of services between the school system and the borough, other educational institutions, and county agencies would include the following. The amount of savings would depend on several criteria; e.g., which agency is providing the service, the extent to which the service is being shared, the volume of work being performed in a shared services mode, the amount of staff resources needed to provide the service, etc.

- performing various building maintenance projects with the borough's assistance
- joint purchasing and/or utilization of equipment with the borough, when a specialized piece of equipment is needed, a piece of equipment is being repaired, etc.
- joint purchasing of maintenance supplies with the borough
- having custodial services performed for both school and borough facilities
- having payroll processing functions done for both the borough and the school system
- sharing the same contractor with the borough at a reduced rate for photocopy maintenance and supplies
- having snow plowing and removal functions performed for both the borough and the school system
- having salting and sanding services performed for both the borough and the school system
- participating in health and training courses, clinics, etc. (e.g., CPR, Right to Know, Blood Born Passage, etc.) with other agencies

IV. STATUTORY AND REGULATORY REFORM

The fourth and final section of the report, Statutory and Regulatory Reform attempts to identify those areas where existing State regulations or statutory mandates are brought to the attention of the LGBR review team by local officials which appear to have an adverse effect on efficient and cost effective local operations. 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.

Extraordinary Aid for Out-of-District Special Education Placements

In accordance with the Comprehensive Educational Improvement and Financing Act (CEIFA), N.J.S.A. 18A:7F-19b, the Department of Education (DOE) developed an extraordinary aid policy, whereby districts can apply for additional aid. Circumstances which qualify a district to apply for such aid include “instances in which the cost of providing education for an individual classified pupil exceeds \$40,000, including those in which the district is ordered to make a high cost placement by a tribunal of competent jurisdiction.....”

It is recommended that DOE amend this criterion, lowering the qualifying expenditure from \$40,000 to \$30,000. This amount, \$30,000, is still more than three times the average cost-per-pupil in most school districts.

In addition, it is recommended that DOE give special consideration to the impact special education costs have on individual districts. Such factors as lack of industry (tax ratables), high levels of transience, and the extent of rental properties as well as other economic conditions should be taken into consideration.

It is the perception of those interviewed in a number of school districts throughout the state that DOE should play a more direct role in addressing the needs and costs of special education in all New Jersey public school systems. One suggestion is that child study teams be established at the county level and that they be assigned to designated school systems within each county. Individuals the review team spoke with felt that this would result in more consistency and better monitoring of the identification and classification of special education students. Ultimately, more regionalization could promote more pooling of resources and sharing of special education classes and instructors among districts within each county, thereby reducing the number of private school placements which are often more costly to individual districts.

State-wide Public School Calendar

Local officials have recommended that the Department of Education establish a state-wide calendar for public schools. Cost-effective benefits include the following:

- If all districts have the same in-service days it could promote sharing of resources, activities and learning experiences at reduced costs to each district; e.g., several districts attending the same workshop, educational lecture, etc.;
- If class schedules could be coordinated, districts could participate in more televised educational courses; courses in which only several students in any one school would commonly enroll; thereby promoting the sharing of one teacher by several schools; and
- Transportation costs could be reduced by the synchronization of sending and receiving district transportation services.

Other benefits would include alleviating each local district board of education of the need to determine dates for specific holidays and religious days, vacation time, workshop days, etc. The scheduling would be done each year by the State Department of Education.

Payment of Staff Members While on Suspension

Under current regulation, if a staff member is suspended he/she will be paid until formal charges have been filed at which time he/she will not be paid for 120 days. If the case has not been settled in this time period, the employee is placed back on the payroll pending the outcome of the case. Frequently, it is not the fault of the employer if the case has not been heard or a decision has not been made within the allocated time limit. It can commonly take up to and beyond 16 months for such hearings and decision-making to take place. In Bound Brook there are two such cases. Currently, the district has paid out approximately \$120,000 in salaries alone (excluding benefits) to these staff members. Local officials have recommended that the 120 day reinstatement of pay rule be discontinued and/or that all matters be adjudicated within 120 days.

LOCAL GOVERNMENT BUDGET REVIEW TEAM

James A. DiEleuterio, Jr., State Treasurer
David Mortimer, Associate Deputy State Treasurer
John J. Coughlin, Director, Local Government Budget Review
Robert Mahon, Deputy Director, Local Government Budget Review

Bound Brook Board of Education Review Team

James J. Stores, Team Leader

Eugene McCarthy
Edward Montague
Matthew DeKok