

**STUDY ON BEHALF OF
THE NEW HANOVER SCHOOL DISTRICT
ON THE FEASIBILITY OF EXTENDING
THE DISTRICT'S SEND/RECEIVE RELATIONSHIP TO
INCLUDE STUDENTS IN GRADES 6 – 8**

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November, 2011

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Executive Summary

On July 28, 2011, the New Hanover Township Board of Education commissioned Educational Information and Resource Center (EIRC) to conduct a feasibility study for the purpose of advising the board on future options for educational services to the sixth, seventh, and eighth grade students of New Hanover. The need for the study has been created by a desire to provide the best possible educational and social opportunities for these students within the parameters imposed by certain practical and economic considerations.

Specifically, the study was designed to assist the district in evaluating the options of: (1) expanding its current grades 9 – 12 send/receive relationship with the Bordentown Regional School District to include students in grades 6-8; or (2) continuing with the status quo under which these students continue to attend the New Hanover school. The study also examined the implications associated with the choice of either alternative on the future operations of the New Hanover Township School District.

This Executive Summary highlights the findings of the study. A detailed analysis of the findings and references to laws and regulations governing the concepts involved is included in the body of the study.

Expansion of the Send-Receive Relationship

The New Hanover Township School District has participated in a send/receive relationship with the Bordentown Regional District since approximately 1960. Each year 45-55 New Hanover School District students attend Bordentown Regional High School. Expansion of this relationship would send an additional approximately fifty grade 6-8 students, currently housed at the New Hanover Elementary School, to Bordentown Regional Middle School. The change is being considered for the 2012-2013 school year.

The study considered various issues associated with the expansion, including (1) curriculum and student achievement; (2) accommodation including facilities and transportation; (3) cost comparison; (4) impact on staff; and (5) implications for remaining in-district programs and offerings.

Educational Considerations

With regard to curriculum, programs and services, New Hanover students in grades 6-8 could benefit from the educational and social opportunities that would be afforded them if they attended Bordentown Regional Middle School. Its larger size enables the school to offer specialized, exploratory programs for middle school students, such as industrial technology and instrumental music instruction that are difficult to replicate in the smaller New Hanover environment. With approximately fifty additional minutes of instructional time daily, Bordentown's school day provides opportunity to examine content in core curricular areas more deeply. Extensive co-curricular offerings would also enable students to expand their interests and participation beyond the classroom. Although both schools currently focus strongly on the affective needs of their students, its larger size affords Bordentown more flexibility in dealing with the unique needs and perspectives of young adolescents. The availability of guidance specialists, the ability to adjust student schedules and classes, the wide variety of activities, and social interactions with many more peers, are some ways that New Hanover students could benefit from a larger, more specialized environment.

That being said, the smaller class sizes and nurturing environment of the New Hanover School community are assets that can compensate for the district's inability to replicate the programs and services of the middle school because of its size. In response to a New Jersey Department of Education's district performance review during the 2010-2011 school year the school is beginning to formalize its curriculum and introduce more current, data driven practices that are designed to improve student learning. It has also modified its instructional delivery system this year for students in grades 6-8 to further reduce class sizes and enable teachers to focus more on individual student needs.

The New Hanover Board made a decision to upgrade its facilities for the 2011-2012 school year and dramatically improved the learning environment for students. Should the district decide to keep its grades 6-8 students at the New Hanover School, it should strongly consider a similar commitment to upgrading the instructional program, especially with regard to developing its curriculum and providing the necessary support to assure its successful implementation and positive impact on students.

A review of student achievement patterns based on the most recently available test scores in both schools did not yield significant differences in achievement between New Hanover and Bordentown students during the 2008-2009 and 2009-2010 school years. Because of the small number of students attending New Hanover and resulting variances, conclusions are difficult to generalize.

Facilities and Transportation

Although a formal enrollment projection was beyond the scope of the study, the consultants did review past enrollments at both New Hanover and Bordentown and potential growth in communities associated with this study.

As of October 2011, the Bordentown Middle School had a student enrollment of 527 and New Hanover an enrollment of 51 for grades 6-8. The combined total of 578 students would fall well within the 669 student functional capacity of the Bordentown Middle School. Even with some growth at these grade levels expected during the next few years, the middle school's enrollment for all constituent communities would still fall within the functional capacity of the facility.

Extension of the existing send-receive relationship to include students in grades 6-8 would require students from New Hanover and Wrightstown to be transported to Bordentown with an approximate one way travel time of forty to forty-five minutes. Currently, all Wrightstown students live within a half mile of the New Hanover School and none is transported. New Hanover students currently spend an average of 30 minutes each day one way on the bus.

Cost of transportation would be approximately \$19,000 greater if the send/receive relationship were extended to include grades six through eight. Additional busing to accommodate transportation of New Hanover students to or from Bordentown Middle School to participate in athletic or other co-curricular activities was not considered since neither New Hanover nor Bordentown currently provides this service.

Cost Comparisons

This study compares the relative costs of (1) continuing to offer services to students in grades 6 – 8 at the New Hanover School; or (2) expanding the existing send/receive relationship between New Hanover and Bordentown Regional to encompass students in grades 6 – 8. The study presents the comparison over two fiscal years: (1) 2009-2010 (the last year for which actual data are available with which to make a comparison); and (2) 2012-2013 (the first year for which the New Hanover board has indicated an expanded send/receive relationship would be considered).

For comparison purposes, in 2009-2010, if New Hanover chose to send its 51 students in grades 6-8 to Bordentown, the change would have resulted in an additional estimated cost to the New Hanover School District of \$222,901. Projected ahead to the 2012-2013 school year, that additional cost to New Hanover is estimated at \$208,878.

The cost differences between out of district tuition and in-district operation for both years are primarily attributable to the fact that the Bordentown Regional tuition costs capture almost all expenditures at the receiving district including facilities costs, administration, and ancillary services. Conversely, the cost avoidance at New Hanover is restricted to salaries and benefits for staff directly involved in services to the target population as well as textbooks and supplies. Transportation costs are a component of both numbers. There would be no anticipated change in fixed costs at the New Hanover School attendant upon the decrease in enrollment.

Impact on Staff

Sending New Hanover students to the Bordentown Middle School would result in a reduction of approximately six teaching and two instructional aide positions. Under New Jersey statute, certain tenured teachers may take their tenure, seniority rights, pension status, and accumulated sick leave with them to the receiving district. Impact on specific staff members would need to be addressed by district counsel.

Impact Aid

Because of federal land use within the borders of the New Hanover School District, the district receives financial support in the form of Federal Impact Aid. The amount of the award can vary greatly from year to year. Since June 2008, the district has received \$3,376,305 in Impact Aid attributable to federal fiscal years from 2005 to 2011, according to documents on file in the district. This is an average of approximately \$482,000 per federal fiscal year for the past seven years. Federal fiscal years end on August 31.

The decision to extend the send/receive relationship will have no effect on receipt of Impact Aid, which remains with the district as long as the district retains the authority to raise taxes.

Implications for Pre-kindergarten – Grade 5 New Hanover Elementary Students

Expanding the send-receive relationship has implications for the existing pre K-5 program in the New Hanover Elementary School. Without students in grades 6-8, the school would then have a school enrollment of approximately 125 students. Per pupil costs would rise as a result of still needing to support the fixed costs primarily associated with building maintenance, utilities, etc. The current economy and budgetary regulations are increasing the difficulties inherent in maintaining a small school operation in this environment.

Additional space in the school may offer the opportunity to explore options to enhance the school program and possibly raise additional revenue. One consideration could be making New

Hanover Elementary a school of choice, a concept described in the “Interdistrict Public School Choice Program Act” of 2010. The district may consider such an option in the future, understanding that there will likely be costs associated with making the idea viable.

Conclusions

This study has addressed two primary issues with regard to extending the New Hanover School District’s current send/receive relationship with Bordentown Regional School District to include students in grades 6 – 8. These are the relative advantages to students of educational programs and services and the cost differential between the two options. An ancillary issue is the impact a change in structure would have on students in grades pre-K – 5 who would remain at the New Hanover School.

With regard to programs and services, New Hanover students in grades 6-8 could clearly benefit from the educational opportunities that would be afforded them if they attended Bordentown Regional Middle School. These have been described previously and are addressed in greater detail in the body of the report.

With regard to the financial issue, there is an estimated additional cost of approximately \$209,000 associated with expanding the send-receive relationship beginning in the 2012-2013 school year. This estimate could vary based upon changes in enrollment and any unanticipated costs.

Possible means of addressing this additional appropriation to fund student tuition to send students in grades 6 – 8 to Bordentown Regional are (1) draw from reserve, or (2) draw upon current Impact Aid. The board and administration should consult with both the external auditor and counsel prior to pursuing either of these alternatives. A third alternative is to place a second question on the ballot at the April election requesting approval by the electorate to place additional funds in the budget for the grade 6 – 8 tuition cost differential. This alternative would require prior approval by the County Superintendent of Schools. Other than some slight increase in transportation aid, the district would likely not receive any additional state aid from this alternative.

Finally, while state statute establishes the mechanism for establishing the tuition charge in a send/receive arrangement, there is nothing in the statute or code to preclude a receiving district from charging an amount below the certified tuition or offering other services to a sending district to help offset the additional expense attendant upon send/receive tuition.

These alternatives are discussed in greater detail within the report.

Introduction and Background

On July 28, 2011, the New Hanover Township Board of Education commissioned Educational Information and Resource Center (EIRC) to conduct a feasibility study for the purpose of advising the board on future options for educational services to the grades six, seven, and eight students of New Hanover. The need for the study has been created by a desire to provide the best possible educational and social opportunities for these students within the parameters imposed by certain practical and economic considerations. The district is taking a proactive approach to the responsibility of providing quality services to its students.

This proposal is based on the premise that the district has presently limited its options to: (1) retaining the existing structure under which students in grades six through eight are educated in the New Hanover School which also houses students in grades pre-kindergarten through five; or (2) expanding the district's current grades 9 – 12 send/receive relationship with the Bordentown Regional School District to include students in grades six through eight.

Other options such as exploration of a send/receive relationship with another district, which would require more extensive study, are not under consideration at this time and are not a part of this study.

Purpose

The purpose of the study is to assist the district in evaluating the options of: (1) expanding its current grades 9 – 12 send/receive relationship with the Bordentown Regional School District to include students in grades 6 -8; or (2) continuing with the status quo under which these students attend the New Hanover school. Either option would be undertaken in consideration of maintaining quality services for the students of New Hanover within current fiscal constraints. It is the understanding of the consultants that the expanded send/receive option would be under consideration for 2012-2013 at the earliest.

Goal

The goal of the study is to provide the district with sufficient information (1) to make a reasoned choice between the alternatives; and (2) to be able to evaluate the implications on services to students in grades pre-kindergarten through five in a future operation of the New Hanover School with a reduced enrollment.

Creation of a Send/Receive Relationship

New Jersey school districts have participated in send/receive relationships for decades. In a send/receive relationship, a sending district agrees to send its students to a receiving district for a portion of or for their entire educational program. Rationale for a send/receive relationship includes inability due to size to offer certain programs and services effectively (especially high school services); inability to offer certain specialized programs such as vocational programs; or lack of sufficient space in the sending district, either on a short-term or long-term basis. Many smaller districts that, for whatever reason, do not have access to a regional district for middle and/or high school services, elect to enter into a send/receive relationship with a larger district that offers such services and has space available. Many districts enter into long-term send/receive relationships such that the receiving district anticipates students from the sending district and creates and maintains sufficient capacity to accommodate the sending district students.

Statutory authority to establish a send/receive relationship may be found at *N.J.S.A.* 18A:38-8. Establishment of tuition is likewise governed by *N.J.S.A.* 18A:38-19, and expanded in *N.J.A.C.* 6A:23A-17.1 et seq. While the specific provisions of a send/receive agreement are set forth in the contract between the districts, any such agreement must conform to the code provisions with regard to setting tuition.

Issues to consider when contemplating a send/receive relationship include (1) curriculum and student achievement; (2) accommodation including facilities and transportation; (3) cost comparison; (4) impact on staff; and (5) implications for remaining in-district programs and offerings.

Termination of a send/receive relationship requires “a feasibility study, considering the educational and financial implications for the sending and receiving districts, the impact on the quality of education received by pupils in each of the districts, and the effect on the racial composition of the pupil population of each of the districts”, pursuant to *N.J.S.A.* 18A:38-13.

The New Hanover Township School District has participated in a send/receive relationship with the Bordentown Regional District since approximately 1960. Prior to that time, New Hanover sent its high school students to the Pemberton Township schools. In 1990-1991, the New Hanover Board of Education commissioned a feasibility study in pursuit of a contemplated withdrawal from the send/receive relationship with Bordentown Regional. The district, however, remains in that send/receive relationship which now has extended for approximately fifty years. This study explores the feasibility of expanding that send-receive relationship to also include grades 6-8.

Educational Program Review

Factors influencing curriculum

Curriculum throughout New Jersey is driven by the New Jersey Core Curriculum Content Standards (NJCCCS). District curricula are required to be based on standards in each subject. The 2009 New Jersey Core Curriculum Content Standards include mathematics and language arts standards as well as K-12 standards for: Visual and Performing Arts; Comprehensive Health and Physical Education; Science; Social Studies; World Languages; Technology; and 21st-Century Life and Careers. Standards for Mathematics and Language Arts Literacy are part of the federal Common Core State Standards Initiative.

State assessment programs are also based on the Core Curriculum Content Standards. Students in New Jersey are assessed annually beginning in grade 3, and results are published as part of each school's state Report Card. Consequently, to a large degree, curriculum is standardized throughout the state.

Because New Hanover already sends students to Bordentown Regional High School, there is also an expectation that some standardization of curriculum between Bordentown Regional and New Hanover in grades 6-8 occurs to prepare students for ninth grade at Bordentown Regional.

With that as a backdrop, the consultants recognize that there may still be differences between the two districts in their instructional programs with regard to methodology, time, and structure. Consequently, the consultants have examined the Grade 6-8 instructional programs in New Hanover and Bordentown Regional to ascertain whether a reasonable consistency exists and to identify differences that need to be addressed when considering the possibility of an expanded send-receive relationship.

Programs and Services at New Hanover

The school day at the New Hanover Elementary School extends from 9:00 am to 3:25 pm. Instructional time (or the amount of time students are engaged in instructional activities) is five hours and twenty-five minutes.

For the 2010-2011 school year class sizes for grades 6-8 are as follows:

Grade 6 14

Grade 7 19

Grade 8 18

Adequate Yearly Progress Status

The federal *No Child Left Behind Act* (NCLB) requires states to establish standards for accountability for all schools and districts. To meet the federal requirements, New Jersey has adopted the New Jersey Single Accountability System. State assessments in language arts literacy and mathematics are based on the New Jersey Core Curriculum Content Standards. *All* students enrolled in New Jersey public schools, plus *all* student subgroups, must meet the proficiency benchmarks to ensure the goal of 100% proficiency. Students must score either “proficient” or “advanced proficient” on the assessments to be counted toward meeting the benchmarks. Schools are evaluated using Adequate Yearly Progress (AYP) indicators.

The New Hanover Elementary School did not make Adequate Yearly Progress (AYP) under No Child Left Behind 2011 Accountability Requirements and is currently in Year 1 or Early Warning School Improvement Status. There are no sanctions associated with this status. New Hanover made AYP in 2010.

Grades 6-8 Instructional Program

Grade 6-8 students in New Hanover meet in 90 minute blocks for Language Arts and Mathematics three days per week and in 45 minute periods twice per week. Science and Social Studies instruction follows a similar format, meeting only for a half year for each content area.

In addition, students meet for one 45 minute period per week for Art, Music, Media/Technology, and Spanish. Physical Education/Health is offered during three 45 minute periods per week. Spanish is also offered online through the Rosetta Stone program.

New Hanover does not offer a Band or Instrumental Music program. There is a limited Chorus program offered during certain periods of the school year.

The district does not have formal curriculum documents in place that are aligned with the New Jersey Core Curriculum Content Standards and is beginning to address this need.

New Hanover offers a 30 minute “What I Need” (WIN) period each morning during which students can receive support, enrichment, or other skill building programs. New Hanover offers enrichment for academically gifted students in grades 6-8 during this period. Instruction for students requiring additional assistance in reading, writing and mathematics is also provided during the WIN period.

This year the district has also begun to differentiate instruction to a greater degree by creating two instructional groups in both Language Arts and Mathematics classes, adjusting the level of instruction and differentiating based on student needs. The district has also initiated a Response to Intervention (RTI) program. RTI seeks to prevent academic failure through early intervention, frequent progress measurement, and increasingly intensive research-based instructional interventions for children who continue to have difficulty. These changes are designed to more effectively recognize and address the needs of students not demonstrating proficiency on New Jersey State Assessments (NJASK). A paraprofessional is available to assist teachers in implementing these initiatives.

A limited English proficiency program is offered for students in need and who enter school with a language other than English.

Special Education

Appropriate intervention services are in place for special needs students. Students with special needs may also have the assistance of a Special Education instructor in the regular classroom or in a pull-out resource room environment. There has been limited need for specialized services such as Physical or Occupational Therapy. These services are provided on an as needed basis. Child Study Team services are provided on a part-time basis through the Burlington County Educational Services Commission.

Co-Curricular Programs

New Hanover provides a coed after school sports program in soccer, track, basketball and cheerleading for students in grades 6-8. There is also a spring theater production. The Community Alliance also sponsors fishing, cooking, sewing and art clubs, as well as a three day per week homework club. The school also sponsors a Junior Beta Academic Honor Program to recognize upper grade students for high academic achievement.

Programs and Services at Bordentown Regional Middle School

The school day at the Bordentown Regional Middle School is from 7:50 am to 2:50 pm. Instructional time (or the amount of time students are engaged in instructional activities) is six hours and 18 minutes.

For the 2011-2012 school year, average middle school class sizes are as follows:

Grade 6 22-25

Grade 7 22-25

Grade 8 23-25

Adequate Yearly Progress Status

The Bordentown Regional Middle School did not make Adequate Yearly Progress (AYP) based on standards set by the New Jersey Department of Education on state assessment measures under No Child Left Behind 2011 Accountability Requirements. As a result, the school is in Year 3 School Improvement Status. Schools in Year 3 have not made AYP for 3 consecutive years in the same content area and are designated as “a school in need of improvement.”

In response, Bordentown has updated its school improvement plan for the 2011-2012 school year to reflect a further emphasis on Language Arts Literacy. An additional Basic Skills teacher has been added, and the district now offers supplemental educational services to eligible students. There is a school wide focus on writing in all content areas and appropriate professional development and monitoring are in place to support this initiative. The Middle School is also addressing its NCLB status through extensive assessment analysis, individualized student improvement plans, and curricular mapping to insure alignment with the New Jersey Core Curriculum Content Standards and New Jersey State Assessments in both Language Arts Literacy and Mathematics.

Grades 6-8 Instructional Program

Grade 6-8 students in Bordentown meet in instructional blocks of 84 minutes for Language Arts and Mathematics five days per week. Science and Social Studies instruction follows a similar format, meeting for only a half year in each content area. Students also engage in Humanities courses every day of the week. These courses include a marking period each of Spanish, Computer Education, Industrial Technology, Art, Music Appreciation, Health, and two marking

periods of Physical Education. Instrumental music instruction is provided during the day on a pullout schedule.

Curriculum in Bordentown is aligned with the New Jersey Core Curriculum Content Standards.

Bordentown Regional also provides an extensive series of academic enrichment and support programs. These include:

- An academic enrichment period once every two weeks and an extended learning program for academically talented students
- Language arts and mathematics help labs
- Morning Study Island support sessions
- Basic skills in-class instructional support
- An after school support/tutorial program from January through April

Instructional technology is readily available for use through computer banks in each classroom and the media center. Three portable computer labs are used by teachers on an as-needed basis. A technology specialist supports teachers' efforts to integrate technology in the classroom. Smart boards have been introduced this year in Special Education classrooms.

Embedded in the Middle School are also programs designed to support the affective needs of Bordentown students. Examples include:

- RAPS, a positive behavior support program reinforces Respect, Accountability, Pride, and Safety through class lessons and school wide events
- A Circle of Power and Respect advisory program, designed to reflect the unique needs of middle school students and enable them to connect with peers in a meaningful way
- Revision of the school's constitution by students each year, enabling them to better understand and abide by guiding principles and gain experience in participatory government

Guidance

Two guidance counselors support these affective and instructional efforts, providing both group and individual student support throughout the school year.

Special Education

Appropriate intervention services are in place for special needs students. Resource center teachers work collaboratively with classroom teachers to provide support services within the general classroom setting as well as in a small group or individualized basis in the resource center. Self contained classes are also provided to assure an appropriate instructional

environment for special needs students requiring more extensive services than can be provided in a resource center or regular classroom setting. Speech and Occupational and Physical Therapy services are provided for students requiring those services. Child Study Team services are fully available within the district to provide consultative, evaluative and prescriptive services for students, parents, and teachers.

Co-Curricular Programs

Bordentown Middle School has an extensive co-curricular program for students including:

- Interscholastic and intramural athletic programs in soccer, field hockey, basketball, wrestling, softball, baseball, and cheerleading.
- Club and group programs including newspaper, theater, woodworking, yearbook, student council, chess, art, fight against drugs, battle of the books, multiple choruses, and band and orchestra.
- School-wide activities including spirit events, dances, movie, game, and sports nights, and a talent show.

Educational Program Findings

Educational Program

A review of the curricula and conversations with district administrators indicates similar instructional focus in each district. However, New Hanover is currently in the process of updating their instructional program to develop formal curricula to insure alignment with the NJCCCS. Should the district choose to keep grade 6-8 students in district, continuing efforts to develop formal curricula aligned with both the NJCCCS and the curriculum in the Bordentown Regional District should continue. Simultaneously, the district should also insure that adequate support and professional development be provided to teachers utilizing new content and materials. New Hanover is also moving towards analyzing and using student achievement data in its instructional program with new programs such as Study Island and the recent use of RTI strategies. These efforts all have merit and will require long-term support.

The curriculum at the Bordentown Middle School is aligned with the NJCCCS. Data are also used to drive instruction and professional development. In the opinion of the consultants, the resulting educational program is well designed to meet the needs of its middle school students. The district is aggressively addressing its Year 3 NCLB status and school improvement plans are in place to meet the needs of students currently unable to meet state assessment standards.

Another educational point to consider is that students at the Bordentown Middle School currently receive approximately 50 additional minutes of instructional time per day compared with students in New Hanover. Engaged student instructional time is correlated with student achievement and should be a consideration in the decision. In addition to additional time in core subjects, students in Bordentown also have an opportunity to experience a problem solving, hands-on technology lab experience, not available in New Hanover. Students in Bordentown can also learn to play a musical instrument as part of the regular instructional program. They may also participate in a variety of instrumental performing groups.

The consultants found both districts very cognizant of supporting their students' social and emotional needs. Educational and developmental considerations are closely entwined at this age level and size sometimes limits the flexibility of New Hanover to address this affective area. Bordentown has extensive developmental programs in place for middle school aged children, and also support personnel, such as guidance counselors, to provide additional assistance.

Evaluating the quality of instruction at both schools was beyond the scope of the study. Based on conversations with administration and the engagement levels observed when the consultants visited both schools, instructional quality seems comparable in the two districts and should not be a factor in the decision.

Class Size

The issue of class size can have both educational and economic implications. Class size in larger districts is usually determined by educational, space and economic considerations. However, because of its small enrollment, class size in New Hanover is simply determined by the number of students enrolled at each grade level. This has generally been under 20 students, depending on the grade and the year. In an effort to address student needs more effectively, the administration at New Hanover has split grade 6-8 classes into two sections at each grade level this year for Language Arts and Mathematics, reducing class sizes even further.

Class sizes in Bordentown Middle School range from 22-25 per class and have risen during the past two years as a result of budget pressures. Differentiation is still addressed in the classroom and also through supplemental instructional programs. Administrators in Bordentown anticipate that adding approximately 50 grade 6-8 New Hanover students in 2012-2013 would necessitate the hiring of two additional staff members to maintain current class size levels, or at least mitigate potentially larger class sizes.

When coupled with effective teaching practices, research generally supports the positive impact smaller class sizes, such as those in place at New Hanover, can potentially have on student achievement.

Student Achievement

After reviewing state assessment results for New Hanover and Bordentown for grades 6-8, it is the opinion of the consultants to this study that, although student proficiency percentages vary from year to year, results are similar in the two districts. In certain years and with certain grade levels, New Hanover results were not reported as a group because of the small number of students tested. New Jersey ASK results for New Hanover and Bordentown Middle School for the 2008-2009 and 2009-2010 school years are presented in Chart 5 in the Appendix of this report. It is again noted that both districts are devoting multiple resources to assist students who have not shown proficiency on State assessments.

Co-Curricular

The Bordentown Middle School offers a wide variety of activities to its students, including participation in interschool athletic programs and numerous performing groups. Because of its small size, New Hanover has more limited co-curricular activities, although the Community Alliance has been helpful in sponsoring after school experiences for New Hanover students.

Accommodation

Facilities

The Bordentown Regional School District, which encompasses the communities of Bordentown City, Bordentown Township, and Fieldsboro, operates a dedicated middle school for students in grades six through eight. The school was constructed in 1965 and has a functional capacity of 669 students and had an enrollment of 527 in October 2011. Chart 4 in the Appendix to this report depicts the current and projected enrollment for the Bordentown Regional Middle School both with and without the influx of students from New Hanover. For 2011-2012, if sixth through eighth graders from New Hanover had been enrolled in the Bordentown Regional Middle School, total enrollment would have been 578 or 86% of capacity.

Population projections offered by the Delaware Regional Planning Commission show a projected population increase of 12.72% between 2009 and 2020 for the current Bordentown Regional communities of Bordentown City, Bordentown Township, and Fieldsboro. For the 2009-2010 school year, enrolled students at Bordentown Regional from the three constituent communities of Bordentown City, Bordentown Township, and Fieldsboro comprised 17.57% of the total population of those communities. Were this projected total population growth to translate into a comparable increase in middle school enrollment based on 2009-2010 enrollments, the middle school population for the current constituent communities would still fall within the middle school's functional capacity, even if New Hanover's sixth through eighth graders were included.

In addition, the Bordentown Township Master Plan Reexamination Report of 2008 casts doubt on the DVRPC projections. With regard to population, the report makes the following observation: "The population in the Township will most likely increase during the next few decades. Given the current economic climate, it is unlikely that it will reach the levels anticipated by the DVRPC."

Transportation

Extension of the existing send/receive relationship between New Hanover and Bordentown Regional to include students in grades six through eight would require students from Wrightstown to be transported to school with an approximate one-way travel time of forty to forty-five minutes. Presently, all Wrightstown students live within a half mile of the New Hanover School and none is transported.

Students residing in New Hanover are presently transported to school and spend an average of thirty minutes one way on the bus. Attending school at Bordentown Regional Middle School would require these students to spend approximately forty to forty-five minutes being transported one way.

Cost of transportation would be approximately \$19,000 greater if the send/receive relationship were extended to include grades six through eight. Start and end times are such at Bordentown Regional High School and Middle School that some route economies might be achieved to lower cost.

The possibility that additional busing could be provided for New Hanover students choosing to participate in after school activities was discussed. Since bus service is not provided for New Hanover students in grades 9-12, any cost associated with this option has not been factored into send-receive costs.

Financial Considerations

Determination of tuition in a send/receive relationship

The tuition process for students in a send/receive relationship is set forth in *N.J.S.A.* 18A:38-19 which stipulates that a receiving district must charge an amount “not in excess of the actual cost per pupil under rules prescribed by the commissioner”. Further guidance regarding sending/receiving tuition may be found in *N.J.A.C.* 6A:23A-17.1. The statute is permissive with regard to allowing a receiving district to charge less than the certified cost per pupil if it so chooses by mutual agreement with the sending district.

The tuition process begins with the establishment of a tentative tuition. A tentative tuition is established between the districts for budgetary purposes using Department of Education guidelines. This tentative tuition, together with a projected send/receive enrollment, fixes the rate and amount to be paid by the sending district in 10% monthly segments over the school year from September to June.

This tentative tuition is subsequently compared with the actual audited per pupil costs that are reported by the Department of Education, most recently in January 2011 for the year ending June 30, 2010. The districts must reconcile in the next budget year the difference between the tentative tuition charged and the actual “certified cost per pupil” as determined by the Department of Education based upon the receiving district’s external audit together with any adjustments due to changes in enrollment over the course of the year. In the example cited, this reconciliation would occur in the 2011-2012 fiscal year.

While the certified cost per pupil is intended to recover for the receiving district an amount up to the costs of educating a student from the sending district, the following items, pursuant to *N.J.A.C.* 6A:23A-17.1(e)5, are excluded from the tuition charged to the sending district:

1. Home-school transportation costs of the receiving district
2. TPAF pension and social security (paid by the state)
3. Principal on debt and lease purchase agreements (the benefit of which inures to the receiving district)
4. Tuition paid on behalf of students of the receiving district
5. Community services
6. Adult education

In addition, tuition costs for resource room services and for special education students are fixed separately in accordance with Department of Education regulation designed to recover for the receiving district the cost of the service rendered.

Tuitions are set by grade level category for the regular program (pre-kindergarten, kindergarten; 1-5; 6-8, 9-12) and by each special education classification including resource room.

Once the certified cost per pupil is received, both the sending and receiving districts must reconcile the amounts either by an additional payment from the sending district in the case of an underpayment of tentative tuition, or a refund or credit to the sending district in the case of an overpayment of tentative tuition. As indicated above, this process takes place in the next immediate budget year following receipt of the certified cost per pupil.

Cost comparison – the process

This study compares the relative costs of (1) continuing to offer services to students in grades 6 – 8 at the New Hanover School; or (2) expanding the existing send/receive relationship between New Hanover and Bordentown Regional to encompass students in grades 6 – 8. The study presents the comparison over two fiscal years: (1) 2009-2010 (the last year for which actual data are available with which to make a comparison); and (2) 2012-2013 (the first year for which the New Hanover board has indicated an expanded send/receive relationship would be considered).

Funding for education in New Jersey and elsewhere is facing one of the least certain times in its history. Property taxation, which for decades has borne the brunt of support for the public schools, is under severe stress, state aid is compromised by the financial status of the state itself, and there is more uncertainty about the future than perhaps at any time in the history of public support for education. All of this makes projecting costs very challenging. In deference to this uncertainty, it is necessary to make certain assumptions, any one of which, if not valid, could significantly affect any conclusions that are reached.

For 2009-2010, the Department of Education certified costs per pupil for grades 6 – 8 at Bordentown Regional were utilized *with adjustments based on cost differences that would likely have occurred had an expanded send/receive relationship been in effect in that year*. For 2012-2013, projections were made using 2011-12 budget appropriations as a basis for both New Hanover and Bordentown Regional with increases driven by anticipated cost increases for 2012-2013 in those expense components that comprise the send/receive tuition. See the section “Determination of Tuition in a Send/Receive Relationship” (above) for an explanation of these components.

The process of deriving estimates for purposes of comparing costs and anticipated tax impacts of the two options was addressed within the following context:

1. For 2009-2010, the costs of providing services to grades six through eight at New Hanover were determined following a review of the audit, actual staff salary and benefit costs, and an assessment conducted with the New Hanover superintendent and members of his staff. Potential impact on staff is discussed in a separate section of this report. The overall purpose in assessing New Hanover costs for educating students in grades 6 – 8 was to determine those costs that would be avoided at the New Hanover School and replaced by tuition costs at Bordentown Regional if grades 6 – 8 were moved. Consultation with the New Hanover superintendent identified the following positions for elimination in that circumstance:
 - 6 classroom teachers (five locally funded with one funded through federal Title I funds and hence not representing a local cost avoidance)
 - 2 instructional aides that do not receive benefits (benefit threshold = 30 hours)

Stipend and substitute costs were entered based on data provided by the district and supplies and textbook costs were derived from the district audit.

2. Tuition cost estimates in the study for the expanded send/receive relationship with Bordentown Regional were determined by reviewing the Department of Education certified cost per pupil for 2009-2010 for grades 6 – 8 as indicated above. This cost was then adjusted based on additional teaching positions needed for the increased enrollment as well as efficiencies resulting from combining the two student populations. Adding New Hanover students to Bordentown Regional changes the dynamic in that certain relatively fixed costs are now distributed over a larger enrollment base, thereby reducing per pupil cost. Examples of such costs are most building maintenance, administrative and support services, and some class size efficiencies. Pursuant to an analysis conducted by the Bordentown Regional administration, it was determined that only two additional teachers would be needed to absorb the present New Hanover enrollment, and there would be no need to add additional administrators or other support staff. There is also no anticipated increase in facilities costs. Hence, the additional cost of educating New Hanover's sixth through eighth grade students would be confined to salaries and benefits for two additional staff, textbooks and supplies, and some minimal experience cost to absorb New Hanover teachers with position entitlements attendant upon the reduction in force. As indicated above, components of tuition costs in a send/receive relationship are fixed by state statute and code and are discussed elsewhere in this report.

3. Taken together, the process described in numbers one and two above produced a cost avoidance for students in grades 6 – 8 at New Hanover as well as a projected per pupil cost had the same students attended Bordentown Regional in 2009-2010.
4. For projecting 2012-2013, this study began with the latest cost estimates available: the appropriations requests for 2011-2012 as contained in each respective district's budget. These numbers were then inflated by a percentage pursuant to the best information available. For example, in the absence of settled agreements, salary increases were projected using average settlements statewide for the twelve-month period ending May 2011 (1.89%), (source: NJASBO Labor Law Update, June 1, 2011); other costs including benefits were based on experience. For projecting the isolated grade 6 – 8 costs to retain the status quo, actual salary numbers and benefits costs were again projected forward. Once again, this process produced a cost avoidance at New Hanover and a projected per pupil cost for students in grades 6 – 8 at Bordentown Regional.
5. While budget increases are generally limited to 2%, the following are exceptions to the cap:
 - Increases in debt service and capital expenditures
 - Weather and other declared emergencies
 - Pension contributions in excess of 2%
 - Health benefit cost increases in excess of 2% and limited by SHBP increases (16.7% for 2011)Source: "Labor Law/Negotiations Update" from NJASBO professional development workshop.
6. The process described immediately above indicated a three-year projected increase for tuition for grades 6 – 8 at Bordentown Regional of 2.65% total over the three-year period, well below the allowable increase of 2% per year.
7. Enrollment estimates for New Hanover and Bordentown Regional were based on the School Report Card for 2009-2010 and on cohort survival projections for 2012 - 2014.
8. Transportation costs were estimated using data available in the district for existing service with a cost of living adjustment assumed for 2012-2013.
9. Special education costs were projected using the process in place for assessing such costs in the current send/receive relationship between the districts for grades 9 – 12.
10. New Hanover has no existing debt, nor does the district anticipate incurring any debt going forward. In the 2012-2013 school year, Bordentown Regional will have three bond

series outstanding totaling approximately \$1.8 million in interest payment. Only the interest payment on debt is eligible for inclusion in tuition charged to a sending district. Interest on Bordentown Regional outstanding bonds will decline slightly going forward with existing obligations retiring in 2013, 2025, and 2033 respectively. This process will result in slight reductions in tuition cost (about \$20 per pupil) per year for the near future. Long term, the Bordentown Regional administration reports that several roof replacements and the possible addition of an early childhood center are contemplated. These would, of course, increase the debt obligation including interest payments that could be charged in tuition to a sending district. Voter approval within Bordentown Regional would be required minimally for any proposed early childhood center.

11. Absorption of any New Hanover faculty through exercise of seniority rights into the receiving district may impact total instructional costs at Bordentown Regional. The impact, however, is minimal. New Hanover teachers had twelve median years of experience in 2009-2010 as opposed to nine for Bordentown Regional. Median salary was also greater in New Hanover, \$56,848 vs. \$54,614, a difference of 4%.
12. Finally, in comparing the estimated tuition cost to send New Hanover sixth through eighth grade students to Bordentown Regional with the cost avoidance that would occur as a result of not educating them in-district, it should be noted that tuition costs encompass virtually all costs attendant upon providing services including energy and custodial and maintenance services, administration, and insurance. These costs at Bordentown are being compared with a cost avoidance at New Hanover that is, for the most part, limited to teacher and support staff salaries and benefits and textbooks and supplies. There is no change at New Hanover in administrative, facilities, and other overhead costs anticipated upon the removal of the sixth through eighth grade program.

In general, the assumption was made that, all other matters aside, budgets for both districts in the study for 2012-2013 will be constrained by the availability of state aid (and federal Impact Aid in the case of New Hanover) and by limits imposed on the ability to increase the local tax levy. So much can change going forward that it is difficult to develop any comparisons for years beyond 2012-2013 without considerable uncertainty. Variables include: status of state aid, change in community rates, contract negotiations, impact of benefit costs including health care premiums and the potential for increased employee contribution requirements, energy costs, and the cost of transportation. Given this level of uncertainty, this study takes the position that any projection beyond the first year of consideration would be speculative, and can best be extrapolated from the 2012-2013 projections contained in this report. That said, however, there is every reason to believe that the projections for 2012-2013 are reasonably representative of the relative costs of the two options in the study for the foreseeable future. In that context, it should

be noted that a receiving district may not raise its tuition in excess of 2% per year commensurate with the cap that is placed on tax levy increases.

The difference in cost or cost avoidance between retaining 6th – 8th services at New Hanover School and sending students to Bordentown Regional is recorded here as a difference in “local effort”, defined as a combination of local tax levy, miscellaneous income, and draw from reserve supplemented by application of Impact Aid. To the extent to which the 2% cap on local levy may be consumed with increased costs of operation within the New Hanover School, it is possible that most, if not all, of any cost differential between in-house grade 6 – 8 costs and tuition to Bordentown would need to be borne by the only other local source: application of current Impact Aid, draw from reserve or implementation of a separate ballot question..

Finally, it should be noted that tuition costs are more susceptible to enrollment changes than are costs of in-house operation. Addition or reduction of five students, for example, could change district costs by a number in excess of fifty thousand dollars in a send/receive relationship; whereas, a similar change in enrollment in an in-house operation would have little or no impact on costs. Hence, while the cost comparisons in this study are based on reported enrollment (2009-2010) and projected enrollment (2012-2013), changes in enrollment numbers would change these comparisons, especially in a district such as New Hanover where enrollments are small.

Cost comparison – the numbers

Comparison of the estimated costs of the two scenarios in the study as described above yielded the following results for 2009-2010:

- Estimated cost per pupil for grades 6 – 8 at Bordentown Regional*: \$11,091
- Grades 6 – 8 enrollees including New Hanover (from District Report Card): 592
- Enrollment capacity at Bordentown Middle School: 669
- Cost avoidance if grades 6 – 8 were removed from New Hanover: \$419,524
- New Hanover 6th – 8th enrollment: 51 (including 7 resource room students)
- Estimated tuition and transportation for grades 6 – 8 at Bordentown Regional: \$642,426
- Differential (estimated cost avoidance vs. estimated send/receive cost): \$222,901

*With addition of New Hanover students

Further details for 2009-2010 may be found in Chart 1 in the Appendix to this report.

Cost comparisons 2012-2013

Comparison of the projected costs of the two scenarios in the study as described above yielded the following results for 2012-2013:

- Estimated cost per pupil for grades 6 – 8 at Bordentown Regional*: \$11,385
- Grades 6 – 8 enrollees including New Hanover (based on projection): 582
- Enrollment capacity at Bordentown Middle School: 669
- Cost avoidance if grades 6 – 8 were removed from New Hanover: \$450,712
- New Hanover enrollment: 51 (including 7 resource room students)
- Estimated tuition and transportation for grades 6 – 8 at Bordentown Regional: \$659,590
- Differential (estimated cost avoidance vs. estimated send/receive cost): \$208,878

*With addition of New Hanover students

Further details for 2012-2013 may be found in Chart 2 in the Appendix to this report.

As indicated above, it should be noted that, while the projected tuition costs at Bordentown Regional exceed the cost avoidance associated with removing the students in grades 6 – 8 at New Hanover, this is attributable to the fact that the Bordentown Regional tuition costs capture almost all expenditures at the receiving district including facilities costs, administration, and ancillary services. Conversely, the cost avoidance at New Hanover is restricted to salaries and benefits for staff directly involved in services to the target population as well as textbooks and supplies. Transportation costs are a component of both numbers. There is no anticipated change in fixed costs at New Hanover such as facilities and administration resulting from the proposed departure of the students in grades 6 – 8.

A table of Comparisons for New Hanover and Bordentown Regional, derived from the Department of Education *Taxpayers' Guide to Education Spending* (formerly the *Comparative Spending Guide*), the District Report Cards, independent audits, and population projections provided by the Delaware Valley Regional Planning Commission, is also contained in the Appendix. Notable on this chart are the following:

- New Hanover records a budgetary per pupil cost for 2009-2010 that is \$5,680 greater than that for Bordentown Regional. For the 2010-2011 budget year, total budgeted appropriations per pupil for New Hanover exceed those for Bordentown Regional by \$3,503. (These data, from the *Taxpayers' Guide to Education Spending* May 2011, do not include debt service).
- The median faculty salary for 2009-2010 is greater for New Hanover (\$56,845 vs. \$54,614), which also has the staff with the greater number of years of experience in-district (12 vs. 9).

Impact Aid

Since 1950, the federal government has provided financial assistance to local school districts through the Impact Aid program. The program is intended to provide financial support for districts that receive disproportionately large numbers of students as a result of a proximate military installation or whose constituent community or communities contain significant amounts of land area that is tax-exempt due to federal use. Nearly 92 per cent of funds appropriated in the Impact Aid program are awarded on the basis of impact on enrollment.

New Hanover School District, however, is among the relatively small number of districts eligible for Impact Aid on the basis of federal land use within their borders. This eligibility is based on the criterion that real property with an assessed valuation of at least ten per cent of all real property in the district at the time of federal acquisition is in use by the federal government and hence exempt from local taxation. According to data provided by the National Association of Federally Impacted Schools (NAFIS), the valuation of this property in New Hanover for 2008 was \$1,239,443,972.

Both the Federal Department of Education and the National Association of Federally Impacted Schools have confirmed that, because of the manner in which New Hanover qualifies for Impact Aid (under Section 8002 of the Elementary and Secondary Education Act of 1965 as amended by the No Child Left Behind Act of 2001), any decision to enter into an expanded send/receive relationship with another district for New Hanover students in grades six through eight would have no effect on Impact Aid so long as the district continues to operate as a separate entity.

Should the district choose to or be compelled in the future to become a non-operating district (a district that continues to raise taxes, has an elected board of education, and employs a board secretary/business administrator but operates no schools and sends all students out in a send/receive relationship), the status of continued Impact Aid would still be unaffected as long as the New Jersey Department of Education continues to recognize the district as an existing entity for purposes of receiving state aid and raising taxes.

In July 2009, the New Jersey Department of Education moved to eliminate thirteen of twenty-six then-existing non-operating districts. No other such eliminations have taken place since that time.

Finally, *under current regulations*, a district that receives Impact Aid and ceases to exist entirely and becomes part of a merger or of a regional district would lose its Impact Aid and the newly formed district would also be denied such aid. This, according to NAFIS, was an oversight in

the current legislation that will likely be corrected when the legislation enabling Impact Aid is renewed, possibly within the coming year. Until such time as this occurs, New Hanover would lose its Impact Aid if subsumed into another governing arrangement other than as a stand-alone district.

Legislation proposed by NAFIS reinstates a provision that had appeared in previous legislation that would direct Impact Aid to the newly-configured district without a need to re-apply. However, such aid would go directly to the newly-configured district as opposed to being dedicated to tax relief in the community in which the federal lands are located. The tax impact of such a contingency is beyond the scope of this study and would need to be determined once more information was available.

Eligibility for Section 8002 Impact Aid is unaffected by the tax levy. However, to the extent that the taxable value of federal land is affected by the tax rate as it is derived from the tax levy, the district could be the recipient of additional Impact Aid if the tax rate determines a higher taxable value for the federally-occupied land on which the Impact Aid is based.

Additional Considerations

Impact on staff

Rights of tenured teachers employed by a district that elects to eliminate any one or more of the grades from kindergarten through grade 12 and enter into a send/receive relationship with another district are set forth in *N.J.S.A.* 18A:28-6.1 (see appendix). Under this statute, certain tenured teachers may take their tenure, seniority rights, pension status, and accumulated sick leave with them to the receiving district. Impact on specific staff members would need to be addressed by district counsel.

Collective bargaining agreements for the two districts in the study expire at June 30, 2012.

Another issue that should be considered is the impact of the NCLB Highly Qualified provision with regard to instructional staffing in grades 6-8. Should New Hanover choose to keep its students in grades 6-8 in district, employing a highly qualified teacher to fill any vacancies that may occur could be difficult, given the small size of the program and the certification requirements. To date, the district has been able to successfully fill both part- and full-time vacancies that have occurred.

Procedural Issues

Entrance into or expansion of a send/receive relationship does not require voter approval. The process does require approval by both the sending and receiving boards of education as well as by the Commissioner of Education. There is no anticipated impact on state aid.

Board membership in a send/receive relationship

The Board of Education of a sending district in a send/receive relationship shall be entitled to limited representation on the receiving board of education pursuant to *N.J.S.A.* 18A:38-8.1 and 8.2.

Under this statute, if pupils from the sending district comprise at least 10% of total pupils in the receiving district, the sending district board is entitled to one representative on the receiving district's board. Voting rights of the representative of the sending board shall be limited to:

- a. Tuition to be charged the sending district by the receiving district and the bill lists or contracts for the purchase, operation or maintenance of facilities, equipment and instructional materials to be used in the education of the pupils of the sending district;
- b. New capital construction to be utilized by sending district pupils;
- c. Appointment, transfer or removal of teaching staff members providing services to pupils of the sending district, including any teaching staff member who is a member of the receiving district's central administrative staff; and
- d. Addition or deletion of curricular and extracurricular programs involving pupils of the sending district.

It is not anticipated that the New Hanover enrollment in an expanded send/receive relationship with Bordentown Regional would reach the 10% threshold such as to entitle New Hanover to limited voting representation on the Bordentown Regional Board pursuant to this legislation. It is noted that, by agreement between the districts and as a courtesy, a member of the New Hanover Board of Education is currently a non-voting member of the Bordentown Regional Board of Education.

Impact on Racial Balance

The potential impact of expanding the send-receive relationship with Bordentown was reviewed. Based on NJDOE Fall Survey data from the 2010-2011 school year, adding New Hanover students in grades 6-8 to the Bordentown Regional Middle School would result in virtually no change in Bordentown's minority population of approximately 33%. The data are reported in Chart 5 in the Appendix.

District factor grouping

Since 1975, the New Jersey State Department of Education has used the concept of District Factor Grouping (DFG) for the purpose of comparing student performance on statewide assessments among demographically similar school districts. Since its inception, the concept has been expanded to other uses including as a means of identifying the initial group of districts formerly known as "Abbott districts" as part of ongoing litigation. Apart from the Abbott litigation, the DFGs are not generally a factor in the determination of state aid apportionment.

DFG criteria are closely aligned with socioeconomic status and include the following:

1. Percent of adults with no high school diploma
2. Percent of adults with some college education
3. Occupational status

4. Unemployment rate
5. Percent of individuals in poverty
6. Median family income

The actual DFG is a scale from “A” to “J” with “A” districts having the lowest ranking on the scale and “J” districts the highest. Based on year 2000 data, the DFGs of districts involved in this study are:

- Bordentown Regional FG
- New Hanover B

School Choice

The following discussion on School Choice is presented pursuant to possible consideration by the New Hanover district of the School Choice program as expressed by district administration.

The concept of School Choice for the state of New Jersey was established by the “Interdistrict Public School Choice Program Act” of 2010 following a pilot study. According to the Website of the Department of Education, “The program is designed to increase educational opportunities for students and their families by providing students with the option of attending a public school outside their district of residence without cost to their parents.” The Act in its own words is intended to “increase options and flexibility for parents and students in selecting a school which best meets the needs of each student, thereby improving educational opportunities for New Jersey citizens.” The original statute provided for no more than twenty-one choice districts to be established state-wide, and no more than one per county, but this restriction has since been lifted and there are now seventy-one Choice districts operating state-wide.

The law stipulates that a district that wishes to establish itself as a Choice district may not simultaneously accept students on a tuition basis. Participation in a send/receive relationship is not a bar to becoming a designated Choice district.

For the 2011-12 school year, students will be able to choose to go to a school outside their district of residence if the selected school is participating in the choice program. Transportation of up to 20 miles will be provided to a student going to a choice school by the district of residence if the student meets the eligibility requirements of state law and the transportation will cost no more than \$884 in that year. If the cost of the transportation will exceed that amount, the parent will be given the opportunity to pay the additional amount, or may choose to receive \$884 as aid in lieu of transportation. If the school is outside of the twenty-mile radius, transportation will be the responsibility of the student/parents/guardians. Transportation aid remains with the district of residence.

District participation in the program as a Choice district is optional. The decision to participate in the program by a school district is made by the local board of education. The district would then send an application to the New Jersey State Department of Education for final processing and approval. The choice school sets the number of openings per grade level. If there are more students requesting admission to the school than there are available openings, the school will choose the students by lottery. Any student currently attending New Jersey public schools is eligible to take advantage of this program (source: New Jersey Department of Education).

Districts wishing to establish themselves as Choice districts must submit an application to the Commissioner of Education not later than April 30 of the year prior to the year in which the designation is intended to take place and will be notified by July 30 of the year in which the request is submitted. The earliest that New Hanover could become a Choice district is 2013-2014. Pursuant to *N.J.A.C. 6A:12-3.2*, criteria by which applications are judged are:

1. The quality and variety of programs offered for choice student(s) participation;
2. The potential effectiveness of the student selection mechanisms and of the admissions criteria established in the application;
3. The status of the applicant district(s) in Statewide monitoring and assessment;
4. The applicant's previous experience with choice programs;
5. The budgetary ramifications for the applicant district(s);
6. The fiscal ramifications of approval on any district(s) currently in a sending/receiving relationship;
7. The impact on student population diversity in the district; and
8. The degree to which the program will promote or reduce educational quality in the choice and the sending districts.

Other provisions in the statute include one permitting a sending district to limit the number of potential students sent to a Choice district by board resolution.

With regard to financial implications of becoming a Choice school, the Choice district receives aid equivalent to that district's "local fair share" for each Choice student received. The sending district shall maintain fiscal responsibility for any Choice student requiring a private day or residential school (*N.J.A.C. 6A:12-9.1*).

Once a student in a Choice program completes the grades available at the Choice school, the student returns to the district of residence and follows where that district's middle school and/or high school students are sent.

Many schools that establish themselves as Choice schools position themselves to attract students from other districts through offering specialty programs that may be unique to their coverage area. Such programs include technology initiatives, environmental and science programs, or enhancements in the arts or literature. To the extent to which New Hanover may wish to establish itself as a Choice school, either for grades pre-K – 5 or pre-K – 8, the board and administration may wish to explore the possibility of becoming a “theme” or specialty school by offering enhancements in one of these areas. This would involve some initial investment.

Conclusions

This study has addressed two primary issues with regard to extending the New Hanover School District's current send/receive relationship with Bordentown Regional School District to include students in grades 6 – 8. These are the relative advantages to students of programs and services at the two districts and the cost differential between the two options. An ancillary issue is the impact a change in structure would have on students in grades pre-K – 5 who would remain at the New Hanover School.

Programs and Services

With regard to programs and services, New Hanover students in grades 6-8 could benefit from the educational opportunities that would be afforded them if they attended Bordentown Regional Middle School. The advantages include over four hours of additional engaged instructional time per week. This would provide the opportunity to explore content in core curricular areas more deeply and also provide more exploratory offerings in activity-based areas such as Technology and Instrumental Music. Extensive co-curricular offerings would also enable students to expand their interests and participation beyond the classroom. Although both schools currently focus strongly on the affective needs of their students, its larger size affords Bordentown more flexibility in dealing with the unique needs and perspectives of young adolescents. The availability of guidance specialists, the ability to adjust student schedules and classes, the wide variety of activities, and interactions with many more peers are some ways that New Hanover students could benefit from a larger, more specialized environment.

That being said, the small class sizes and nurturing environment of the New Hanover School community can also be an asset that can compensate for its inability to replicate the programs and services of the middle school. There are numerous examples of small schools that meet the needs of their students exceptionally well.

The New Hanover Board made a decision to upgrade its facilities for the 2011-2012 school year and dramatically improved the learning environment for students. Should the district decide to keep its grade 6-8 students at the New Hanover School, it should strongly consider a similar commitment to upgrading the instructional program, especially with regards to developing its curriculum and providing the necessary support to assure its implementation and positive impact on students.

Financial Issues

With regard to financial issues, an analysis of two fiscal years (2009-2010, the last year for which actual expenses are available, and a projection for 2012-2013) indicates that the cost to the district to reassign 6th through 8th grade students to Bordentown Regional would be approximately \$209,000 (based on 2012-2013) with variances attributable to budgeting factors and changes in enrollment. As indicated in this report, costs in a send/receive relationship are far more sensitive to minor changes in enrollment than are costs to educate students in-house.

As further indicated in the report, it should be noted that, while the projected tuition costs at Bordentown Regional exceed the cost avoidance associated with removing the students in grades 6 – 8 at New Hanover, this is attributable to the fact that the Bordentown Regional tuition costs capture almost all expenditures at the receiving district including facilities costs, administration, and ancillary services. Conversely, the cost avoidance at New Hanover is restricted to salaries and benefits for staff directly involved in services to the target population as well as to textbooks and supplies. Transportation costs are a component of both numbers. There is no anticipated change in fixed costs at New Hanover such as facilities and administration resulting from the proposed departure of the students in grades 6 – 8.

The decision to extend the send/receive relationship will have no effect on Impact Aid, which remains with the district as long as the district retains the authority to raise taxes. Impact Aid is discussed more fully as a separate topic in the text of the report.

Finally, any decision taken must take into consideration the board's ability to support and sustain that decision in the future. The authors of this study would be remiss in not pointing out the following sustainability issues:

- An additional appropriation of approximately \$209,000 to fund student tuition to send students in grades 6 – 8 to Bordentown Regional would likely have to be drawn from (1) reserve or (2) from further use of current Impact Aid. This assumption is based on the likely future contingency that whatever additional state aid is available plus the maximum 2% increase in local levy will be required simply to maintain operation of New Hanover School, irrespective of whether that school is pre-K – 5 or pre-K - 8.
- With regard to (1) above, at this writing the audit for the year ending June 30, 2011 has not progressed to the point of certifying a current fund balance. Fund balance at June 30, 2010 was approximately \$2.6 million in undesignated Impact Aid plus \$250,000 in undesignated local funds according to the district audit. This latter amount represents the maximum allowable local surplus that the district is permitted to maintain.
- With regard to (2) above, analysis based on a review of vouchers on file in the district from the U. S. Department of Education shows that on average over the past seven federal fiscal years, the district has received \$482,329 per year in Impact Aid. The aid

does not always arrive timely or consistently. Certain parameters exist on use of this Impact Aid, and these should be addressed with the district's auditor.

- The amount of Impact Aid actually appropriated into the current expense budget over the past five years (2007-2012), according to district budget documents, has varied considerably from a high of \$704,155 for 2007-2008 to a low of \$0 for 2008-2009. Average appropriation of Impact Aid for the five-year period ending with 2011-2012 based on district budget documents was \$366,341.
- It would appear that, while the district has accumulated Impact Aid over the years sufficient to fund recent and projected building renovations, use of Impact Aid alone on an ongoing basis to fund additional current expense brought about by the increased cost of sending 6th through 8th graders out of district could prove to be untenable over the long run given the uncertainty of Impact Aid and *absent some negotiation with the receiving district to mitigate the cost differential*. As pointed out above, while the certified cost per pupil is intended to recover for the receiving district the cost of educating a student from the sending district, there is nothing to prohibit a receiving district from charging an amount less than the certified cost per pupil or, alternatively, offering additional services to a sending district without cost. Such services might include those of a business administrator or child study team, the value of which would reduce New Hanover's base costs and free funds to support the tuition cost differential.
- Finally, before making any assumptions about the current and future use of Impact Aid, the board and superintendent should consult with the district auditor and attorney.

One last option that may be available to the district should the board elect to extend its send/receive relationship to include grades 6 – 8 is that of a second ballot question at the April election. This would require approval by the County Superintendent of Schools and would place the tuition cost differential (mitigated by any consideration from the receiving district as discussed above) onto local taxation. A tax levy worksheet, included in the Appendix, sets forth in detail the impact of such an initiative. Based on this study, for 2012-2013, funding the tuition differential exclusively through the local levy would add \$.222 to the tax rate for New Hanover and \$.269 to the tax rate for Wrightstown.

It should be noted that, once an initiative is presented as a second question, should the second question be defeated, the initiative may not be included in the budget under an alternative funding source for the forthcoming fiscal year.

The financial difficulties in extending a send/receive relationship to include sixth through eighth graders as set forth above stem from the inability to reduce costs of operation at New Hanover beyond the salaries and benefits of a small number of staff plus some supply costs.

Acknowledgements

The authors of this study acknowledge the full cooperation and support of Mr. Brian McBride and the staff of the New Hanover School District as well as of Dr. Constance Bauer and the staff of Bordentown Regional School District. The authors also express their gratitude to Ms. Peggy Nicolosi, Burlington County Superintendent of Schools, and Mr. Eloi Richardson, Burlington County School Business Administrator.

APPENDIX

- Chart 1 – Comparison of Send/Receive Costs for 2009-2010
- Chart 2 – Comparison of Send/Receive Costs for 2012-2013
- Chart 3 – Table of Comparisons
- Chart 4 – Enrollment History and Projections
- Chart 5 – NJ Assessment Results
- Chart 6 – Racial Balance Implications
- Tax levy worksheet