

May 2015

## Neptune City Feasibility Study

**R & R Education Consulting, LLC**

*An Analysis of the Educational, Fiscal and Organizational Options  
Available to Neptune City Board of Education*

<b>TABLE OF CONTENTS</b>	
<b>Introduction -</b>	<b>3</b>
<b>Background and Context</b>	<b>4</b>
<b>Executive Summary</b>	<b>5</b>
<b>Chapter 1</b> Population Impact	<b>7</b>
<b>Chapter 2</b> Enrollment Impact	<b>14</b>
<b>Chapter 3</b> Programmatic Impact	<b>22</b>
<b>Chapter 4</b> Fiscal Impact	<b>36</b>
<b>Chapter 5</b> Summary, Conclusions, Recommendations	<b>41</b>
<b>Appendix A</b> Student/School Performance Data	<b>44</b>

## ***Introduction***

The Neptune City Board of Education issued a request for proposals in the winter of 2014-15. That request sought consultant services for a study of the continued viability of the City's K-8 structure, to include an exploration of the alternation of the sending-receiving relationship with the Neptune Township. Under the current agreement, Neptune City students in grades 9-12 attend the Neptune Township High School. The proposal called for the exploration of a variety of options for the education of all Neptune City students.

In late winter of 2015, the Neptune City Board of Education awarded a contract to R & R Educational Consulting, LLC to complete the study

R & R Educational Consulting is an LLC consisting of retired officials from the NJ State Department of Education and superintendents of schools, all of whom possess experience in matters relating to long-term planning, governance and operation of public school districts.

In the proposal R & R Educational Consultants, indicated that the following principal partners and senior consultants would work on this contract:

- Richard Rosenberg – partner, co-founder
- Richard Ten Eyck – partner, co-founder
- Leonard Elovitz, Ed.D – Senior Consultant
- Richard Marasco, Ed.D – Senior Consultant

## ***Background and Context***

The Neptune City Board of Education currently educates City students in grades K-8 in the City's Woodrow Wilson School and sends students from grades 9-12 to Neptune Township High School. While there are additional secondary school opportunities (both public and private) within the local area, the majority of the students graduating from Neptune City's Woodrow Wilson School elect to attend the Township high school. Neptune City does not see this study as a prelude to changing this pattern of attendance. It should be noted that district leaders from Neptune Township also see no need to eliminate this option for Neptune City students.

Recent changes in demographics, community resources, as well as increasing costs for providing the constitutionally mandated thorough and efficient education, have placed an increasingly growing financial burden on Neptune City. This reality, along with the growing interest statewide in consolidation of services has prompted the Neptune City Board of Education to undertake a study to assess various options for (a) maintaining the current organizational structure and (b) extending and/or altering the current relationship with Neptune Township.

Following protocols established in similar studies completed throughout the state, the proposal published by Neptune City called for an exploration of impact in several areas:

*Enrollment Impact* – Analysis of estimated enrollment changes over the next five years and the impact of alternative enrollment patterns on facility capacity.

*Programmatic Impact* – Analysis of the program offerings and results in both districts and the degree to which changes in attendance patterns might impact such offerings and results.

*Financial Impact* – Analysis of the current resources available to the district and the degree to which modifications or changes in the current sending/receiving relationship might impact the resources available to education the students of either or both districts.

*Conclusions and Recommendations* – Based on the available data, the interviews with district leaders, and investigation of fiscal and organizational options with Department of Education representative, R & R Educational Consulting, LLC will offer conclusions and recommendations for the board's consideration.

## ***Executive Summary***

The study involved the following fact finding activities:

- ❑ On-site and phone Interviews with district leaders and business officials in both the Neptune City and Neptune Township districts;
- ❑ Review of demographic and enrollment figures and projects for both the City and the Township;
- ❑ Review of the approved capacity of facilities in each of the districts;
- ❑ On-site and phone discussions of the program offerings, NJ School Performance Reports, and student performance on the state's large-scale assessments for each district at grades 3-8 \*;
- ❑ Discussions with the NJ Department of Education Office of Finance officials about the financial incentives/disincentives available for various sending/receiving/regionalization options.

*\* Since Neptune City students already attend Neptune Township High School under the current agreement and the reconsideration of that option was not a factor in the study, Programs and performance analysis was not conducted for grades 90-12.*

The current demographic trends – i.e., increase in diversity, continuation of trends pertaining to free/reduced lunch participation, and enrollment growth – appear likely to continue in the next 3-5 years. Should Neptune City elect to extend its relationship with the Township, there would be minimal impact on the demographic representation that currently exists in both districts.

Programmatically, the performance of students in both districts at comparable grades seems to be moving closer together in the middle school grades. In the primary and elementary grades, the achievement of students as measured by performance on the state's large-scale assessments varies by building, with students in the City's Wilson School generally outperforming their peers in the Township schools by varying margins. It should be noted, however, that performance of students in grades 3-5 in all buildings, both City and Township, in the grades currently tested by the state in each district, lags significantly behind state averages and the performance of the state's designated "peer group" – i.e., school described by the state as having similar characteristics.

Finally, and perhaps most important in light of the City's interest in maintaining the current organizational structure and independence of the City's school, the analysis of district financials reveals that the longer-term viability of the City district is in question. Declining ability to support its school and increasing demands for higher cost programming appear to be placing significant challenges before the City Board of Education and administrative staff.

After a review of the data available, the consultants explored three models as alternative to the current structure:

1. Maintenance of the current independent status of Neptune City's K-8 program;

2. Regionalization which would result in the creation of one regional district for all students in the City and the Township;
3. Expansion of current sending/receiving relationship to include attendance of City students in grades 6-8 at the Township's Middle School.

Because the state has continued to underfund the current formula for distribution of school aid, it is difficult to develop firm projections of costs associated with the models explored for the study. It is possible, however, to complete such an analysis based on the continuation of recent trends.

*Maintaining the current structure:*

Under the current cap and state aid policies, in order to maintain Neptune City as an independent district, the Board of Education will need to increase revenues, decrease cost, and/or restructure current debt. The analysis of recent budgets and operating expenses reveals that an increase in revenues is likely only through the reliance on the additions of second ballot questions on an ongoing, annual basis. The analysis also reveals that further reduction in operating costs sufficient to eliminate the need for annual second ballot questions is unlikely. Lastly, there appear to be no options for further restructuring the district's current capital debt beyond the recent efforts in this area.

*Alteration of current sending/receiving relations and/or full regionalization:*

While the costs of extending the current sending/receiving relationship to include the movement of the City middle level students (grades 6-8) appear to be prohibitive, the results of full regionalization appear to have significant fiscal advantages for both the City and the Township districts.

Recommendations:

1. Since there appear to be fiscal hurdles to simply expanding the sending/receiving relationship to include grades 6-8. When combined with possible access to cost-offsetting state aid, the City Board of Education should move to explore the establishment of a new regional district with Neptune Township.
2. The Neptune City Board should share this report with the administration and the Neptune Township Board.
3. The two Boards and administrations should meet and discuss the report to ascertain if there is interest in moving forward.
4. If there is interest, the Boards should notify the NJDOE about their interest and solicit their assistance in completing a regionalization study.

## **Chapter 1**

### **Population Impact**

This section reports on the implication of population factors related to a possible regionalization or the expansion of the sending-receiving relationship of the districts of Neptune City and Neptune Township. Specifically it is important to insure that the new district, if approved, does not result in the increased isolation of students by race, ethnicity or gender.

The following demographic data were taken from the 2010 US Census:

***See table on next page...***

## Neptune City and Township Demographic Data

	Neptune City		Neptune Township	
	Number	Percent	Number	Percent
<b>Total Population</b>	4,869	100	27,935	100
<b>Population by Race</b>				
White	3,798	78.0%	14,855	53.2%
African-American	517	10.6%	10,772	38.6%
Asian	217	4.5%	632	2.3%
American Indian/Alaska Native	11	0.2%	94	0.3%
Native Hawaiian & Pacific Islander	1	0.0%	9	0.0%
Other	189	3.9%	701	2.5%
2 or More Races	136	2.8%	872	3.1%
Total	4,869	100.0%	27,935	100%
<b>Population by Ethnicity</b>				
Hispanic or Latino	491	10.1%	2,607	9.3%
Non Hispanic or Latino	4,378	89.9%	25,328	90.7%
Total Minority	1,562	32.1%	15,687	56.2%
<b>Population by Gender</b>				
Gender				
Male	2,299	47.2%	13,011	46.6%
Female	2,570	52.8%	14,924	53.4%
<b>Population by Age</b>				
Age				
Under 18	898	18.4%	5,768	20.6%
18 to 64	3,224	66.2%	17,569	62.9%
65 and older	747	15.3%	4,598	16.5%



The population of the Township is nearly 6 times that of the City. The majorities of the residents in both municipalities are white. However, a larger minority population is found in the township. African-Americans make up the second largest group in both municipalities and the percentage of Hispanic/Latinos is nearly the same.

Females hold a slight edge in numbers over males in both communities.

Age distribution is nearly similar, however, the Township has a higher percentage of children under the age of 18 by 2.2 points. They also have a higher percentage of senior citizens by 1.2 points.

The schools differ somewhat from these demographics. The following data are taken from the NJDOE Website:

### Neptune City 2013-14 Enrollment

	White	Black	Hispanic	Asian	Native American	Total
Preschool	7	2	2	2	0	13
Kindergarten	15	10	13	2	0	40
Grade 1	24	9	7	2	0	42
Grade 2	23	11	4	2	0	40
Grade 3	28	8	11	0	0	47
Grade 4	16	10	10	1	0	37
Grade 5	25	10	9	4	0	48
Grade 6	21	8	5	2	1	37
Grade 7	19	9	7	3	0	38
Grade 8	26	9	6	1	0	42
Ungraded	2	6	4	0	0	12
Total	206	92	78	19	1	396
	52.0%	23.2%	19.7%	4.8%	0.3%	100%

The following data for Neptune Township includes the Neptune City students in grades 9-12. Also, note that the fractional counts are for students sent shared time to other schools.

**Neptune Township 2013-14 Enrollment**

	White	Black	Hispanic	Asian	Native American	Hawaiian Native	Two or More Races	Total
Preschool	100	217	98	17	0	0	29	461
Kindergarten	81	124	61	8	0	0	16	290
Grade 1	66	140	62	4	0	0	16	288
Grade 2	62	128	68	9	1	0	14	282
Grade 3	70	121	60	9	1	0	10	271
Grade 4	49	121	49	5	0	0	12	236
Grade 5	59	141	50	4	0	0	12	266
Grade 6	57	150	42	4	0	1	14	268
Grade 7	55	153	47	11	0	0	6	272
Grade 8	57	168	31	6	0	0	11	273
Grade 9	92	189.5	47.5	4	0	0	17	350
Grade 10	80.5	165.5	50	3	0	0	11	310
Grade 11	79.5	183.5	48	4	0	2	11.5	328.5
Grade 12	72	181.5	33	4	0	0	11.5	302
Ungraded	41	142	43	0	0	0	5	231
Total	1021	2325	789.5	92	2	3	196	4428.5
	23.06%	52.50%	17.83%	2.08%	0.05%	0.07%	4.43%	100%

In 2013-14, the minority population of the City schools was 48% as compared to the 77% of the Township. Combining the 2 populations results in the following:

**Combined Neptune City and Township 2013-14 Enrollments**

	White	Black	Hispanic	Asian	Native American	Hawaiian Native	Two or More Races	Total
City	206	92	78	19	1	0	0	396
Township	1021	2325	789.5	92	2	3	196	4428.5
Total	1227	2417	867.5	111	3	3	196	4824.5
	25.43%	50.10%	17.98%	2.30%	0.06%	0.06%	4.06%	100%

The minority population in the combined district becomes 74.6, which is 2.4 percentage points less than that of Neptune Township.

The table below provides data on the racial impact of the option of increasing the sending-receiving arrangement between the 2 districts to include grades 6-8 at Neptune Middle School.

**Combined 6-8 Enrollments for 2013-14**

	White	Black	Hispanic	Asian	Native American	Hawaiian Native	Two or More Races	Total
<b>City</b>								
Grade 6	21	8	5	2	1	0	0	37
Grade 7	19	9	7	3	0	0	0	38
Grade 8	26	9	6	1	0	0	0	42
<b>Total</b>	<b>66</b>	<b>26</b>	<b>18</b>	<b>6</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>117</b>
	56.4%	22.2%	15.4%	5.1%	0.9%	0.0%	0.0%	100%
<b>Township</b>								
Grade 6	57	150	42	4	0	1	14	268
Grade 7	55	153	47	11	0	0	6	272
Grade 8	57	168	31	6	0	0	11	273
<b>Total</b>	<b>169</b>	<b>471</b>	<b>120</b>	<b>21</b>	<b>0</b>	<b>1</b>	<b>31</b>	<b>813</b>
	20.8%	57.9%	14.8%	2.6%	0.0%	0.1%	3.8%	100%
<b>Combined</b>								
Grade 6	78	158	47	6	1	1	14	305
Grade 7	74	162	54	14	0	0	6	310
Grade 8	83	177	37	7	0	0	11	315
<b>Total</b>	<b>235</b>	<b>497</b>	<b>138</b>	<b>27</b>	<b>1</b>	<b>1</b>	<b>31</b>	<b>930</b>
	25.3%	53.4%	14.8%	2.9%	0.1%	0.1%	3.3%	100%

The addition of the City's 6-8<sup>th</sup> graders reduces the minority population at the Township Middle School from 79.2% to 74.7%.

The primary language spoken at home is for the most part English in both districts and the percentages are nearly the same at 85.0% in the City and 86.5% in the Township where the data are reported for the middle school.

According to the New Jersey School Performance reports issued by the NJDOE for 2012-13, the percentage of males to females in the City's Wilson School was 50.1% to 49.9% respectively. Those numbers reverse at the Township's Middle school to 49.9% to 50.1%. There would not be much of a difference resulting from either option.

The percentage of English as a Second Language (ESL) students in the City in 2013-14 was 3.3%. In the Township, it was 2.0%. If the districts were combined, the percentage would be 2.1%.

The percentage of students on free or reduced lunch in 2013-14 in the City was 47.2%. In the Township it was 51.8%. The combined percentage would be 51.4%. The Township numbers already include the City students in grades 9-12. These data were not available or easily accessible by grade. However, the assumption is made that the impact for the middle school would be very similar to the districts.

Conclusion:

We do not believe that either a full regionalization or increasing the sending receiving relationship to include grades 6-8 would result in a significant negative impact for the students of the City of Neptune and those of Neptune Township in the areas of race, ethnicity or gender.

## Chapter 2 Enrollment Impact

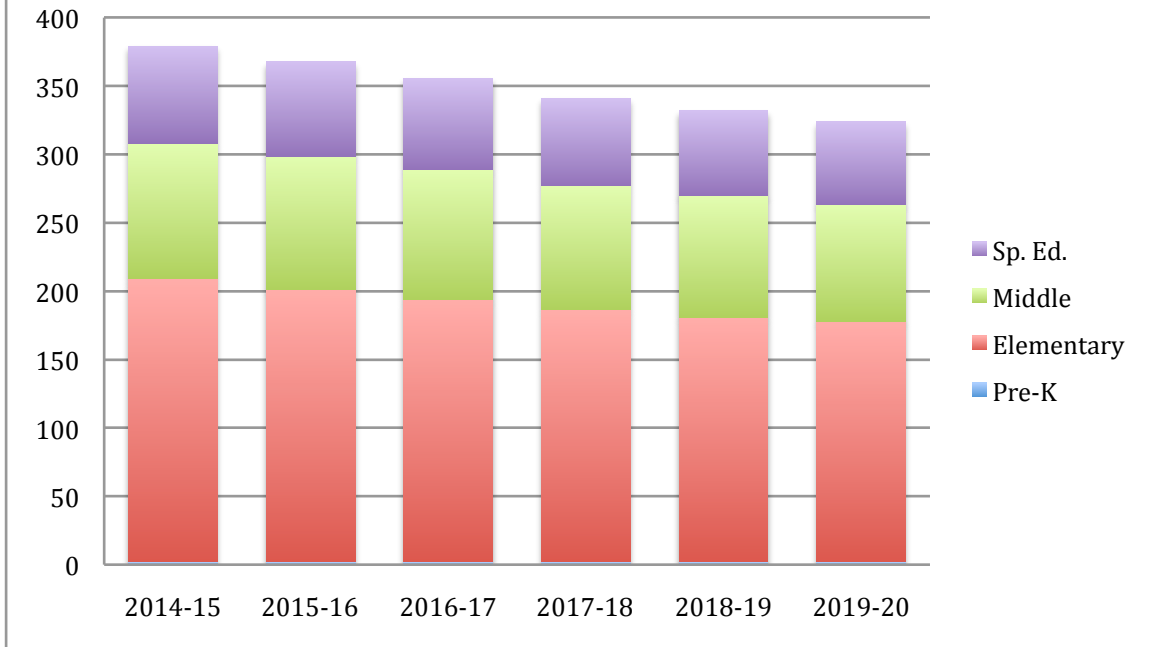
Estimated enrollment projections for the next 5 years follow. Data were taken from the ASSA reports from both Neptune City and Neptune Township. Live births were not considered, so kindergartens were left at the 2014-15 levels. In the reports, special education numbers are totaled by school and not by grade. Their projections are estimated using the 2014-15 percentage of K-12 enrollments. This section is included to give an overview of enrollment trends. We recommend that the districts complete full demographic studies to get a more accurate picture of future enrollments.

The tables below list the estimated enrollments:

### Estimated Enrollments for Neptune City

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Pre-K	2	2	2	2	2	2
K	34	34	34	34	34	34
1	35	31	31	31	31	31
2	33	30	27	27	27	27
3	36	35	32	29	29	29
4	36	36	35	32	29	29
5	33	33	32	32	29	26
<b>Elementary Totals</b>	<b>207</b>	<b>199</b>	<b>192</b>	<b>185</b>	<b>179</b>	<b>176</b>
6	35	31	31	30	29	27
7	32	34	30	29	29	28
8	32	33	35	31	31	30
<b>Middle Totals</b>	<b>99</b>	<b>98</b>	<b>95</b>	<b>90</b>	<b>89</b>	<b>86</b>
Sp. Ed.	71	69	67	64	62	61
<b>Total</b>	<b>379</b>	<b>368</b>	<b>355</b>	<b>341</b>	<b>332</b>	<b>324</b>

## Estimated Enrollment Neptune City



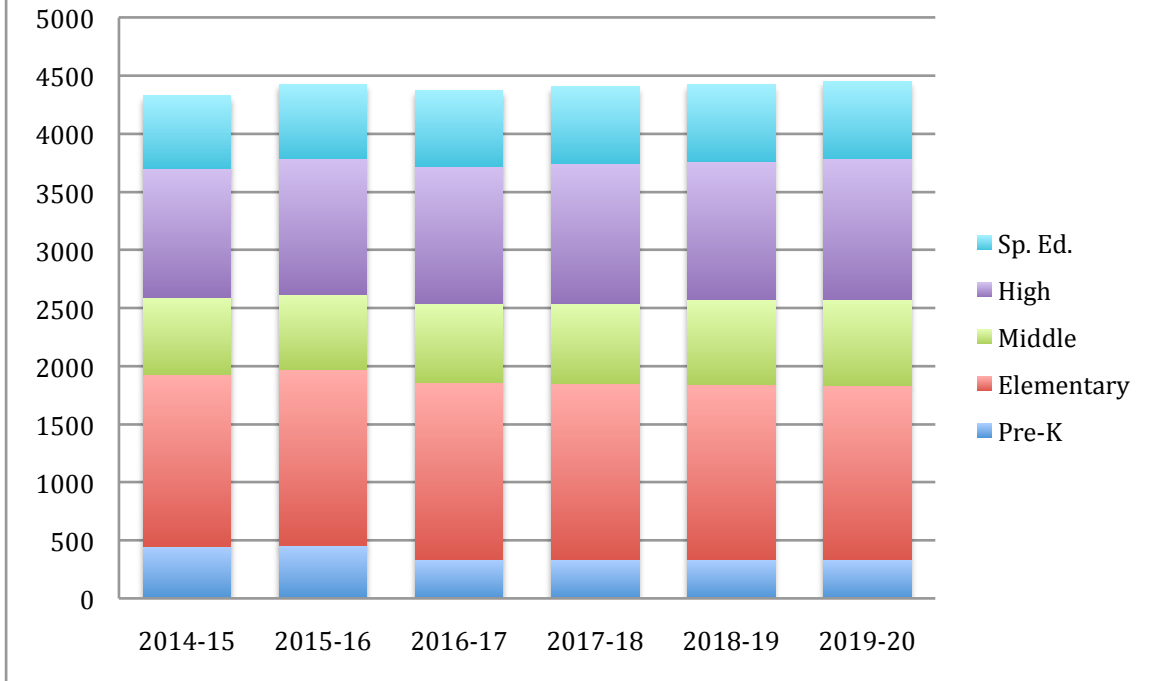
It is estimated that there will be a decrease in overall enrollment for Neptune City of 55 students over the next 5 years. This represents a drop of 15%. The decrease will be mainly in the middle school grades of 6 through 8.

### Estimated Enrollments for Neptune Township

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Pre-K	444	453	335	335	335	335
K	265	265	265	265	265	265
1	272	261	261	261	261	261
2	255	260	249	249	249	249
3	256	254	259	248	248	248
4	240	250	248	253	242	242
5	194	230	239	238	242	232
<b>Elementary Totals</b>	<b>1482</b>	<b>1520</b>	<b>1521</b>	<b>1514</b>	<b>1508</b>	<b>1498</b>
6	247	207	246	256	254	259
7	202	230	193	229	238	237
8	219	210	239	201	238	248
<b>Middle Totals</b>	<b>668</b>	<b>647</b>	<b>678</b>	<b>685</b>	<b>731</b>	<b>743</b>
9	286	283	271	309	259	307
10	295	299	295	283	322	270
11	267	300	303	300	288	327
12	258	283	318	322	318	305
<b>High School Totals</b>	<b>1106</b>	<b>1164</b>	<b>1188</b>	<b>1214</b>	<b>1187</b>	<b>1211</b>
Sp. Ed.	628	643	654	659	661	666
<b>Totals</b>	<b>4328</b>	<b>4427</b>	<b>4376</b>	<b>4407</b>	<b>4422</b>	<b>4453</b>



## Estimated Enrollment Neptune Township

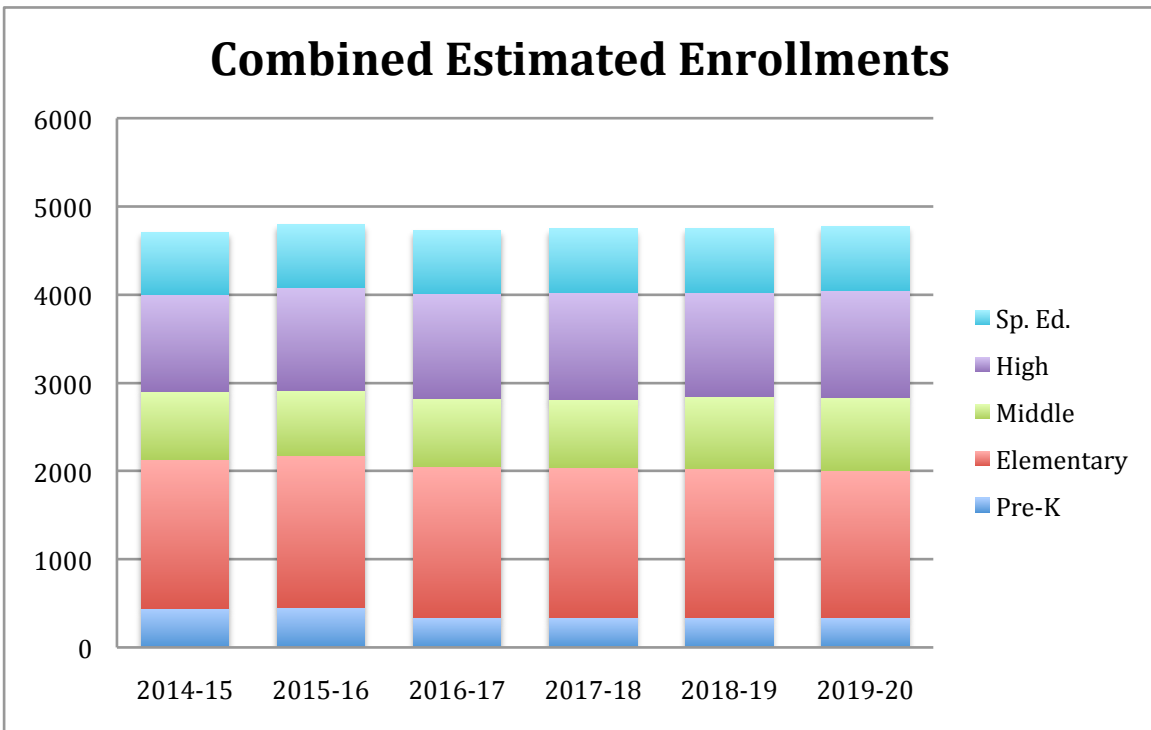


It is estimated that there will be an increase in overall enrollment for Neptune Township of 125 students over the next 5 years. This represents an increase of 2.9%. The impact will be mainly at the middle and high school levels. The students sent from Neptune City are included in these estimates at the high school level.

In the next table the estimated enrollments for both Neptune City and Neptune Township are added together.

### Combined Estimated Enrollments

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Pre-K	446	455	337	337	337	337
K	299	299	299	299	299	299
1	307	292	292	292	292	292
2	288	290	276	276	276	276
3	292	289	291	277	277	277
4	276	285	283	285	271	271
5	227	263	272	270	271	258
<b>Elementary Totals</b>	<b>1689</b>	<b>1719</b>	<b>1713</b>	<b>1698</b>	<b>1686</b>	<b>1673</b>
6	282	238	277	286	284	286
7	234	263	222	258	267	265
8	251	244	274	231	269	278
<b>Middle</b>	<b>767</b>	<b>745</b>	<b>773</b>	<b>776</b>	<b>820</b>	<b>829</b>
9	286	283	271	309	259	307
10	295	299	295	283	322	270
11	267	300	303	300	288	327
12	258	283	318	322	318	305
<b>High School Totals</b>	<b>1106</b>	<b>1164</b>	<b>1188</b>	<b>1214</b>	<b>1187</b>	<b>1211</b>
Sp. Ed.	699	712	720	722	723	727
<b>Totals</b>	<b>4707</b>	<b>4795</b>	<b>4732</b>	<b>4748</b>	<b>4754</b>	<b>4777</b>

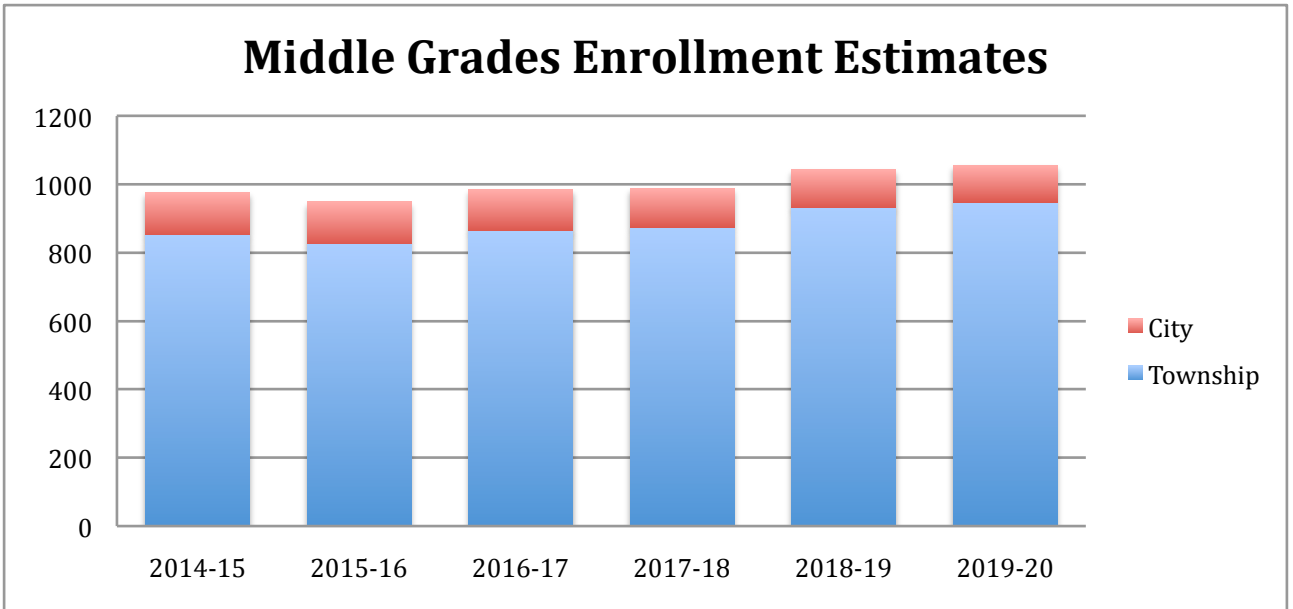


When the estimated enrollments are combined, a portion of the increase in the Township is offset by the decrease from the City. The result is an overall increase of 70 students, which calculates to 1.5%.

Although there are other possibilities, we believe that a structure that sends the City's 6, 7 and 8<sup>th</sup> graders to the Township middle school makes a lot of sense. This will result in adding about 30 students per grade to that facility.

### Middle Grades Enrollment Estimates

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Township</b>						
6	247	207	246	256	254	259
7	202	230	193	229	238	237
8	219	210	239	201	238	248
Sp. Ed.	184	178	187	189	201	205
<b>Township Totals</b>	<b>852</b>	<b>826</b>	<b>865</b>	<b>874</b>	<b>932</b>	<b>948</b>
<b>City</b>						
6	35	31	31	30	29	27
7	32	34	30	29	29	28
8	32	33	35	31	31	30
Sp. Ed.	26	26	25	24	23	22
<b>City Totals</b>	<b>125</b>	<b>123</b>	<b>120</b>	<b>114</b>	<b>113</b>	<b>108</b>
<b>Combined</b>						
6	282	238	277	286	284	286
7	234	263	222	258	267	265
8	251	244	274	231	269	278
Sp. Ed.	210	204	212	213	225	227
<b>Combined Totals</b>	<b>977</b>	<b>949</b>	<b>985</b>	<b>988</b>	<b>1044</b>	<b>1056</b>



According to the ASSA report for 2015-16, there were 852 students in Neptune Middle School. We estimate that number to increase to 948 by the 2019-20 school year. Grades 6 through 8 in Neptune City totaled 125 students this year and we estimate a decrease of 17 students over the next 5 years.

Combining both enrollments would calculate to 1056 students by 2019-20. According to the Township administration, the functional capacity of the middle school is 1200 students. Therefore, should the districts come to an agreement to educate their 6<sup>th</sup> through 8<sup>th</sup> grade students in Neptune Middle School, the total enrollment would fit comfortably.

There would be no significant negative impact to either district due to enrollment should the districts reach some accommodation to either consolidate or expand their current sending/receiving relationship.

### **Chapter 3 Programmatic Impact**

In this section, the impact of an alteration of the current sending/receiving relationship between Neptune City and Neptune Township on the educational program is assessed.

***Context:***

Neptune City District operates as a K-8 district with one school building, the Woodrow Wilson School. Neptune City has a sending receiving relationship with the Board of Education in Neptune Township enabling the graduates of Neptune City to attend Neptune High School. Neptune Township bills the City Board of Education for tuition for the Neptune City students who opt to attend the high school.

As a result of ongoing fiscal challenges, The Neptune City Board of Education has approved the investigation of alternative organizational structures and financial/funding options.

***Neptune City:***

Materials provided by Neptune City officials reveal that this school district is designated in the district factor group (DFG) “CD” on a New Jersey Department of Education scale that ranges from A-J. On this scale, DFG “A” represents the most economically disadvantaged communities and “J”, the wealthiest. This system places this Monmouth County school district below the mid-point of the range. Information provided by Neptune City and confirmed by the NJDOE shows that the following census data are used by the department in assigning a DFG:

- Percentage of each district’s population with no high school diploma
- Percentage with some college education
- Poverty level of the district
- Unemployment rate of the district
- Residents’ occupations
- Residents’ income

Data available through the NJ Department of Education provides the following (local) examples of other “CD” districts\*:

- Bradley Beach Boro
- Highlands Boro
- Keyport Boro
- Neptune Township
- Red Bank Boro
- Union Beach

- \* *It should be noted that recent NJ Department of Education School Performance Reports (having replaced the original School Report Cards) make use of Peer group comparisons rather than DFG data. This approach, while potentially useful, lists a number of schools in the Neptune City peer group, which serve exclusively middle school students, thereby limiting the value of the initial peer groupings for comparative purposes.*

Population trends viewed over the past 6 years (2009-2015) reflect a dramatic shift in affluence as seen in the number of students eligible for free and/or reduced lunch. While the percentage of students eligible in the 2009-2010 school years was 37.5%, this number stands at 54.2% for the current school year. This demographic shift presents significant instructional challenges.

Neptune City operates one public school, the Woodrow Wilson School for youngsters in grades K through 8. Enrollment for the year 2013-14 was 396. Enrollment for the current school year is reported as 379. The district's administrative staff is comprised of a Chief School Administrator and a School Business Administrator.

The school officials also indicated that some Neptune City students who attend private parochial schools for their elementary years elect to attend Neptune High School.

According to the NJ School/District Performance Report, the following information summarizes the educational philosophy in place at the Woodrow Wilson School:

We are committed to providing our students with an educational environment that is conducive to student learning, and enabling each student to realize their maximum potential as an individual. The teachers and administration realize the different needs of our students, and we strive to adapt our programs to meet those needs.

To leave no child behind, to provide all children with the best education possible, to prepare students for college and a career, and to make students lifelong learners are the goals of Neptune City School District at every grade level. We believe that a thoughtful, systematic, and collaborative approach among teachers, administrators, parents and community members will help us to forge new knowledge, meet the challenges of our school, and help our young people to gain the knowledge and skills they need to succeed.

Our educational community works together to use best practices, to identify what matters most, to ensure that what matters most is taught efficiently, completely and effectively, and to focus on standards. Woodrow Wilson Elementary School teachers and administrators make no excuses; do what needs to be done to overcome all obstacles; reflect, plan and teach; adjust as necessary; focus on solutions; and determine what the students need to

know and be able to do, how they are going to go about it, and how they will show what they know.

We believe that the thoughtful, systematic, and collaborative examination of student test result data will help us to make better decisions, evaluate programs and practices, modify instructional approaches, determine the needs of the students, identify the gaps between the results our school are getting and the results we want, and provide all students with an excellent education.

***Neptune City Mission Statement:***

*The Neptune City School, in partnership with the parents and community, will support and sustain an excellent system of learning, promote pride in diversity and expect all students to achieve the New Jersey Core Curriculum Content Standards at all grade levels enabling them to become responsible and productive citizens.*

Adopted by the Neptune City Board of Education Aug. 26, 2008

As described by the school's chief school administrator in the 2013-14 School Performance Report narrative,

"...the program of studies at Woodrow Wilson focuses on the benefits of a balanced literacy framework across all grade levels. Students in grades 1-8 receive 90 minutes of literacy instruction every day. Woodrow Wilson Elementary School is deepening the instruction in a workshop model providing a flexible combination of word study, comprehension, and independent reading, which allows for the development of strategic readers.

The elements of a workshop model, interactive read aloud, shared and guided reading, reading conferences and a shared read makes it possible for students to develop and apply problem solving skills both in reading and writing. Learning to write begins in primary grades with shared, guided, and independent writing with the use of mini-lessons, writing, individual and small group conferences, and sharing time.

Mathematics and science instruction views learning as an active process; focusing on an inquiry approach; teaching students to think in an organized, logical manner; guiding pupils as they apply their mathematical and science skills at ever higher levels of sophistication."

While student performance on the state's large-scale assessment is reported in detail later in this section, the results from the total tested population (grades 3-8) reveal that Woodrow Wilson students scored as follows for the 2013-14 school



year:

- Language Arts Literacy 58% proficient/advanced proficient
- Mathematics 62% proficient/advanced proficient

<b>Performance Report Overview – Neptune City</b>			
<b>Performance Area</b>	<b>Peer Group Percentile Rank</b>	<b>Statewide Percentile Rank</b>	<b>Percent of Targets Met</b>
<b>Academic Achievement</b>	<b>14</b>	<b>28</b>	<b>33%</b>
<b>College and Career Readiness</b>	<b>60</b>	<b>65</b>	<b>50%</b>
<b>Student Growth</b>	<b>49</b>	<b>46</b>	<b>100%</b>

- Very High Performance is defined as being equal to or above the 80th percentile.
- High Performance is defined as being between the 60th and 79.9th percentiles.
- Average Performance is defined as being between the 40th and 59.9th percentiles.
- Lagging Performance is defined as being between the 20th and 39.9th percentiles.
- Significantly Lagging Performance is defined as being equal to or below the 19.9th percentile.

**NOTE:** A statewide percentile rank of 28 indicates that this school outperformed 28% of the schools in the state.

<b>Academic Breakout Neptune City</b>	
<b>Content Area</b>	<b>State Percentile Rank</b>
<b>Language Arts</b>	<b>30</b>
<b>Math</b>	<b>25</b>

**Academic Breakout**

<b>Language Arts - 2013/14</b>	
<b>Performance Level</b>	<b>Percent</b>
<b>Advanced Proficient</b>	<b>2%</b>
<b>Proficient</b>	<b>56%</b>
<b>Partial Proficient</b>	<b>42%</b>

<b>Academic Breakout Math - 2013/14</b>	
<b>Performance Level</b>	<b>Percent</b>
<b>Advanced Proficient</b>	<b>17%</b>
<b>Proficient</b>	<b>45%</b>
<b>Partial Proficient</b>	<b>38%</b>

Learning at Woodrow Wilson, as evidenced by the students' performance on the state's large-scale assessments, lags significantly in comparison with student performance statewide and also against the NJ Department of Education's recently released peer group designation.

When viewed for the purposes of trend recognition, the performance of district students has remained essentially flat for the past 4 administrations of the state's assessments. While the district has not moved beyond its lagging status during this period, it should be noted that maintenance of consistent performance in the face of increased demographic challenges represents a significant accomplishment and is one that has proved elusive for many districts facing such changes.

To facilitate further analysis and deeper comparison of performance with the students of Neptune Township schools, we have included the results of Wilson students on the state's large-scale assessment at the culmination of both the primary years (grade 5) and their middle level years (grade 8). Similar data will be found in the program description for Neptune Township along with comparative analysis for both districts.

<b>Grade 5 Performance – Percent Proficient and Advanced Proficient</b>		
<b>Year</b>	<b>Language Arts</b>	<b>Mathematics</b>
<b>2010-11</b>	<b>67</b>	<b>80</b>
<b>2011-12</b>	56	78
<b>2012-13</b>	60	71
<b>2013-14</b>	44	49

<b>Grade 8 Performance – Percent Proficient and Advanced Proficient</b>		
<b>Year</b>	<b>Language Arts</b>	<b>Mathematics</b>
<b>2010-11</b>	80	66
<b>2011-12</b>	86	57
<b>2012-13</b>	81	57
<b>2013-14</b>	<b>63</b>	<b>70</b>

***A word of caution:** Comparing student performance across differing groups of students is not considered to produce significant validity nor should this performance be used as the primary basis for drawing conclusions regarding the performance, either of students or programs – i.e., the scores for each of the years listed above are for different groups of students.*

What may be of significance is to follow the performance of a group of students that has remained largely stable over the course of a period of years (cohort grouping). In the case of the performance tables shown above, the 2010-11 5th graders and the 2013-14 8th graders would represent the sole cohort group.

If the tests remained relatively constant in difficulty and the student group remained relatively stable, it might be plausible to infer that the group of 5<sup>th</sup> graders tested in 2010-11 regressed slightly when they were tested in 2013-14. The exploration of these variables, however, was beyond the scope of this study.

*Note: Performance Summary Tables (Appendix A) will provide more detailed information regarding student performance as well as district comparisons for such performance.*

### ***Neptune City Summary***

The interview with the chief school administrator coupled with an analysis of the available materials (provided by the chief school administrator and taken from the NJ Department of Education's website) indicates that Neptune City is struggling to meet the needs of its students.

This struggle appears related to fiscal issues discussed elsewhere in this study; however, there is little doubt that the financial issues that have faced, and are facing the district, are limiting the district's ability to support programming beyond the basic requirements of the state Thorough and Efficient mandate. This is evidenced by the recent need to add a second question to the annual budget vote in order to restore full time special area teaching positions and extra-curricular activities. Additionally, during the current school year, the district struggled to provide the technology required for the administration of the state's new PARCC assessment.

While the district has been able to avoid significant drops in student performance during these trying fiscal times, student performance continues to lag significantly behind the state averages and also those districts educating students with similar demographics and community resources.

#### ***Neptune Township:***

Materials provided by Neptune Township officials reveal that this school district is designated in district factor group (DFG) "CD" on a New Jersey Department of Education scale that ranges from A-J.

The following statement appears in the District Narrative of the 2013-14 School Performance Report:

The primary mission of the Neptune Township School District is to prepare all students for life in the twenty-first century by encouraging them to recognize that learning is a continuing process. It is with high expectations that all schools foster a strong foundation in academic areas and modern technologies, a positive and varied approach to teaching and learning, an emphasis on critical thinking skills and problem-solving techniques, a respect for and an appreciation of the world, its resources, and its peoples, a sense of responsibility, good citizenship, and accountability, and an involvement by the parents and the community in the learning process.

The R&R consulting team met with the Neptune Township superintendent, David Mooij, the district business administrator, Peter Leonard, and the district assistant superintendent, Bertha Williams-Pullen, on February 19, 2015. It was made clear at this meeting that neither the Neptune City Board of Education nor the Neptune Township Board of Education wished to terminate the current sending/receiving

relationship and that both were very interested in the exploration of options that would best serve the students of both the City and Township schools.

At that meeting we discussed with Mr. Mooij and his staff their experiences with the current sending/receiving relationship between the Township and Neptune City schools. Their summation corroborated the information provided by the Neptune City school leaders, including the fiscal challenges facing the city school district.

Mr. Mooij provided additional information regarding the program options available for all secondary students at the high school including those from Neptune City. We spent little time exploring such programmatic options, as they are available to Neptune City secondary students for as long as there exists a cooperative agreement between the districts.

The R&R team discussed with Mr. Mooij and his staff the current status of the sending/receiving relationship as well as options that might alter and or extend such a relationship. The financial considerations for altering the relationship between the two districts are discussed elsewhere in this study. Therefore, in this section, we will deal exclusively with the programmatic implications of possible changes in the nature of the relationship.

Changes in the nature of the sending/receiving relationship between the City and Township schools would most likely involve different learning experiences for grades preK-8. While it may be useful to look at the various similarities and differences in programming options for students in each district in these grade levels, the most informative information for consideration involves the results of such programming options and the impact they are having on student performance.

It should be noted that, while there are significant goals for students that extend beyond the content areas measured by the commonly used assessments, such goals are less measurable and largely anecdotal in nature. Thus, for the purposes of this study, comparisons will be limited to those measurable performance indicators – i.e., results of the state’s large-scale assessments.

It is further noted that the state’s recently revised and released school performance report offers information about additional areas such as college and career readiness and student growth. As of the current time, the value of data for these two categories of student performance are diminished by (a) the limited number of indicators available for comparison at the PreK-8 grade levels, and (b) the lack of longitudinal data for student growth calculations.

Discussions with Township district leaders indicated that students who have completed the Neptune Township middle school program are presented with greater opportunities for advanced programming than are the students entering the Township schools for the first time at the secondary level.

**Neptune Township Summary Data  
Middle School**

Since the state School Performance Reports are organized by school, there is no table for grades K-8 that might be used for comparison with the performance of the City's Wilson School. The following table represents the performance of Township middle school students. The additional tables have been used to provide grade level band comparisons between the two districts.

<b>Performance Report Overview – Neptune Township</b>			
<b>Performance Area</b>	<b>Peer Group Percentile Rank</b>	<b>Statewide Percentile Rank</b>	<b>Percent of Targets Met</b>
<b>Academic Achievement</b>	<b>18</b>	<b>21</b>	<b>17%</b>
<b>College and Career Readiness</b>	<b>44</b>	<b>34</b>	<b>50%</b>
<b>Student Growth</b>	<b>39</b>	<b>25</b>	<b>100%</b>

<b>Academic Achievement Breakout</b>	
<b>K-5 Schools Average Language Arts – 2013/14</b>	
<b>Performance Level</b>	<b>Percent</b>
<b>Advanced Proficient &amp; Proficient</b>	<b>40%</b>
<b>Partial Proficient</b>	<b>60%</b>

<b>Academic Achievement Breakout</b>	
<b>K-5 Schools Average Math – 2013/14</b>	
<b>Performance Level</b>	<b>Percent</b>
<b>Advanced Proficient &amp; Proficient</b>	<b>63%</b>
<b>Partial Proficient</b>	<b>38%</b>

<b>Academic Achievement Breakout</b>	
<b>Middle School Language Arts - 2013/14</b>	
<b>Performance Level</b>	<b>Percent</b>
<b>Advanced Proficient &amp; Proficient</b>	<b>50%</b>
<b>Partial Proficient</b>	<b>50%</b>

<b>Academic Achievement Breakout</b>	
<b>Middle School Math - 2013/14</b>	
<b>Performance Level</b>	<b>Percent</b>
<b>Advanced Proficient &amp; Proficient</b>	<b>53%</b>
<b>Partial Proficient</b>	<b>47%</b>

### ***Neptune Township Summary***

Performance of students on large-scale standardized assessments tends to reflect the socio-economic status of the community. New Jersey mirrors this national trend and the performance of the K-8 students in Neptune Township follows this pattern as well.

Students in the Township’s K-8 program lag significantly behind their more affluent peers. The most recent School Performance Report indicates that Neptune Township students also lag behind their state designated peer group. As noted earlier in this section, the formula used by the state to determine such peer groups appear open to further discussion and refinement. Consequently, for purposes of this study, we have confined our review and comparisons to the performance of Neptune City and Neptune Township student performance.

Within the Township K-5 schools there appears to be significant variance by school in performance in both Language Arts and Mathematics. The performance at levels of proficient and advanced proficient in Language Arts have ranged from 24% to 54% over the years 2011-12 through 2013-14, with an average proficiency rating of 43%. While levels of performance in Mathematics have been significantly higher, the

range of performance remains considerable (49% to 83%), with an average proficiency rating of 72%.

In the middle school, the percentage of 8<sup>th</sup> grade students scoring at proficient or above in Language Arts has averaged 63% for the past three tested years. In Mathematics, the percentage of 8<sup>th</sup> grade students scoring at proficient or above has averaged 48%.

Based on the trends, it appears that the performance of Language Arts students scoring at proficiency or above has increased as they have moved through the district’s middle school. Conversely, it appears that student performance in Mathematics declined in these same years.

### Comparative Data

The following data relating to student performance highlight the results of instructional programming at two levels, the end of 5<sup>th</sup> grade and the end of 8<sup>th</sup> grade. These grades have been selected because they represent comparison points reflecting the grade configuration of the schools in either the City or Township.

<b>Language Arts Performance – % Proficient and Advanced Proficient 2011-2014</b>		
<b>District</b>	<b>5<sup>th</sup> grade</b>	<b>8<sup>th</sup> grade</b>
<b>City</b>		
2011-12	56	62
2012-13	60	57
2013-14	44	65
<b>Township*</b>		
2011-12	46	67
2012-13	43	57
2013-14	39	66



<b>Mathematics Performance – % Proficient and Advanced Proficient 2011-2014</b>		
<b>District</b>	<b>5<sup>th</sup> grade</b>	<b>8<sup>th</sup> grade</b>
<b>City</b>		
<b>2011-12</b>	<b>78</b>	<b>57</b>
<b>2012-13</b>	<b>71</b>	<b>57</b>
<b>2013-14</b>	<b>49</b>	<b>70</b>
<b>Township*</b>		
<b>2011-12</b>	76	49
<b>2012-13</b>	75	46
<b>2013-14</b>	69	49

\* Note that the percentages used for Township calculations represent an average of the scores from each of the Township schools serving grade 5. The range of performance at these schools is considerable, ranging from a low composite (proficient/advanced proficient) 24% to a high of 54% in Language Arts and a low of 49% to a high of 83% in Math.

In broad brushstrokes, the results appear to indicate the following:

1. In Language Arts, City 5<sup>th</sup> grade students outperform the Township students in the same grade. In years other than 2013-14, 5<sup>th</sup> grade scores of Wilson students are higher than any of the Township schools. In 2013-14, three Township schools scored higher than or tied the Wilson students.
2. In Language Arts, by 8<sup>th</sup> grade the scores of students at the Wilson school and the Township middle school are approximately equal.
3. In Mathematics, 5<sup>th</sup> grade students in both the City and Townships schools score comparably, again with the exception of the Wilson 5<sup>th</sup> graders in 2013-14 who significantly underperformed their peers in the Township's 5<sup>th</sup> grades.
4. In 8<sup>th</sup> grade Mathematics, City students outperform their peers in the Township middle school in all years reported.
5. Performance of City students in the 2013-14 administration of the state test seems inconsistent with the performance in previous years. An additional year's data would be necessary to reveal whether or not this performance indicates a trend or is anomalous.

The following table provides grade level comparisons in each of the middle level grades. They reveal that the gap that exists in student performance between the Neptune City students and the Neptune Township students in the early grades (3-5)

closes significantly during grades 6-8, most specifically by the end of grade 8.

**Student Performance Comparisons \_ Advanced Proficient and Proficient in Language Arts and Mathematics by year (2011-12 thru 2013-14) and by grade**

Content Area by grade	Neptune City 11-12	Neptune Township 11-12	Neptune City 12-13	Neptune Township 12-13	Neptune City 13-14	Neptune Township 13-14
<b>Lang Arts 6</b>	46	63	60	45	60	39
<b>Math 6</b>	74	60	83	63	71	60
<b>Lang Art 7</b>	62	36	54	42	65	45
<b>Math 7</b>	57	40	57	43	70	51
<b>Lang Arts 8</b>	86	67	79	57	63	66
<b>Math 8</b>	74	49	72	46	53	49

*Summary Notes:*

1. While performance in both Language Arts and Math reveals significant differences in performance between districts in the years 2011-12 and 2012-13, these gaps declined markedly in the 2013-14 test administration, showing little difference in performance between City and Township students.
2. As noted above, at least one year of additional data would be useful in determining whether or not this performance represents a longer-term trend.

**Comparative Performance:**

*Grades K-5:*

Historically, as reflected in the results of the New Jersey state assessment program, it appears that the Neptune City students in grades K-5 have outperformed their peers in the Neptune Township schools in the area of Language Arts.

In contrast, in the area of K-5 Mathematics, there appears to be little difference in

performance between Neptune City and Neptune Township students.

**Note:** *As indicated earlier in this section, an exception to this pattern appears in the 2013-14 test administration. In both language Arts and Mathematics, Neptune City students performed at significantly lower levels than in previous years. This may have been an anomaly or may be the result of fiscal pressures experienced by Neptune City as described by the Neptune City Chief School Administrator.*

#### *Grades 6-8:*

By 8<sup>th</sup> grade, the performance of Neptune City students and those attending Neptune Township schools in the area of Language Arts is comparable. Scores from both schools increase, with a greater increase in scores at the Township middle school.

In both City and Township schools there is a trend toward declining levels of proficiency from 5<sup>th</sup> to 8<sup>th</sup> grade. The scores for Neptune City 8<sup>th</sup> graders represent an exception to this trend.

#### **Conclusions:**

If there were no issues of funding threatening the district's ability to adequately resource its students, there appear to be no programmatic advantages to City students for solutions that would move Neptune City students in grades K-5 to other, traditionally lower performing schools. As noted previously, the recent decline in Neptune City 5<sup>th</sup> grade Math scores may contradict this conclusion should this performance be indicative of a new trend in Neptune City student performance in Mathematics.

In grades 6-8, performance in Language Arts is comparable in both the City and Township schools and, therefore, is unlikely to become a factor in any changes in attendance patterns that might result from changes in the current sending/receiving relationship.

Performance in Mathematics in grades 6-8 may be a cause for concern as Neptune City students continue to outperform their peers in the Township middle school. It should also be noted, however, that Math performance at the Wilson School appears to decline significantly in these grades (with noted exception of 2013-14 test administration).

Lastly, *a significant factor* in the program analysis is the indication by Township district leaders that transition issues relating to the integration of Neptune City students may play a role in their reduced representation in advanced programming opportunities. Earlier integration into the Neptune Township school experience may be a significant step in reducing and/or eliminating such concerns.

## Chapter 4 Finance

In this chapter, we look at the financial implications of options available to the Neptune City leadership. These include: Continuation of the current independent status; an alternation of the current sending/receiving relationship with Neptune Township; the creation of a new regional district, which would include both the City and Township schools.

The Board of Education and the administrative team in Neptune City are facing a difficult reality. While there is a strong commitment to the maintenance of the independent, locally governing status of the district, years of shrinking resources, increasing costs and mandates have made this option increasingly less viable.

Recent years have seen a variety of attempts to address these issues. While they have provided stopgap solutions, they have not succeeded in eliminating the root causes of the fiscal issues. Like all organizations, whether they be families, small business, large corporations, etc., school districts have only limited options when faced with ongoing shortfalls and/or needs, which exceed resources. These options are:

- Increase revenue
- Decrease costs
- Restructure debt

In school finance the increase of revenues is made possible only by increasing taxes and/or borrowing money. In the current capped environment, the options for tax increases are limited to the use of second ballot questions. In the case of Neptune City, this approach was used successfully to supplement the 2014-15 operating budget. It is unlikely that this can be a sustainable strategy. The likelihood of having successful, annually recurring second ballot questions is minimal.

An additional approach to increasing district revenues is gaining access to the state's pool of low interest loans (generally associated with the appointment of a state fiscal monitor). While this approach may provide a short-term infusion of additional revenue, it is also accompanied by a repayment schedule, which does little to resolve the longer term causes of insufficient resources. The appointment of a state fiscal monitor also removes decision making from the board.

The legal requirement to comply with the implementation of increasing (and unfunded) state mandates and the costs of contractual obligations, increasing insurance costs, cost implications of delayed maintenance all significantly limit the board's ability to reduce costs. While additional economies may be possible, it appears unlikely that such economies can be sufficient to offset the need for additional revenues.

Last of the approaches involves the restructuring of debt. It appears that a recent refinance has eliminated this option from consideration.

While it may be possible to dramatically reduce costs associated with the daily operation of the district, our analysis reveals that such measures would, most likely, have a significant and negative impact the district’s ability to offer quality programs to the City’s students. Given the relatively low performance levels of the district’s students in recent years (as reflected in state performance reports which indicate that the students are performing below average for both the state and their own peer group schools), it unlikely that the district can absorb the kinds of program reductions required to sufficiently affect its current fiscal issues without further negative impact on program offerings and student learning.

*Given the current restrictions of local support via taxation and the unlikelihood that annual recurring second ballot questions are sustainable as a strategy to supplement local and state funding, it does not appear that the maintenance of Neptune City School District as a separate, independent entity is realistic.*

In the following section, we look at the financial implications of options regarding the relationship of the two districts. The models developed are based on the 2013-14 school year revised budgets.

**Regionalization**

In 2013-14 the total operating budget for Neptune City was \$8,436,662 on which they received State aid in the amount of \$2,145,228. This calculates to 25.4% of the operating budget. Neptune Township’s operating budget was \$76,620,210 with state aid of \$32,832,677. This calculates to 42.851% of the budget.

<b>District Budget and State Aid – 2013/14</b>			
<b>2013-14</b>	<b>Total Operating Budget - 720</b>	<b>State Aid Operating Budget- 520</b>	<b>State Aid Percent of Budget</b>
<b>Neptune City</b>	\$8,436,662	\$2,145,228	25.4%
<b>Neptune Township</b>	\$76,620,210	\$32,832,677	42.851%
<b>Total</b>	\$85,056,872	\$34,977,905	

The state has never funded the current formula for the calculation of state aid, however, it is assumed that should the districts regionalize, the percentage of state aid received would be closer to the same rate as Neptune Township being that it enrolls more than 8.5 times the number of students.

Calculating the amount of state aid at the township rate comes to \$36,447,888, which is \$1,469,983 more than the total of the 2013-14 amounts of the two districts. This was done by multiply the combined total operating budgets of \$85,056,872 by the Township's state aid percentage of 42.851%. The total state aid of the two districts (\$34,977,905) was then subtracted from the estimate of state aid under regionalization (\$36,447,888), which results in an increase of \$1,469,983.

It should be noted here that that the reliance on state aid is an "iffy" issue. If the formula were to put in place **and** fully funded, the variables of wealth and demographics will impact the amount of overall aid, which may not necessarily involve an increase.

Should the district's regionalize, there are a multitude of decisions that need to made. Not the least of which would be how to apportion the tax levy between the two municipalities. The two most common ways are by the percentage of equalized valuation or by the percentage of enrollment. According to the NJDOE, the equalized valuation for 2014 was \$486,110,135 for the City and \$3,468,809,193 for the Township for a total of \$3,954,919,328.

If regionalized and apportionment is based on equalized valuation, the City would be responsible for 12.291278% of the amount to be raised by taxes and the Township would be responsible for 87.70872% of the tax levy. Just looking at the operating budget and assuming no additional expenses or economies, the total tax levies of the two districts minus the estimated additional state aid of \$1,469,983 calculates to \$38,521,059. Multiplying that number by percentages of responsibility would result in a levy of \$4,734,731 in the City and \$33,786,329 in the Township. Reductions in tax levy would be \$619,969 and \$850,013 respectively.

<b>Regionalization Model – State Aid and Tax Impact</b>					
	<b>Equalized Valuation 2014</b>	<b>Percent of Equalized Valuation</b>	<b>Tax Levy on Operating Budget 2013-14</b>	<b>Estimated Tax Levy with Additional State Aid</b>	<b>Reduction in Tax Levy</b>
<b>Neptune City</b>	\$486,110,135	12.291278%	\$5,354,700	\$4,734,731	\$619,969
<b>Neptune Township</b>	\$3,468,809,193	87.70872%	\$34,636,342	\$33,786,329	\$850,013
<b>Total</b>	\$3,954,919,328	100%	\$39,991,042	\$38,521,059	\$1,469,983
<b>Estimated Additional State Aid</b>			\$1,469,983		
<b>Estimated Regional Tax Levy</b>			38,521,059		

According to the NJDOE, the October 2014 ASSA enrollment was 597 for the City and 3872 for the Township for a total of 4469. If regionalized and apportionment is based on enrollment, the City would be responsible for 13.35869% of the amount to be raised by taxes and the Township would be responsible for 86.64131% of the tax levy.

Just looking at the operating budget and assuming no additional expenses or economies, the total tax levies of the two districts minus the estimated additional state aid of \$1,469,983 calculates to \$38,521,059. Multiplying that number by percentages of responsibility would result in a levy of \$5,145,910 in the City and \$33,375,149 in the Township. Reductions in tax levy would be \$208,790, \$1,261,193 respectively.

## Estimated Enrollment Impact on State Aid and Tax Levy

	October 2014 ASSA Enrollment	Percent of Enrollment	Tax Levy on Operating Budget 2013-14	Estimated Tax Levy with Additional State Aid	Reduction in Tax Levy
<b>Neptune City</b>	597	13.35869%	\$5,354,700	\$5,145,910	\$208,790
<b>Neptune Township</b>	3872	86.64131%	\$34,636,342	\$33,375,149	\$1,261,193
<b>Total</b>	4469	100%	\$39,991,042	\$38,521,059	\$1,469,983
<b>Estimated Additional State Aid</b>			\$1,469,983		
<b>Estimated Regional Tax Levy</b>			38,521,059		

It should also be pointed out that there has been some funding available in the past in the state's budget to reimburse districts that form a regional for about 20% of the costs associated with forming the regional.

There are a number of caveats about the above analyses. The assumption just of adding the two district budgets together is most likely not the way it would work. The actual budget would be based on decisions made by the regional board of education. There would be economies that would result in the elimination of duplication. For example the new district would only require one superintendent and one business official. If the new board opts to retain Wilson school, it would still need a principal.

The salaries of the City teachers would have to be brought up to the level of those of the Township. However, should the board decide to send the 6-8 students to Neptune Middle School, there would most likely be some staff reductions that would offset the additional expense. There is also the question of debt service. The City has some Debt Service obligations here but the Township doesn't.

There is also the matter of preschool. It appears that the combined districts' low-income rate would put them over the 40% low-income requirement that triggers universal preschool. According to 2013 enrollment data, Neptune City's rate was



almost 41% and the Township rate was 59%. The Township received \$6,038,520 in state aid for this service in 2013-14. If the districts are regionalized, the aid would most likely increase to accommodate the City's preschoolers.

It is also important to point out that the actual tax levies to be applied are based on the calendar year while school budgets are funded on a July through June fiscal year. Therefore, the actual levels are calculated based on portions of two consecutive school years.

*There is no substantial negative impact on either district that would result from a full regionalization. In fact, depending on decisions to be made by the regional board, the taxpayers in both communities could enjoy tax reductions stemming from increased state aid and the reduction of duplication of services.*

**Expand the Sending/Receiving Relationship**

*Expand the sending/receiving relationship to include the Neptune City students from grades 6-8 in the Neptune Middle School.*

The 2013-14 estimated tuition rate for middle school students found on Neptune Township's A4-1 report is \$11,000 per pupil. The number of 6-8 graders in Neptune City that year was 99. Therefore, the additional tuition that the city would have to pay the Township would be \$1,089,000. Of course, through negotiations, this amount could be lowered, but it appears to already be a discounted rate.

Even with the savings that would result from the reduction of the teachers responsible for these grades in the City, the cost of this action appears to be prohibitive. Therefore, increasing the sending/receiving relationship between the two districts to include grade 6-8 appears to be financially prohibitive unless the Township provides a deep discount.

*Expand the Sending/Receiving Relationship to include Grades K- through 12.*

According to the 2013-14 A4-1 Report for 2013-14, the costs per pupil and the estimated tuition rates for Neptune Township were:

<b>Grade Levels</b>	<b>Cost per Pupil</b>	<b>Estimated Tuition</b>
<b>Pre-School-K</b>	10,713	10,000
<b>Grades 1-5</b>	14,694	11,000
<b>Grades 6-8</b>	14,736	11,000
<b>Grades 9-12</b>	13,461	11,700

The number of regular Neptune City students on roll in 2013-13 is presented below, broken down by tuition category. These enrollments are then multiplied by the Neptune Township discounted rate to get the total projected tuition costs for regular students.

<b>Grade Levels</b>	<b>Neptune City Enrollment</b>	<b>Tuition</b>	<b>Tuition Costs</b>
<b>Pre-School-K</b>	39	10,000	390,000
<b>Grades 1-5</b>	189	11,000	2,079,000
<b>Grades 6-8</b>	101	11,000	1,111,000
<b>Grades 9-12</b>	150	11,700	1,755,000
<b>Totals</b>	479		5,335,000

Tuition costs for special education students are higher. Without knowing the classification of each student, we used an average tuition rate of \$26,456 based on Neptune Townships A4-2 report. The breakdown of these projected estimated costs are calculated in the table below.

<b>Grade Levels</b>	<b>Neptune City Spec Ed Enrollments</b>	<b>Estimated Tuition</b>	<b>Tuition Costs</b>
<b>Pre-School-K</b>	6	10,000	156,736
<b>Grades 1-5</b>	42	11,000	1,111,152
<b>Grades 6-8</b>	19	11,000	502,664
<b>Grades 9-12</b>	35	11,700	925,960
<b>Totals</b>	102		2,698,512

Totaling the special education and regular projected tuition costs for a K-12 sending/receiving relationship in this model equals \$8,033,512. Not included in the above tuition costs are the amounts paid to other districts or private schools for 17 additional special education students. We estimate that would add another \$450,000 to \$500,000.

There would also be other costs associated with maintaining Neptune City as a non-operating school district. Not the least of which would be debt service still owed on the Wilson School at the rate of approximately \$700,000 per year until the 2026-27 school year.

There is also the question of fit. We were able to establish that the additional City students would fit into the middle school. According to the Long Range Facility Plan Amendment filed with the NJDOE on December 16, 2013, the Township has a surplus capacity at grades K-5 of 245 students. The current K-5 enrollment of regular students at the elementary level is 205 along with a special education

population of 45. This essentially would result in the district being over capacity at the K-5 level. Of course, some arrangement could be made to keep the Wilson School open, but this will add to the budget and increase the tuition rate.

The addition of grades K-5 to the existing sending/relationship could be costly and although there would be some representation on the Township Board, the City would basically lose a good deal of control.

*The addition of the K-8 City students to the Township School District in a new sending/receiving relationship would increase the expenditures of that district and would have to be calculated into the formula to calculate a new tuition rate. We want to emphasize again that the rates used for the above calculations have been discounted by the Township Board of Education. The Township does not have to continue to do that.*

## **Chapter 5 Summary and Conclusions**

This study was commissioned in order to evaluate options relating to the future of the current sending/receiving relationship agreement between the board of education of Neptune City and Neptune Township. As indicated in the introduction to this report, the study focused on the analysis of four major factors affecting the decisions regarding the organization of the Neptune City School District and ways in which these factors might affect the continuation and/or alteration of the current relationship between the two districts.

These factors are:

- Impact of enrollment considerations
- Impact on ethnic, racial, and gender balance
- Impact of programmatic considerations
- Impact of fiscal considerations

*The details provided in the chapters dealing with each of these factors may be summarized as follows:*

### ***Enrollment Considerations –***

It is estimated that there will be a decrease in overall enrollment for Neptune City of 55 students over the next 5 years. During this same period there will be an increase of approximately 125 students.

When the estimated enrollments are combined, a portion of the increase in the Township is offset by the decrease from the City. The result is an overall increase of 70 students, which calculates to 1.5%.

There would be no significant negative impact to either district due to enrollment should the districts reach some accommodation to either consolidate or expand their current sending receiving relationship.

### ***Ethnic Consideration –***

The minority population in the combined district would be 74.6%, which is 2.4 percentage points less than that of Neptune Township.

The addition of the City's 6-8<sup>th</sup> graders would reduce the minority population at the Township Middle School from 79.2% to 74.7%.

Full regionalization or increasing the sending/receiving relationship to include grades 6-8 would not result in a significant negative impact for the students of the

City of Neptune and those of Neptune Township in the area of race, ethnicity or gender.

### ***Programmatic Considerations –***

While the district has been able to avoid significant drops in students performance during these trying fiscal times, student performance continues to lag significantly behind the state averages and also the districts educating students with similar demographics and community resources.

Historically, as reflected in the results of the New Jersey state assessment program, it appears that the Neptune City students in grades K-5 have outperformed their peers in the Neptune Township schools in the area of Language Arts.

In contrast, in the area of K-5 Mathematics, there appears to be little difference in performance between Neptune City and Neptune Township students.

School configuration patterns are different in each district. State reports provide data for the City's K-8 program as a composite report, while due to differing grade level configurations, such comparative data are not reported by the state. For the purposes of this study, however, we were able to break out 8<sup>th</sup> grade scores to assess the levels of student performance at the end of their K-8 experiences in each district.

While performance in both Language Arts and Math reveals significant differences in performance between districts in the years 2011-12 and 2012-13, these gaps declined markedly in the 2013-14 test administration in grade 8, showing little difference in performance between City and Township students at that grade.

### ***Fiscal Considerations –***

As noted in the body of the report for Fiscal Considerations, the study looked at three options:

1. Maintain the district in its current configuration
2. Expand the current sending/receiving relationship with Neptune Township;
3. Explore the creation of a new regional district.

Recognizing the board's commitment to maintaining Neptune City as an independent K-8 district, our initial exploration involved the fiscal issues and challenges, which would impact on this goal. Although a number of options for addressing the fiscal challenges facing the district have been explored, *there appear to be extremely limited options for the continuation in its current form.*

Additionally, the study then explored two models for consideration:

1. The expansion of the current sending/receiving relationship to a 6-12 relationship, with City students attending the Township Middle School, and,
2. Full regionalization.

Re: expansion of the current sending/receiving relationship to include grades 6-8, although it is likely that savings that would result from the reduction of the teachers responsible for these grades in the City, the cost of this action appears to be prohibitive.

There appears to be no substantial negative impact on either district that would result from a full regionalization. In fact, depending on decisions to be made by the regional board, there are scenarios in which taxpayers in both communities could enjoy tax reductions stemming from increased state aid and the reduction of duplication of services.

Calculations of estimated tax impact are, at best, conjectural, as the currently available data (2013-14) would provide insufficient guidance for the calculation of meaningful estimates at this time. Should the board wish to explore the regionalization option, a study of tax impact at the time of regionalization completion might be desirable.

*The analysis of data from each of the key factors lead quite conclusively to the following conclusions:*

1. The possibilities for maintaining Neptune City as a fiscally viable and independent district are severely limited.
2. Impact of reallocated enrollments will have no significant impact on the facilities utilization of the schools in either district.
3. Both districts struggle academically to meet the state's standards for such performance. Differences in student performance appear to be decreasing as fiscal and economic challenges within the district continue to mount for the City's school.

*Recommendations:*

1. Since there appear to be fiscal hurdles to simply expanding the sending/receiving relationship to include grades 6-8, combined with significant access to cost-offsetting state aid, the City Board of Education should move to establish a new regional district with Neptune Township.
2. The Neptune City Board should share this report with the administration and the Neptune Township Board.
3. The two Boards and administrations should meet and discuss the report to ascertain if there is interest in moving forward.
4. If there is interest, the Boards should notify the NJDOE about their interest and solicit their assistance in completing a regionalization study.
5. Should the board wish to exhaust all possible options for maintaining

Neptune City as an independent school district, the board might explore the conditions under which the state would appoint a fiscal monitor. While this might advance this outcome, it would also likely involve significant loss of local control and could, quite possibly, result in a recommendation to cease to operate as a K-8 district.

## Appendix A

### District Summary of student performance:

Because the NJ School Performance Report is organized by school, we have included the results here for each of the Township schools serving students in grades K-8. The initial charts report Middle School performance. Subsequent Charts are labeled by the elementary school name.

### Performance Report Overview - Neptune Township Middle School

Performance Area	Peer Group Percentile Rank	Statewide Percentile	Percent of Targets Met
Academic Achievement	18	21	17%
College and Career Readiness	44	34	50%
Student Growth	39	25	100%

- Very High Performance is defined as being equal to or above the 80th percentile.
- High Performance is defined as being between the 60th and 79.9th percentiles.
- Average Performance is defined as being between the 40th and 59.9th percentiles.
- Lagging Performance is defined as being between the 20th and 39.9th percentiles.
- Significantly Lagging Performance is defined as being equal to or below the 19.9th percentile.

**NOTE:** A statewide percentile rank of 21 indicates that this school outperformed 21% of the schools in the state.



### Academic Achievement Breakout

Content Area	State Percentile Rank
Language Arts	24
Math	17

### Academic Trends Language Arts - 2013-2014

Performance Level	Percent
Advanced	2%
Proficient	48%
Partial Proficient	49%

### Academic Trends Mathematics 2013-2014

Performance Level	Percent
Advanced	13%
Proficient	40%
Partial Proficient	47%

**Neptune Township Performance Report Overview – Summerfield**

Performance Area	Peer Group Percentile Rank	Statewide Percentile	Percent of Targets Met
Academic Achievement	20	16	75%
College and Career Readiness	42	22	0%
Student Growth	42	32	100%

- Very High Performance is defined as being equal to or above the 80th percentile.
- High Performance is defined as being between the 60th and 79.9th percentiles.
- Average Performance is defined as being between the 40th and 59.9th percentiles.
- Lagging Performance is defined as being between the 20th and 39.9th percentiles.
- Significantly Lagging Performance is defined as being equal to or below the 19.9th percentile.

**NOTE:** A statewide percentile rank of 21 indicates that this school outperformed 21% of the schools in the state.

**Academic Achievement Breakout**

Content Area	State Percentile Rank
Language Arts	19
Math	13

**Academic Trends  
Language Arts – 2013-2014**

Performance Level	Percent
Advanced	4%
Proficient	47%
Partial Proficient	49%

**Academic Trends  
Mathematics 2013-2014**

<b>Performance Level</b>	<b>Percent</b>
Advanced	20%
Proficient	
Proficient	42%
Partial Proficient	38%

**Neptune Township Performance Report Overview – Shark River Hills**

Performance Area	Peer Group Percentile Rank	Statewide Percentile	Percent of Targets Met
Academic Achievement	<b>28</b>	19	25%
College and Career Readiness	<b>23</b>	14	0%
Student Growth	<b>20</b>	11	100%

- Very High Performance is defined as being equal to or above the 80th percentile.
- High Performance is defined as being between the 60th and 79.9th percentiles.
- Average Performance is defined as being between the 40th and 59.9th percentiles.
- Lagging Performance is defined as being between the 20th and 39.9th percentiles.
- Significantly Lagging Performance is defined as being equal to or below the 19.9th percentile.

**NOTE:** A statewide percentile rank of 19 indicates that this school outperformed 19% of the schools in the state.

Content Area	State Percentile Rank
Language Arts	17
Math	20

**Academic Achievement Breakout**

**Academic Trends  
Language Arts – 2013-2014**

Performance Level	Percent
Advanced Proficient	1%
Proficient	48%
Partial Proficient	51%

**Academic Trends  
Mathematics 2013-2014**

<b>Performance Level</b>	<b>Percent</b>
Advanced Proficient	35%
Proficient	34%
Partial Proficient	31%

## Neptune Township Performance Report Overview – Gables

Performance Area	Peer Group Percentile Rank	Statewide Percentile	Percent of Targets Met
Academic Achievement	25	14	0%
College and Career Readiness	55	27	0%
Student Growth	49	31	100%

- Very High Performance is defined as being equal to or above the 80th percentile.
- High Performance is defined as being between the 60th and 79.9th percentiles.
- Average Performance is defined as being between the 40th and 59.9th percentiles.
- Lagging Performance is defined as being between the 20th and 39.9th percentiles.
- Significantly Lagging Performance is defined as being equal to or below the 19.9th percentile.

Content Area	State Percentile Rank
Language Arts	9
Math	18

### Academic Achievement Breakout

#### Academic Trends Language Arts – 2013-2014

Performance Level	Percent
Advanced	0%
Proficient	39%
Partial Proficient	61%

**Academic Trends  
Mathematics 2013-2014**

<b>Performance Level</b>	<b>Percent</b>
Advanced	22%
Proficient	44%
Partial Proficient	33%

## Neptune Township Performance Report Overview – Green Grove

Performance Area	Peer Group Percentile Rank	Statewide Percentile	Percent of Targets Met
Academic Achievement	4	5	0%
College and Career Readiness	32	15	0%
Student Growth	84	51	100%

- Very High Performance is defined as being equal to or above the 80th percentile.
- High Performance is defined as being between the 60th and 79.9th percentiles.
- Average Performance is defined as being between the 40th and 59.9th percentiles.
- Lagging Performance is defined as being between the 20th and 39.9th percentiles.
- Significantly Lagging Performance is defined as being equal to or below the 19.9th percentile.

Content Area	State Percentile Rank
Language Arts	5
Math	4

### Academic Achievement Breakout

#### Academic Trends Language Arts – 2013-2014

Performance Level	Percent
Advanced	0%
Proficient	30%
Partial Proficient	70%



**Academic Trends  
Mathematics 2013-2014**

<b>Performance Level</b>	<b>Percent</b>
Advanced Proficient	8%
Proficient	38%
Partial Proficient	54%

## Neptune Township Performance Report Overview – Midtown Community

Performance Area	Peer Group Percentile Rank	Statewide Percentile	Percent of Targets Met
Academic Achievement	51	12	30%
College and Career Readiness	48	20	0%
Student Growth	59	35	100%

- Very High Performance is defined as being equal to or above the 80th percentile.
- High Performance is defined as being between the 60th and 79.9th percentiles.
- Average Performance is defined as being between the 40th and 59.9th percentiles.
- Lagging Performance is defined as being between the 20th and 39.9th percentiles.
- Significantly Lagging Performance is defined as being equal to or below the 19.9th percentile.

Content Area	State Percentile Rank
Language Arts	10
Math	13

### Academic Achievement Breakout

#### Academic Trends Language Arts – 2013-2014

Performance Level	Percent
Advanced	1%
Proficient	39%
Partial Proficient	60%

**Academic Trends  
Mathematics 2013-2014**

<b>Performance Level</b>	<b>Percent</b>
Advanced	21%
Proficient	42%
Partial Proficient	38%

**Neptune Township Summary Data**

**Academic Achievement Breakout**

**K-5 Schools Average**

**Academic Trends  
Language Arts – 2013-2014**

Performance Level	Percent
Advanced Proficient & Proficient	40%
Partial Proficient	60%

**Academic Trends  
Mathematics 2013-2014**

Performance Level	Percent
Advanced Proficient & Proficient	63%
Partial Proficient	38%

**Academic Achievement Breakout**

**Middle School**

**Language Arts – 2013-2014**

Performance Level	Percent
Advanced Proficient & Proficient	50%
Partial Proficient	50%

**Academic Trends  
Mathematics 2013-2014**

Performance Level	Percent
Advanced Proficient & Proficient	53%
Partial Proficient	47%

### Performance Report Overview – Neptune City

Performance Area	Peer Group Percentile Rank	Statewide Percentile	Percent of Targets Met
Academic Achievement	14	28	33%
College and Career Readiness	60	65	50%
Student Growth	49	46	100%

- Very High Performance is defined as being equal to or above the 80th percentile.
- High Performance is defined as being between the 60th and 79.9th percentiles.
- Average Performance is defined as being between the 40th and 59.9th percentiles.
- Lagging Performance is defined as being between the 20th and 39.9th percentiles.
- Significantly Lagging Performance is defined as being equal to or below the 19.9th percentile.

**NOTE:** A statewide percentile rank of 28 indicates that this school outperformed 28% of the schools in the state.

### Academic Achievement Breakout

Content Area	State Percentile Rank
Language Arts	30
Math	25

### Academic Trends Language Arts – 2013-2014

Performance Level	Percent
Advanced	2%
Proficient	56%
Partial Proficient	42%

**Academic Trends  
Mathematics 2013-2014**

<b>Performance Level</b>	<b>Percent</b>
Advanced	17%
Proficient	
Proficient	45%
Partial Proficient	38%