

# Warren Township Study To Examine Enrollment Project (STEEP)

Finance, Budget and Transportation Team Update





# Committee Goals/Deliverables

- **Finance/Budget/Transportation Committee Goal:**
  - Determine potential district savings based on the alternative models agreed to by the BOE
- **Deliverables:**
  - Identify duplicated services (administration, central office, custodial needs, nursing and guidance) and determine savings
  - Reconfigure staffing needs
  - Identify additional costs/cost increases
  - Identify potential revenue increases (coordinate with Facilities team for possible “other use” for the potential unused property)
  - **Please note:** 48 combinations exist for duplicated and unduplicated grades. Recommend that the Finance Committee either (1) model all 48 OR (2) wait for the results of the facility / educational analysis to determine if a reduction in scenarios may be recommended
    - **Update: BOE agreed to option #2 outlined above at the 10/26 BOE Meeting**
    - **Update 3/21: 9 models generated 111 possible combinations as identified by facilities with only 36 noted as “viable”**

# Transportation Current State

Schools	ALT	CS	MHS	WS	WMS	District Total	WMS Late Bus
Route Cost	\$165k	\$182k	\$169k	\$120k	\$345k	\$981k	\$33k
# Routes	7	8	7	7	16	45	4
Avg. Route Time	25:54	28:16	23:20	27:15	30:27	23-28 - Elementary 30:27 - WMS	NA
Avg. # of Students	35	37	31	36	38	36	NA
Avg cost per Route*	\$23.6k	\$22.8k	\$24.2k	\$17.2k	\$21.6k	\$21.8k	\$8.3k

## Benchmarks

School District	Average Run Cost
North Hunterdon-Voorhees	\$24,104
Bridgewater	\$24,060
Edison	\$ 25,590

### Key Assumptions Include:

- Excludes Out of District transportation & 9 district routes run for special circumstances
- Our current costs are below benchmarks and the overall service and performance by the current vendor is very strong

\*Updated 3/25/2016

# Total Spending per Pupil

District	County	Total Spending per Pupil	Enrollment
<b>State Average</b>		\$19,212	
<b>Warren Township*</b>	<b>Somerset</b>	<b>\$23,708</b>	<b>1,956</b>
Long Hill*	Morris	\$21,012	858
Clinton Twp*	Hunterdon	\$20,733	1,555
Watchung*	Somerset	\$20,714	693
Chester	Morris	\$20,487	1,210
Readington*	Hunterdon	\$20,465	1,785
Long Valley*	Morris	\$19,692	2,357
Allendale*	Bergen	\$19,041	911
Denville*	Morris	\$18,075	1,737
Hanover Twp*	Morris	\$17,658	1,496
Lincoln Park	Morris	\$17,453	1,250

## Key Assumptions Include:

- Data are from the most recent edition of Taxpayer's Guide to Education Spending, which is based on costs from the 2013-14 School Year.
- Benchmarks are Somerset and Morris County K-8 districts with 751+ students. 82 districts in this Grouping
- **\*District Factor Group "I"** as determined by the state and based on socio-economic data from the census

# Financial Impact to Close One Elementary School

Area of Impact	Year 1	Year 2	Year 3 - 5
Headcount Savings (Staff and Benefits)	\$1,545,036	\$1,575,936	\$4,919,452
Utility Cost (100%)	\$67,427	\$68,775	\$214,687
Building Maintenance (100%)	\$373,777	\$381,252	\$1,190,120
<b>ESTIMATED TOTAL Savings</b>	<b>\$1,986,240</b>	<b>\$2,025,963</b>	<b>\$6,324,259</b>
Headcount Cost (Unemployment)	\$355,999	0	0
Transportation Increase (estimated at 10%)	\$101,589	\$103,621	\$323,463
Utility Maintenance Cost (15%)	\$10,114	\$10,316	\$32,201
Building Maintenance	\$20,000	\$20,400	\$63,680
<b>ESTIMATED TOTAL Costs</b>	<b>\$487,702</b>	<b>\$134,337</b>	<b>\$419,344</b>
<b>ESTIMATED Net Savings</b>	<b>\$1,498,538</b>	<b>\$1,891,626</b>	<b>\$5,904,915</b>

## Key Assumptions Include:

- **Reductions:**

- 1 Principal; 1 Secretary; 3 Multi-Day Paras; 3 Custodians;
- 10 Special Teachers: 1 Art, Computer, Reach, Guidance Counselor, World Language, Music, Physical Education, Librarian, ELL and Nurse
- 7 General Education Teachers (based on reduction of 7 sections)
- County BA (Business Administrator) confirmed no loss of transportation state aid or other government funding
- Assumed a 5 year closure period for this snapshot and all costs increased by 2% for future years

## Key Considerations include:

- New configuration would result in the district being required to put current transportation contract out to bid (modeling of new routes are not included because they are tied to the narrowed down models which are not yet approved by the BOE)

## Cost to Maintain One Elementary School

<b>Cost to Maintain</b>	<b>Year 1</b>	<b>Year 2 - 5</b>
Utilities (15% of current average)*	\$10,114	\$42,517
Building Maintenance including inspections and repair work	\$20,000	\$84,080
<b>Estimated TOTAL Cost to Maintain</b>	<b>\$30,114</b>	<b>\$126,597</b>

### **Key Considerations include:**

- Timing to reopen cannot be predicted, however we assumed a 5 year closure period for this snapshot
- \*Based on 15% of Elementary School average electric and gas; increased by 2% for future years
- Building Maintenance includes regular cleaning, snow removal, general grounds maintenance, etc.

# Cost to Reopen One Elementary School

Cost to Re-Open & Set Up	One Time
Rehire Building Staff (Salaries and Benefits)	\$1,258,422
Rehire Staff - General Education (Salaries and Benefits)	\$221,988
Repaint entire building (interior)	\$100,000
Cost to restore building to student level, including technology	\$65,000
Replacement of student furnishings	\$ 30,000
<b>Estimated TOTAL Cost to Re-Open</b>	<b>\$1,675,410</b>

## Key Considerations include:

- Will the BOE have the capital required to reopen a closed school? How will the BOE raise the funds?
  - Limited with the 2% Tax Levy Cap, or request exceeding the Cap via Referendum
  - Leverage the use of Banked Capital?
  - Options for any Health Insurance Adjustment? Enrollment Adjustment?
- Timing to reopen cannot be predicted
- Kindergarten numbers for Fall 2016, are 17.5% above Dr. Grip's predictions, is this an anomaly? or a trend?
- Dr. Grip's enrollment included 33 children resulting from 75 new housing units; other potential new housing and/or COAH developments cannot be predicted and were not included in Dr. Grip's enrollment projections

## Key Assumptions include:

- **Rehire:** 1 Principal, 1 Secretary, 3 Multi-Day Paras; 3 Custodians; 10 Special Teachers, 3 General Education Teachers

## Potential Revenue Opportunities

Area of Impact	Annual	Subsequent Annual
Close BOE Office		
Lease current BOE space*	\$67,200	\$67,200
Relocation & building modification costs	\$25,000	
Interior Maintenance (responsibility of owner)	\$5,000	\$5,000
Net Revenue	\$37,200	\$62,200
<b>Other Ideas for Administration to Consider</b>		
Preschool Expansion		
Lease Unused Space in School Buildings		

### Key Considerations Include:

- \*Based on \$12/sq foot annual rental rate for 5,600 sq feet. Addition of CAM (common area maintenance charge) anticipated to cover exterior maintenance.
- The district will be required to pay real estate taxes if rented to for-profit entity and none if rented to a non-profit



# High Level Financial Summary Snapshot - Net Effect to Taxpayers

Year	Proposed Tax Levy* (no school closings)	Tax Levy for Average Residential Home	Proposed Tax Levy with School Closing*	Tax Levy for Average Residential Home	Annual Tax Difference
2016-17	\$39,300,340	\$6,252			
2017-18	\$39,693,343	\$6,314	\$38,194,805	\$6,076	\$238
2018-19	\$40,090,276	\$6,377	\$38,198,650	\$6,076	\$301
2019-20	\$40,491,179	\$6,441	\$38,561,721	\$6,134	\$307
2020-21	\$40,896,091	\$6,505	\$38,928,043	\$6,192	\$313
2021-22	\$41,305,052	\$6,571	\$39,297,643	\$6,251	\$320

## Key Assumptions and Considerations Include:

- Calculations based on average residential home in Warren Twp valued at \$717,015, based on townwide assessed value of \$4,507,460,176. It is projected that the savings in taxes would be \$238 for the 2017-2018 school year, and then an average of \$310 in subsequent years
- \*Anticipated 1% General Fund Tax Levy Increase
- Does NOT CONSIDER impact to property values for a school closing

# Final Summary

The BOE must determine if the potential district savings is sufficient to make the transition to an alternative educational model and whether this change will outweigh the impact of closing an elementary school to the community.