

Government that Works!

NEW JERSEY DEPARTMENT OF THE TREASURY

LOCAL GOVERNMENT BUDGET REVIEW

SOMERVILLE SCHOOL DISTRICT

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GOVERNMENT THAT WORKS

OPPORTUNITIES FOR CHANGE

The Report of the Somerville School District

New Jerseyans deserve the best government their tax dollars can provide. Governor Whitman is committed to making State Government leaner, smarter and more responsive by bringing a common sense approach to the way government does business. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board. Government on all levels must stop thinking that money is the solution to their problems and start examining how they spend the money they now have. It is time for government to do something different.

Of major concern is the rising cost of local government. There is no doubt that local government costs and the property taxes that pay for them have been rising steadily over the past decade. Prior to Governor Whitman's taking office in 1994, the State had never worked as closely with towns to examine what is behind those costs. That is why she created the Local Government Budget Review (LGBR) program. Its mission is simple: to help local governments and school boards find savings and efficiencies without compromising the delivery of services to the public.

The LGBR utilizes an innovative approach combining the expertise of professionals primarily from the Departments of Treasury, Community Affairs and Education with team leaders who are experienced local government managers. In effect, it gives local governments a comprehensive management review and consulting service at no local expense. To find those "cost drivers" in local government, teams review all aspects of local government operation, looking for ways to improve efficiency and reduce costs.

In addition, teams will also document those State regulations and mandates which place burdens on local governments without value added benefits and suggest, on behalf of local officials, which ones should be modified or eliminated. Teams also look for "best practices" and innovative ideas that deserve recognition and that other communities may want to emulate.

Based upon the dramatic success of the program and the number of requests for review services, in July, 1997, Governor Whitman ordered the expansion of the program tripling its number of teams in an effort to reach more communities and school districts. The ultimate goal is to provide assistance to local government that results in meaningful property tax relief to the citizens of New Jersey.

THE REVIEW PROCESS

In order for a town, county or school district to participate in the Local Government Budget Review program, a majority of the elected officials must request the help of the review team through a resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the Review team, and agree to an open public presentation and discussion of the review team's findings and recommendations.

As part of the review of the Somerville School District, the team reviewed various documents including budget statements, audit reports, annual financial statements (CAFR), collective bargaining agreements, various reports to the State, payroll records, personnel contracts and files, vendor and account analyses, board policies and meeting agendas and minutes, long range plans and numerous other documents. The Review team physically visited all school sites and the central offices and observed work procedures throughout the system. Team members observed board of education meetings and other meetings during the term of its fieldwork as well.

The review team members interviewed board of education members, central office and school administrators, supervisors, teachers, district employees, parents, association officers, local appointed officials, county and state education personnel and community members. The review team received full cooperation from the superintendent and district staff members, elected officials, community members and others interviewed. That cooperation and assistance was testament to the willingness on the part of most individuals to embrace recommendations for change. Those officials and employees who remain skeptical of the need for change or improvement will present a significant challenge for those committed to embracing the recommendations outlined in this report.

Where possible, the potential financial impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget or the tax rate. In particular, the productivity enhancement values identified in this report do not necessarily reflect actual cash dollars to the district but do represent the cost of the school system's current operations and an opportunity to define the value of improving upon such operations. The estimates have been developed in an effort to provide an indication of the potential magnitude of each issue and the savings, productivity enhancement, or cost. We recognize that all of these recommendations cannot be accomplished immediately and that some of the savings will occur only in the first year. Many of these suggestions will require negotiations through the collective bargaining process. We believe, however, that these estimates are conservative and achievable.

COMMUNITY OVERVIEW

Somerville, with a 1996 estimated population of 11,705, is located in central New Jersey at the intersections of routes 22, 202, and 206 at about midway between New York City and the Pennsylvania border. Interstate Route 287 is also conveniently located nearby. Somerville is adjacent to Bridgewater and Hillsborough Townships and the Boroughs of Raritan and Manville. A number of Fortune 500 corporations, including AT&T, Hoechst Celanese, Hoffman-La Roche, and Johnson & Johnson companies Ethicon and Ortho Pharmaceutical, have facilities in nearby communities.

The area known as Somerville was purchased in 1683 from the Lenape Indians for 120 pounds sterling. Officially, the village of 44 structures was part of Bridgewater Township, which had been formed by letters patent from King George II in 1749, when it was named Somerville in 1810. Prior to the railroad coming to Somerville in 1841, the town was a main stop for stagecoaches going between Newark and Philadelphia.

Somerville, as the Somerset County seat, is the site of a number of county governmental entities, historical sites, theater groups, botanical gardens and is in close proximity to the Raritan Valley Community College. Somerville combines a small town atmosphere with a somewhat urban setting, which provides the community and schools with a wide variety of music, art, recreational, cultural and educational opportunities. The Pocono Mountains, the New Jersey Shore and New York City are located about an hour away in travel time by car. Today, Somerville is well known for the "Tour of Somerville", a Memorial Day bicycle race which draws thousands of visitors from around the county.

Somerville has 4,928 persons per square mile, which includes 9,433 whites, 1,390 blacks, 17 American Indians, 446 Asian/Pacific Islanders, and 346 others, with 941 persons of Hispanic origin. The per capita income in 1989 was \$17,804, the median family income was \$48,367 and there were 644 persons in poverty. Educational attainment included 1,987 college graduates and beyond, 2,387 high school graduates, and 760 persons with 0-8 years of school.

In 1996, real property valuations were about 30% commercial and industrial and 70% residential and apartments. The medial value of a single family home was \$160,900 and the median rent was \$616. As the county seat, Somerville has a significant amount of governmental, hospital, and religious property that is non-taxable.

**LOCAL GOVERNMENT BUDGET REVIEW
EXECUTIVE SUMMARY
SOMERVILLE SCHOOL DISTRICT**

The Local Government Budget Review (LGBR) unit of the New Jersey Department of Treasury conducted an extensive study of the Somerville School District in response to a request of the Somerville Board of Education. Some 29 areas were reviewed resulting in cost savings and/or managerial reform. Ten areas were recognized as best practices along with other commendations cited in the findings. The following is an executive summary of the findings and recommendations and dollar savings, as appropriate:

1. Comparative Analyses

Four comparable school districts were selected for statistical data to make many of the recommendations contained in this report. Information from other bench marking sources, such as NJ Department of Education publications, was also utilized.

2. Board Superintendent

Somerville school officials were commended for the cooperative and productive relationship, which has been established and maintained between the board of education and superintendent. Board expenses were found to be reasonable; however, staff travel reimbursement should be based upon a mileage or other accurate cost basis rather than on a monthly travel allowance.

3. Legal Fees

The district should consider arranging a formal contract with a legal firm for basic legal services, which contains a specified retainer fee for other identified services. The district should use a case management technique to record the number of legal hour costs incurred for litigation, grievances, etc.

4. Auditor Fees

The district auditing costs were relatively high; therefore, the district should seek “requests for proposals” to promote competition from several accounting firms and enter into a formal written agreement to specify the nature of the services to be provided with a potential cost savings of \$3,000.

5. Administration

Administrative staffing in the Somerville Middle School with both a principal and assistant principal was found to be expensive relative to the current student population and other bench marks, with a potential future cost saving of \$50,000 to \$100,000.

6. Instruction

The Somerville Middle School has a teacher/student ratio of one teacher for 9.8 students. District officials should consider examining the Middle School schedule of classes and course offerings to establish more reasonable class sizes and more efficient staff utilization and school operation with a potential cost savings of \$237,000.

7. Basic Skills

The district has made significant improvement in its scores on the eighth grade early warning test (EWT). The district could consider negotiating a swing schedule to permit before and after school basic skills instruction on an extended-day basis, similar to band instruction.

8. Bilingual/English-as-Second Language (ESL)

A total of 77 students are receiving service through the Bilingual/ESL program. Almost all of the students successfully exited the program within three years, and most did so after two years.

9. Instructional Support

The district should evaluate the adequacy of the staffing for student counseling in Van Derveer and Central Schools and the basic book collections in the respective school libraries.

High school guidance counselors now receive extra payment for meeting with incoming freshmen and their parents on two Saturdays. By scheduling at least half of these parents during school hours, there would be a \$1,150 cost savings.

The district should consider obtaining proposals relative to the provision of medical services. Since the school physicians frequently perform sports physicals under contract in other school systems, there is a potential cost saving of \$1,500.

The district is commended for providing many opportunities for parental involvement and for recognizing the importance of parental support and community resources for student learning.

10. Technology

The district participation in the county interactive television network and other distance learning initiatives is commended. The district will need to budget adequate resources to implement the technology plan by upgrading computer hardware, software and networking on an ongoing basis.

The district should also consider the added efficiencies of computer software grading and lesson plan preparation packages at a value-added cost of \$2,000 to \$5,000.

11. Administrative Use of Technology

The district should consider an upgrade in staff training in the use of the business office software and other business software programs at a cost of about \$5,000.

12. Communications/Telephone

Since the telephone expenses are relatively high, the district should consider contacting a telephone services company to conduct an audit to explore options for cost savings. The district should also collect employee personal telephone call costs and implement a telephone directory software program with a potential savings of \$687.

13. Photocopiers

The district should consider utilizing the state contract to be billed on a per copy basis in those locations where the number of copies is less than 100,000 per month, with a potential savings of \$59,000.

14. Insurance

The district should establish a safety committee and consider a joint insurance fund for both workers' compensation and property and casualty insurance for a cost savings of \$15,000.

15. Purchasing

The district should continue to utilize a combination of state contracts and local vendor quotes to ensure that the best price for the stated quality is received. The business office should implement full computerization of the requisitioning, purchase order, encumbrance, receipt and payment processes, including system network links among all buildings.

16. Fixed Assets

The district uses a computer software program to generate an asset list, which is updated and reported annually to the insurance company.

17. Surplus

With a current surplus fund balance of about 1% and a number of old school buildings, the district should have a plan to determine the level of surplus balance, perhaps 3% to 5% of budget, needed for cash flow, emergency building repairs, etc.

18. Cash Management

The district should enter into a formal written agreement with the bank(s) and periodically review its banking and cash investment program to ensure the best opportunities for services and interest earnings.

19. Facilities

The district revised proposal for a \$14.9 million bond issue to finance construction and/or renovation at the High School, Middle School, and Van Derveer School should meet district building needs for a decade or more and should result in reduced annual maintenance expenses. An important element in the building proposal is the demolition of the substandard and outdated Central School, which is located on an inadequate site and has sections built in 1897 through 1930.

20. Operating and Maintenance Expenses

The district provides custodial services within the cost per square foot expected by pertinent standard benchmarks. While building maintenance costs are above average, when consideration is given for the ages and conditions of some of the buildings, the expenses are both necessary and reasonable.

21. Energy Management

With the exception of the inefficient heating and ventilating (HVAC) in the Central School HVAC, the district has an effective energy management system.

22. Food Services

The privatized food service program has experienced an improvement to show some profit under the new management company, however, there is a need to increase the fund balance to cover any future emergency costs.

23. Special Education (SE)

Under state guidelines, the district can reduce the number of teacher assistants in self-contained special education classes by seven, thereby saving \$196,421. Two communications handicapped (CH) classes with a total enrollment of ten students can be combined for savings of \$42,240. In addition, there are available seats for out-of district SE students, which would produce \$195,520 in enhanced revenue. Total cost savings and revenue enhancement = \$434,181.

24. Extra Curricular

The district offers a wide array of athletic and other extra-curricular activities for high school and middle school students. The costs for the athletic trainer's salary and coaching stipends are relatively high; therefore, the district should consider cost savings of \$54,800 in this area.

25. Transportation

The district does not provide regular transportation to and from school, as students do not live outside of the legislated distance from local public schools. In view of auto congestion at Van Derveer School, the district should consider surveying parents regarding paid subscription busing. If two more coaches each season are encouraged to drive buses for away sports events, the district would save about \$1,800 per year.

26. Collective Bargaining

A review of the negotiated agreement revealed a number of provisions, including second shift differential, Black Seal license, longevity payments and additional sick leave that should be considered for elimination or alteration in future negotiations at potential savings of \$187,356 to \$227,372.

27. Administrative Agreement

The review team found the grantsmanship merit incentive to be a commendable practice, which has resulted in receipt of some important grants for the school district.

The district practice of paying for up to one week of unused vacation days annually was found to be viewed as an "entitlement" rather than an occasional work-related necessity, with a potential cost savings of \$12,000 to \$15,000. District policy or agreement should limit the number of vacation days that can be carried forward from year to year.

Limiting tuition reimbursement to six credits per semester or summer session would produce a cost saving of \$3,000 or more.

28. Health Insurance

Consideration should be given to negotiating employee co-pay arrangements for both health and dental insurance and lower district costs for generic and name brand substitution prescriptions with a total potential cost savings of \$332,050 to \$506,350.

29. Shared Services

The district is commended for the initiatives taken in identifying and implementing shared services with business and institutional organizations. The review team endorses the concept of sharing resources and recommends that the district pursue additional areas where services can be shared

on a cost-effective basis. The district should take full advantage of the resources of the Somerset Alliance for the Future and the Borough Council liaison in this continuing effort.

<u>Areas Involving Monetary Savings</u>	<u>Onetime Savings/Expense</u>	<u>Annual Savings/Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
Auditor Fees				
Seek RFPs for Competitive Fees			\$3,000	\$3,000
Administration				
Reduction of One School Administrative Position		\$50,000	\$100,000	\$50,000
Instruction				
Reorganize Middle School Class Schedule			\$237,000	\$237,000
Instructional Support				
Schedule Parent Mtgs. During School Hours			\$1,150	
Establish Contracts for Medical Services			\$1,500	\$2,650
Technology				
Purchase Software for Grading & Lesson Plan	(\$2,000)	(\$5,000)		
Provide Training on Use of Business Software		(\$5,000)		
Eliminate Directory Assistance Charges			\$687	
Utilize the State's Cost Per Copy Contract			\$59,000	\$49,687
Insurance				
Solicit Bids for School Oriented Insurance Funds			\$15,000	\$15,000
Special Education				
Invite SE Students from Other Districts			\$195,520	

Combine CH Classes in Van Derveer School	\$42,240		
Reduce SE Teacher Assistants by Seven	\$196,421		
			\$434,181
Extra Curricular			
Contract Out for Athletic Trainer Services	\$34,000		
Reduce Extra-Curricular Costs by 8%	\$20,800		
Establish Flat Hourly Rate for Police Services	\$3,500		
			\$58,300
Transportation			
Have Coaches Drive Buses for Away Athletic Events	\$1,800		
			\$1,800
Education Association Agreement			
Utilize State Statute for Ten-Day Paid Leave		\$2,100	
Eliminate Compensation for Second Shift Pay Differential		\$28,492	
Eliminate Additional Compensation for Black Seal License	\$9,900	\$13,200	
Eliminate or Reduce Longevity Payments	\$146,864	\$183,580	
			\$187,356
Administrative Agreement			
Limit Number of Accumulated Vacation Days	\$12,000	\$15,000	
Negotiate to Limit Tuition Reimbursement		\$3,000	
			\$15,000
Health Benefits			
Renegotiate Health Insurance Coverage	\$152,132	\$286,068	
Replace Traditional Plan w/Preferred Provider Option		\$71,336	
Change Co-Pay in Dental Program		\$91,010	
Change Deductible in Prescription Program		\$20,741	

Establish "Other Than Generic" Prescription Program		\$21,151	\$27,195	
Reduce Length of Prescription Renewal		\$2,680	\$10,000	
				<i>\$359,050</i>
Total Recommended Savings	(\$10,000)	\$861,618	\$561,406	\$851,618

* \$561,406 not included in savings of \$851,618.

Total Amount Raised for School Tax (FY97)				\$12,232,853
Savings as a % of School Tax				7.0%
Total Budget (FY97)				\$18,673,212
Savings as a % of Budget				4.6%
Total State Aid (FY97)				\$2,247,465
Savings as a % of State Aid				37.9%

Admin.	\$50,000	
Instruction	\$237,000	
Special Ed.	\$434,181	
Extra Curricular	\$58,300	
Other	\$72,137	
Negotiable Savings	\$562,106	
Budget	\$17,821,594	\$18,673,212
Savings	\$851,618	-\$851,618
		\$17,821,594

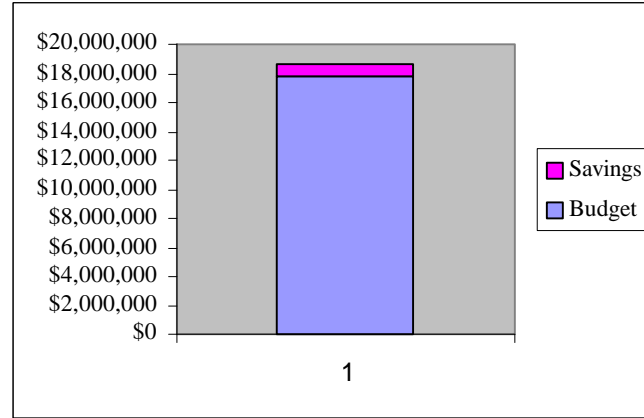
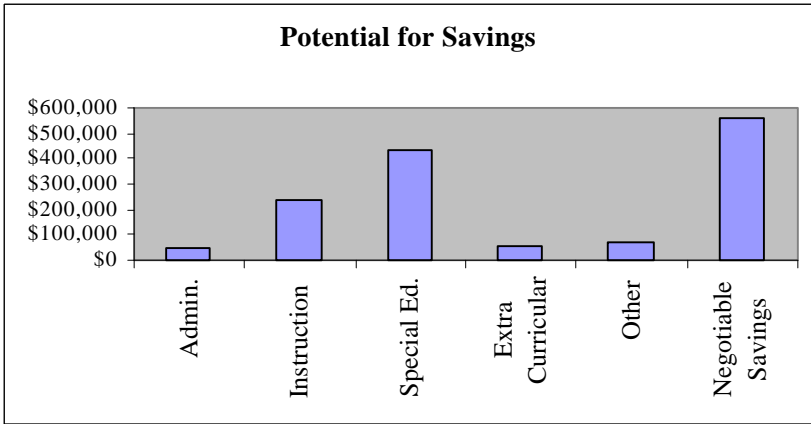


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I. BEST PRACTICES

A very important part of the Local Government Budget Review report is the Best Practices section. During the course of every review, each review team identifies procedures, programs and practices, which are noteworthy and deserving of recognition. Best practices are presented to encourage replication in communities and schools throughout the state. By implementing these practices, municipalities and school districts can benefit from the Local Government Budget Review process and possibly save considerable expense on their own.

Just as we are not able to identify every area of potential cost savings, the review team cannot site every cost-effective effort. The following are those best practices recognized for their cost and/or service delivery effectiveness.

The Somerville Public School District has been the recipient of numerous grants of equipment and programs at all grade levels. The business partnerships and resulting grants have financed such noteworthy programs as the Central School Science and Technology Center, student mentoring programs, participation at the three-day Pocono Environmental Educational Center, funding for the FIRST national robotics competition, diversity programs for students and staff, Liberty Science Center educational programs, and student recognition awards.

Science Center

Created in 1991, the Central School Science Center offers students the opportunity to learn science in a state-of-the-art laboratory environment. The curriculum is designed to focus on inquiry-based, student-centered, and hands-on experiments. The \$135,000 cash and \$65,000 in services Governors Grant in Mathematics and Science provided in service programs for staff and introduced a new format in multimedia instruction.

Video-Conferencing/Technology Center

A Central Video-Conferencing/Technology Center was established in 1995 by a New Jersey Department of Education (NJDOE) Connections to the Future \$35,000 cash award, which provided the seed money to create a technology program for distance learning. The center connects students with outside resources and other schools throughout the state and country. Technology, computer and higher thinking skills are emphasized and cooperative learning group strategies to research and data collection are utilized.

SSTARS *

Funded in 1996, this cooperative \$57,000 effort with Rutgers University and University of Medicine and Dentistry of New Jersey (UMDNJ) provided teachers with a curriculum that encourages more positive social decision making on the part of students. This initiative trains faculty, staff, and community personnel with techniques and strategies for assisting students in

improving their social decision making skills. This project was recognized by the N. J. Department of Education (DOE) in May, 1998.

**Somerville Safe, Thriving and Responsible Schools*

Environmental Studies

This \$3,500 PSE&G grant allows third graders to study local issues in environmental studies. Working with the Basking Ridge Environmental Center staff, teachers develop topics on pond life, ecology systems, etc. for students to observe and study first hand.

Student Summer Institute

Funded by Johnson and Johnson (J&J), this \$3,500 grant offers Central School students who have a high aptitude in science the opportunity to study for a week in the summer with scientists from area corporations.

Distance Education

Funded in March 1998, this \$8,750 Bell Atlantic grant will connect Central School in the fall with the Totowa School District and a school in Hong Kong via distance education. Students will study governmental issues in the United States and Hong Kong. The primary issue will be the change from a democratic government to a communist format in Hong Kong.

Business Mentors

Piloted with J&J and slated to begin in 1998-99, this program, estimated in value at \$10,000 in services, will pair mentors from J&J and American Telephone & Telegraph (AT&T) with selected students in classroom settings. The goal is to match needy students with positive adult role models so students will have a better self-image and improve in school performance.

Science Equipment

Bayer Corporation and Branchburg-based H&R Florasynth recently donated a stereomicroscope, stereophotometer, and a pH bench meter as part of a grant in excess of \$5,000 for use in support of science instruction in the high school. The new highly sensitive equipment offers greater accuracy in all experimental situations. With this new equipment, the high school can now offer college level laboratory environments for Advanced Placement (AP) chemistry and biology courses. The program is a Bayer initiative supporting hands-on, inquiry based science education and science literacy.

Educational Foundation

Utilizing a \$10,000 grant from Ethicon, the district has a newly formed Educational Foundation, which will seek to enhance the development of innovative educational programs and projects.

School Traffic Safety

Since Somerville does not have district busing, there is a significant auto traffic problem at Van Derveer School each morning and afternoon as K-2 children are dropped off and picked up by parents, who often carpool. The school currently has one combination entrance/exit, a circular driveway and a congested traffic pattern. The Superintendent recently wrote to the county freeholders requesting assistance in building a second parking lot and a safer driveway exit at Van Derveer School. County officials agreed to provide engineering services valued at \$8,000 for the project. The services will provide schematics, permits, drainage, configurations and articulation with the N. J. Department of Transportation. The Superintendent also managed to secure a state public safety grant for \$300,000 to construct the Van Derveer parking lot, U-shaped one-way driveway, and separate exit.

Somerville school officials, particularly the Superintendent and the Central School Principal, are commended for the extensive efforts that have been made to secure these cost-effective programs for the benefit of both Somerville taxpayers and local children and youth.

II. OPPORTUNITIES FOR CHANGE/FINDINGS AND RECOMMENDATIONS

The purpose of this section of the review report is to identify opportunities for change and to make recommendations that will result in more efficient operation in the district, which will provide local resources for enhancing educational offerings to meet student needs in a suburban/urban setting.

From the outset of this study it was apparent that the district has made a concerted effort through community and institutional partnerships to leverage the maximum amount of different resources to meet the special needs of Somerville children and youth. A number of these cooperative arrangements are recognized in the best practices section of this report and others are cited in the findings. The district is to be commended for the steps it has taken on its own and for the cooperation generally given to the review team during the course of the study. A number of areas were found where additional savings could be generated and recommendations are included in this section which would effect these savings.

In some areas specific dollar savings are calculated for the recommendations to illustrate cost savings. The time it will take to implement the savings recommendations will depend on their priority and, therefore, will vary. Nevertheless, the total savings and revenue enhancements should be viewed as attainable goals. It is recognized that a number of the recommendations will be subject to collective bargaining, which will effect the timing of their implementation. Some of these will result in one-time savings while others will provide ongoing benefits. The strategies contained in these recommendations will lead to opportunities for additional needed educational services as a result of improvements in budgeting, cash management and cost control.

COMPARATIVE ANALYSES

Many of the recommendations contained in this report are based upon comparative analyses using NJDOE data in comparison with districts of similar size and demographics (socio-economic district factor groups - DFG). The comparative data used in this report, which was compiled in the 1996-97 school year, is that which was current at the time of the review. Other data sources are used, such as district documents, various state agencies, state education associations, publications and private industry. School districts used for comparison with the Somerville School District include Roselle Park, Hawthorne, North Arlington and Hackettstown. The following charts illustrate much of the data used:

**Comparison of Revenues and Expenditures
Based on Audit Report as of June 30, 1997**

Revenues	Somerville		Roselle Park		Hawthorne		N. Arlington		Hackettstown	
Local Tax Levy	\$12,232,853	63.0%	\$11,158,827	66.0%	\$16,241,636	84.7%	\$10,273,039	82.6%	\$7,398,395	42.8%
State Aid	2,247,465	11.6%	5,296,465	31.3%	2,517,306	13.1%	1,959,626	15.8%	5,022,618	29.0%
Federal Aid	263,534	1.4%	280,210	1.7%	198,031	1.0%	-	0.0%	200,237	1.2%
Other	4,659,796	24.0%	176,175	1.0%	208,604	1.1%	205,284	1.7%	4,678,873	27.0%
Total Rev. (All Funds)	\$19,403,648		\$16,911,677		\$19,165,577		\$12,437,949		\$17,300,123	
Regular Program-Instruction	\$6,879,769	36.8%	\$6,343,167	39.5%	\$6,963,578	37.6%	\$4,193,064	32.3%	\$6,385,750	37.3%
Special Education	1,208,988	6.5%	820,505	5.1%	1,238,464	6.7%	693,181	5.3%	1,261,857	7.4%
Basic Skills-Remedial	516,192	2.8%	285,954	1.8%	533,442	2.9%	179,707	1.4%	271,506	1.6%
Bilingual Education	124,348	0.7%	174,616	1.1%	80,986	0.4%	176,617	1.4%	50,524	0.3%
Sponsored Cocurr. Activity	119,202	0.6%	118,264	0.7%	89,694	0.5%	35,809	0.3%	80,513	0.5%
Sponsored Athletics	458,134	2.5%	314,268	2.0%	239,277	1.3%	109,190	0.8%	392,516	2.3%
Other Instruction Program	19,749	0.1%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Community Service Program	-	0.0%	66,349	0.4%	-	0.0%	9,603	0.1%	-	0.0%
Total Instructional Cost	\$9,326,382	49.9%	\$8,123,123	50.6%	\$9,145,441	49.3%	\$5,397,171	41.6%	\$8,442,666	49.3%
Undistributed Exp. - Ins.	695,429	3.7%	479,898	3.0%	462,539	2.5%	565,085	4.4%	504,745	3.0%
Total Instruction. \$\$	\$9,326,382		\$8,123,123		\$9,145,441		\$5,397,171		\$8,442,666	
At Somerville enroll.*	\$9,326,382		\$8,274,593		\$8,346,579		\$6,494,267		\$8,987,961	
General Administration	624,045	3.3%	390,586	2.4%	873,095	4.7%	350,394	2.7%	421,827	2.5%
School Administration	848,872	4.5%	807,053	5.0%	947,626	5.1%	647,000	5.0%	704,518	4.1%
Total Administration Cost	\$1,472,917	7.9%	\$1,197,639	7.5%	\$1,820,721	9.8%	\$997,394	7.7%	\$1,126,345	6.6%
Total Administration \$\$	\$1,472,917		\$1,197,639		\$1,820,721		\$997,394		\$1,126,345	
At Somerville enroll.*	\$1,472,917		\$1,219,971		\$1,661,679		\$1,200,137		\$1,199,093	
Food Service		0.0%	\$73,000	0.5%	\$31,000	0.2%	\$57,164	0.4%	\$8,900	0.1%
Health Service	188,732	1.0%	213,723	1.3%	226,946	1.2%	132,307	1.0%	179,275	1.0%
Attend. & Soc. Work Serv.	12,784	0.1%	12,239	0.1%	-	0.0%	-	0.0%	31,319	0.2%
Other support Service	841,999	4.5%	464,124	2.9%	676,174	3.6%	552,554	4.3%	1,161,028	6.8%
Other - Imp. of Inst. Serv.	396,128	2.1%	551,893	3.4%	247,247	1.3%	21,451	0.2%	450,938	2.6%
Media Serv./School Librar	211,652	1.1%	323,126	2.0%	231,305	1.2%	19,967	0.2%	274,670	1.6%
Operation of Plant	1,481,108	7.9%	1,472,184	9.2%	1,643,318	8.9%	1,193,379	9.2%	1,456,156	8.5%
Business, Other Sup. Ser.	2,647,618	14.2%	1,874,816	11.7%	2,078,759	11.2%	1,628,457	12.6%	1,856,798	10.9%
Total Support Services	\$5,780,021	31.0%	\$4,985,105	31.1%	\$5,134,749	27.7%	\$3,605,279	27.8%	\$5,419,084	31.7%
Total Support \$\$	\$5,780,021		\$4,985,105		\$5,134,749		\$3,605,279		\$5,419,084	
At Somerville enroll.*	\$5,780,021		\$5,078,061		\$4,686,224		\$4,338,133		\$5,769,092	
TPAF Pension	309,653		278,019		309,694		197,619		282,381	
Reimb. TPAF SS Contrib.	723,883		673,269		735,361		451,091		686,673	
Transportation	215,518	1.2%	190,992	1.2%	652,712	3.5%	282,220	2.2%	290,871	1.7%
Capital Outlay	149,409	0.8%	116,336	0.7%	278,150	1.5%	1,472,220	11.3%	355,051	2.1%
Special Schools	-	0.0%	-	0.0%	-	0.0%	3,884	0.0%	-	0.0%
Total Gen. Fund Expend.	\$18,673,212		\$16,044,381		\$18,539,367		\$12,971,963		\$17,107,816	
# of Students	1,912		1,877		2,095		1,589		1,796	
Per Student Rates										
Inst. Cost Per Student	\$4,878		\$4,328		\$4,365		\$3,397		\$4,701	
Admin. Cost Per Student	770		638		869		628		627	
Supp.Serv. Cost Per Student	3,023		2,656		2,451		2,269		3,017	
Total G. Fund Cost Per Stud.	\$9,766		\$8,548		\$8,849		\$8,164		\$9,526	

Source: School districts 1996-7 CAFR

* At Somerville's Enrollment means taking total costs of category divided by the # of students for that school times Somerville's enrollment to arrive at an equalized expense level.

Using the N. J. School Report Card and the Comprehensive Annual Financial Report (CAFR), the following table provides additional comparative data used in this report:

<u>Description</u>	<u>Somerville</u>	<u>Roselle Park</u>	<u>Hawthorne</u>	<u>North Arlington</u>	<u>Hackettstown</u>
County*	Somerset	Union	Passaic	Bergen	Warren
District Type*	II	II	II	II	II
Grades*	K-12	K-12	K-12	K-12	K-12
District Factor Group*	DE	DE	DE	DE	DE
Certified Employees*	188	176	188	115	195
Other Employees*	62	69	82	52	76
Total Employees*	250	245	270	167	271
Square Miles*	2.36	1.3	3.63	2.5	35
Number of Schools*					
Elementary	2	3	3	3	2
Middle	1	1	1	1	1
High School	1	1	1	1	1
Adult High	0	0	0	0	0
Alternative School.	0	0	0	0	0
Total Schools	4	5	5	5	4
Student Enroll. (96-97)*	1,912	1,877	2,095	1,589	1,796
Teacher/Student Ratio*					
Elementary	1:14.2	1:21	Not available	1:25	1:11.8
Middle School	1:9.8	1:20	Not available	1:27	1:10.6
High School	1:12.2	1:22	Not available	1:23	1:12.4
# Students per Administrator**	178.8	144.4	142.5	119	133
# Faculty per Administrator**	16:1	11.6:1	12.3:1	8.5:1	12.9:1
Number of Administrators**	10.7	13	14.7	12.1	13.5
Median Salary for Faculty**	\$52,550	\$50,350	\$51,150	\$55,400	\$44,320
Median Salary for Admin.**	\$85,703	\$81,500	\$81,296	\$68,501	\$67,154
Scholastic Assessment Test Results**					
Average Math Score 1996-97	515	508	517	487	517
Average Verbal Score 1996-97	518	481	499	446	512
Post-Graduation Plans**					
4 year College/University	60	55	59	56	53
2 year College	20	35	12	32	21
Other Post-Secondary School	2	2	11	3	8
Military	2	1	0	1	2
Full-time Employment	16	4	15	7	8
Undecided	0	3	3	1	8
Total Cost Per Pupil**	\$9,087	\$8,162	\$8,345	\$7,618	\$9,038

Sources: CAFR report 6/30/97 and 1996-97 NJ School Report Card

*This information was obtained from the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 1997.

** This information was obtained from NJ School Report Cards for 1996-97 School Year.

To ensure that our comparisons are at like values, the costs for the Roselle Park, Hawthorne, North Arlington and Hackettstown school districts are recalculated to equate to Somerville's enrollment. This provides a direct cost comparison snap shot on a cost per pupil basis. A review of these comparisons, illustrates that, overall, Somerville's costs are within the high ranges. Instruction cost and support services are the highest among the compared districts. The high instruction costs are due to the relatively high salaries and purchased services costs incurred in the school sponsored co-curricular activities and sponsored athletics program. The relatively high costs of the business and support services category are the salaries, pension contributions and purchased technical services. Purchased technical services include the consultant fee paid to the interim school business administrator. Due to the above factors, the district is ranked the highest in total general fund expenditure per student among the five compared districts and the administrative cost is ranked the second highest. Although Somerville has instituted a number of positive cost efficiencies to reduce their costs, their ranking in the various categories of pupil costs remains high.

It should be noted that as a receiving district for Branchburg high school students, the Somerville School District has a unique characteristic not shared by most K-12 school districts. It is well documented that the education of high school students is generally more expensive than the education of elementary school students. Since more than fifty percent of the students in Somerville High School are tuition students from Branchburg, a larger than normal proportion of the Somerville K-12 student population is composed of high school students. While the addition of the Branchburg students results in a much more cost effective high school, it also tends to increase by 4.5% the average K-12 per pupil cost for the entire Somerville School District in these comparisons.

In a review of the actual costs for the past two years (1995-96, 1996-97) using the 1998 Comparative Spending Guide published by the New Jersey State Department of Education, the Somerville School District ranked 63rd (1995-96) and 62nd (1996-97) among the 75 K-12 school districts in the state in total cost per pupil, ranked low to high. The total cost per pupil in Somerville for 1995-96 was \$8,692 and in 1996-97 was \$8,710, while the state average cost for K-12 schools was \$7,683 and \$7,611 respectively. Somerville School district's cost per pupil was 13.1% higher than the state average in 1995-96 and 14.4% higher in 1996-97 compared to similar district types. During these two years, Somerville ranked above the median in most of the cost categories. Somerville ranked below the median in General Supplies and Textbooks, Purchased Services and Other, Operations and Maintenance and Food Service. The following table illustrates the district's ranking for the past three years arranged from 1 (low) to 75 (high):

Ranked Low Cost to High Cost	1995-96		1996-97		1997-98	
	Actual	Ranking	Actual	Ranking	Budget	Ranking
Cost Per Pupil	\$ 8,692	63	\$ 8,710	62	\$ 8,787	61
Classroom Instruction	\$ 5,228	58	\$ 5,335	60	\$ 5,303	59
Classroom Salaries & Benefits	\$ 5,057	60	\$ 5,162	63	\$ 5,091	60
General Supplies & Textbook	\$ 136	14	\$ 132	7	\$ 148	13
Purchased Services & Other	\$ 35	30	\$ 42	36	\$ 64	52
Support Services	\$ 735	39	\$ 760	44	\$ 923	45
Support Serv. Salaries & Benefits	\$ 683	42	\$ 705	45	\$ 858	51
Total Administrative Cost	\$ 1,302	70	\$ 1,281	69	\$ 1,266	70
Salaries & Benefits for Admin.	\$ 954	64	\$ 894	52	\$ 968	65
Operations & Maintenance	\$ 914	35	\$ 850	32	\$ 825	27
Sal. & Benefits for Operat./Maint.	\$ 517	41	\$ 497	40	\$ 478	37
Food Service	\$ 28	28	\$ -	0	\$ 5	12
Extracurricular Cost	\$ 345	73	\$ 343	73	\$ 327	73
Median Teacher Salary	\$ 51,888	41	\$ 54,550	47	\$ 50,675	38
Median Support Service Salary	\$ 46,675	18	\$ 47,631	16	\$ 45,175	7
Median Administrator Salary	\$ 80,680	45	\$ 85,703	46	\$ 84,870	40
Ranked High Ratio to Low						
Student/Administrator Ratio	123	65	179	20	168	27
Faculty/Administrator Ratio	11	53	16	8	16	9

Source -1998 N.J.D.O.E. Comparative Spending Guide
Total of 75 School Districts

DISTRICT OVERVIEW

The Somerville School District is a multi-ethnic, multi-cultural community serving about 1900 students in grades K - 12. The district is noted for its comprehensive curriculum, quality of instruction, enrichment offerings, and competitive athletic programs. The district has four schools located on three sites as follows: Van Derveer Elementary School (grades K - 2), Central School (grades 3 - 5), Middle School (grades 6 - 8), and the High School (grades 9 - 12). The Central and Middle Schools are located in separate buildings but on the same central site. Somerville is the receiving district for students in grades 9 - 12 from Branchburg Township.

School Budgets

The Somerville School District has experienced a number of school budget defeats in the past nine years. In fact, only one third of the school budgets have been approved, as illustrated in the following table:

Year	Total Votes	Local Tax Levy (CE)	Increase	Percent Increase	Yes	No	Outcome
1998	595	\$12,201,038	\$44,355	.00365	295	300	Defeated
1997	1,427	\$12,156,683	\$144,530	.01203	852	570	Approved
1996	847	\$12,012,153	\$812,244	.07252	408	447	Defeated
1995	704	\$11,199,909	\$463,821	.04320	409	295	Approved
1994	625	\$10,736,088	\$664,022	.06592	273	352	Defeated
1993	651	\$10,072,066	\$684,244	.07288	313	338	Defeated
1992	901	\$9,387,822	\$677,060	.07773	174	281	Defeated
1991	1,154	\$8,710,762	\$333,369	.03979	200	368	Defeated
1990	765	\$8,377,393			220	151	Approved

When local persons were interviewed, relatively high property taxes were identified as a common concern. According to the New Jersey Education Association (NJEA), Basic Statistical Data of New Jersey School Districts, 1996 Edition, Somerville had the highest equalized school tax rate and the second highest equalized municipal tax rate in Somerset County. Somerville's equalized per pupil property valuations were \$408,870 compared to a county average of \$638,490. Somerville does benefit from the cost effectiveness of sharing high school costs with Branchburg, which pays about \$4.6 million in tuition as a sending district.

In 1995-96, Somerville had 99.1 professional staff per 1,000 students, while the Somerset County average was 88.8. Also in NJEA's New Jersey Teacher Salaries, 1995-96, the average public school teacher's salary in Somerville was \$49,391, compared to a Somerset County average of \$49,242.

School budget defeats necessarily place pressures and restrictions on school officials to hold down costs and Somerville is not an exception. As examples, the school textbook and supply accounts were curtailed for several years. According to NJEA bulletins, in 1994-95 Somerville spent \$125 per student on instructional materials compared with \$165 for Somerset County. The following year (1995-96) the instructional materials figures were respectively \$136 and \$178. It is evident from data collected during this review that high property taxes, budget CAP restrictions and negotiations pressures for salaries and fringe benefits have curtailed the amount of money available for instructional books, materials, supplies and equipment.

In 1998, in the preparation of the school budget, four positions were recommended for elimination, including a part-time secretary, student assistance counselor, physical education teacher and a family and consumer science teacher. Over the years, Somerville school officials have endeavored to maintain quality public education while instituting many cost saving efforts which were evident throughout the review team's visit.

Program Recognition

The district has been successful in implementing a number of innovative programs despite the pressures described above. On June 7, 1997, the State Board of Education approved the district's

application for an equivalency and waiver for a Teacher Portfolio Process. The teacher portfolio provides an option for tenured teachers to participate in developing teacher portfolios as a vehicle for promoting professional growth and collegiality in lieu of the formal classroom observations.

There has been improved K-8 curriculum articulation through the semi-monthly administrative meetings of the K-8 Curriculum Committee. A noteworthy outgrowth of this collaborative effort has been the expansion of the Intensive Learning Classes (ILC), which provide an innovative program for at-risk students at the elementary school level.

The district also has an extensive professional development program in place that is coordinated through the Quality Council, with teacher members from each school and administrators.

The American School Board Journal selected the district's proposal, *Implementing a Vision for Technology*, to receive honorable mention for the 1997 Magna Awards (April, 1997) in recognition of the school board's leadership in providing, "fresh, exciting and practical ways to (foster) excellence in governance." The district's technology program provided for distributive processing of administrative tasks and improved services to students through a student information database.

Somerville High School was selected by Money Magazine (August, 1996) as one of the *Top 100 Schools in an Affordable Community*.

BRANCBURG/SOMERVILLE RELATIONSHIP

Sending/receiving relationships for the attendance of high school students in another school district are governed by Title 18A: 38-8 through 18A:38-22, state administrative rules and regulations and pertinent court decisions. For example, the receiving district determines a tuition rate to be paid by the sending district to an amount not to exceed the actual cost per pupil as determined under rules prescribed by the Commissioner and approved by the State Board of Education. There are procedures for designation of the high school of another district for attendance of pupils and for application to the commissioner to change a designation or sever a relationship. Prior to submitting such an application, the district seeking to sever the relationship must prepare and submit a feasibility study, which considers 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 the districts.

Somerville has been the receiving school district for Branchburg high school students for many decades. The sending/receiving relationship has been beneficial to both districts, as neither district has a sufficient number of high school age students to offer secondary education (9-12) on a cost-effective basis in separate high schools. While the relationship between the districts has generally been positive and productive, there have been periods of disagreement and differences of purpose. In the past, Branchburg has unsuccessfully petitioned the N. J. Commissioner of Education to end the relationship. More recently, after the defeat of a building referendum in Somerville, the Branchburg Board of Education has been considering the feasibility of reversing the existing

sending relationship and building its own high school to serve the high school students of both communities. The Somerville Board of Education has authorized a second less expensive referendum, which includes the demolition of Central School and expansions and/or improvements to Van Derveer School, the Middle School and to Somerville High School. These divergent visions of the future have created some tensions and discordant communications among the respective school officials of the two school districts. Since any potentially serious disagreement between sending/receiving districts could appear before the N. J. Commissioner of Education for resolution, this report will essentially deal with the “status quo” and not endeavor to elaborate upon the differences between the parties.

The Somerville and Branchburg school districts did contract for a regional feasibility study in 1996. The three major recommendations were:

1. Based upon current information available, particularly with the uncertainty of State aide, the consultants believe that the disadvantages outweigh the advantages and therefore, we do not recommend that you move forward with a formal regional study at this time.
2. Review the status of this report following the eventual passage of a new funding formula, particularly as it may offer incentives for a new regionalized district.
3. Continue and increase cooperative efforts to further the efficiency and effectiveness of the sending and receiving relationship.

The Branchburg and Somerville district and school administrators meet on a regular basis, there are curriculum articulation meetings, and orientation sessions are held for both parents and incoming students. The two school districts maintain many positive contacts and mutually beneficial programs as indicated under the Section III, Shared Services.

BOARD/SUPERINTENDENT

The Somerville Board of Education, as a type two school district, is composed of nine members who are elected. Board members serve overlapping three-year terms, so that three members are elected each year, plus occasionally there is a replacement for any member who does not complete the three-year term. As a receiving district for Branchburg students in grades 9 - 12, the board has a tenth member attending meetings representing Branchburg. The Branchburg representative votes on matters affecting the high school, where Branchburg students are in attendance. The board also has an active liaison person from the Somerville Borough Council, who currently attends meetings regularly. Board committees include buildings and grounds, athletics, policy, and curriculum. Under the New Jersey Open Meetings Act in order to meet in closed session, a committee must have a membership of less than a majority of the board members. The board also creates committees with community representation, such as the facilities committee, which conduct studies and make reports on specific school-related issues.

The board generally holds one workshop session and one regular session per month. Workshop meetings cover items such as administrator/staff reports, board committee reports, and discussions of school district matters. Issues previously discussed at workshop sessions are

formally voted on or resolved during regular meetings. After consideration of suggestions by board members and others, the board agenda is prepared by the school superintendent and board secretary in consultation with the board president and vice president. The agenda is distributed prior to the meeting to all board members. The public is invited to make comments or raise questions at the beginning of the regular meeting on agenda items and again at the end of the meeting on other matters of interest or concern. The board also holds executive sessions, which are not open for public attendance, where legal matters, personnel decisions, labor negotiations, and designated items of a confidential nature are discussed.

In addition to the wide range of subjects which are discussed and acted upon at regular bimonthly meetings, the Somerville board and superintendent have been engaged in an effort to secure approval of a bond referendum for school construction and to maintain a constructive relationship with the Branchburg board of education. Branchburg is a growing community with a significant segment of citizens who would like to have their own high school. Somerville wishes to retain the current sending/receiving relationship with Branchburg, as more than half of the Somerville High School enrollment now comes from the sending district, Branchburg. These divergent objectives have created tensions between the two respective community school boards. Considerable time at recent Somerville board meetings has been devoted to discussions of these two related topics.

The review team conducted an analysis of board member expenses for the 1996-97 school year. It revealed that most of the expenses were paid for membership dues (\$17,638), food (\$1,331), miscellaneous (\$3,705), travel (\$143), subscription (\$2,441), consultant fees (\$2,350), workshop and registration (\$6,068), supplies (\$444), student assessment fee (\$1,879), newsletter (\$6,963) and year book (\$600). The board does not issue credit cards or cellular phones to board members. The board has developed a policy for board member expense reimbursement and overall, the funds expended from the board expenses' account appear to be appropriate.

The five-year employment contract sets forth the compensation of the superintendent, which includes a monthly travel allowance of \$300 and provides for reimbursement of up to ten unused vacation days per year at a defined per diem rate. Twenty-five vacation days are provided each year, and any additional unused vacation days beyond ten accumulate from year to year and are paid upon retirement. There is no contractual cap on accumulated vacation days.

Recommendations:

The travel reimbursement should be based upon a mileage or other accurate cost basis rather than on a monthly travel allowance.

The district should consider placing a cap on the number of vacation days, which can be carried forward from year to year. The issue of reimbursement for unused vacation days is also addressed under the section Administrative Agreement.

The review team interviewed all board members and central office administrators and several board meetings were attended. It is evident that there is a cooperative working relationship between the board and superintendent, whereby each party respects the role and function of the

other. Board meetings are planned and conducted in an orderly and productive fashion with consideration for the persons present. The district contracts with a policy advisory consultant to assist in keeping board policies updated and several policy revisions usually are made at each regular board meeting.

Somerville school officials are commended for the cooperative and productive relationship, which has been established and maintained between the board of education and superintendent. Somerville is fortunate to have such excellent top leadership both in policy making and in administration.

Legal Fees

A study was conducted of the district’s legal expenses for the 1996-97 school years. The review of the vendor analyses records indicated a total of \$53,791 was expended. Most legal fees were paid for regular board business, personnel grievances, contract negotiation and board meeting attendance by the attorney, as required by the board. The district, by resolution, appoints a board solicitor from a law firm for legal service. However, there is no written agreement to outline the duties to be performed by the solicitor. The solicitor is presently compensated at the rate of \$95 per hour with no retainer fee. The district has been using the same law firm for many years for various legal services. In addition to the solicitor, the board paid fees to another law firm to handle construction issues, special education and arbitration, etc. The firm charges to the district ranged from \$75-\$110 per hour for their services. The board also reimbursed other out of pocket costs related to legal services.

A comparative review of legal fees charged to other districts in Somerset County including Hillsborough, Bernards, Manville and Branchburg indicated the Somerville School District is paying the lowest hourly rate but the second highest total expense for its legal services. The following table contains a comparison of the basic rates paid for solicitor fees by these districts for the 1996-97 school year.

1996-97	Somerville	Hillsborough	Bernards	Manville	Branchburg
Total Legal Exp.	\$53,791	\$92,044	\$42,554	\$20,477	\$14,246
Hourly Rate	\$95	\$115	\$140	\$120	\$125

Recommendations:

The Somerville School District should consider arranging a formal contract with a legal firm for its basic solicitor legal services that contains a retainer fee for specific services. Legal duties outside the base contract to be performed by the firm should be clearly outlined with a written fee schedule for such services. The contract(s) should be measured against the legal costs of current and past years. These practices will enable the district to get a clearer handle on anticipated legal expenses for budget purposes and provide the board with the legal protection needed.

The district should track, by case number, the number of legal hour costs incurred. This case management technique, where a case number is provided by the attorney, can give the superintendent and the board important information about the total costs per month and case to date costs for future determinations regarding budgeting, actions to take regarding grievances, or other potentially litigious matters.

Auditor Fees

The district has utilized the service of the same auditor for many years for its annual audit. The district expended a total of \$21,850 in 1996-97 for audit fees, which included \$2,600 for the enterprise fund audit and \$295 for debt service statement. The board through resolution appointed the auditor. There was no written agreement on file between the district and the auditing firm to specify the terms of services. There was no indication that the district had ever prepared Requests for Proposals (R.F.P.s) to seek competitive alternate auditing services from other qualified accounting firms.

A comparative review of auditor fees charged to the Somerville, Hillsborough, Bernards, Manville and Branchburg school districts was conducted. The Somerville School District is paying the highest rate among the five districts for auditing services.

1996-1997	Somerville	Hillsborough	Bernards	Manville	Branchburg
Audit fees	\$21,850	\$18,700	\$19,000	\$16,000	\$10,450

Recommendation:

The district should consider seeking R.F.P.s for the purpose of promoting competitive auditing fees from different accounting firms. Also, the district should enter into a formal written agreement with its audit service provider to specify the nature of the services to be provided based upon contracts awarded per the R.F.P.

Cost Saving: \$3,000

ADMINISTRATION

General Administrative Costs

A comparative review of Somerville, Roselle Park, Hawthorne, North Arlington, and Hackettstown of the function 230 - Support Services, General Administration - account for fiscal year 1996-97 was conducted. This function includes expenses associated with the board of education, executive administration and school elections. The review revealed the following costs, based on the 6/30/97 Audit Report:

	Somerville	Roselle		North	Hacketts
	Boro	Park	Hawthorne	Arlington	town
Salaries	\$217,897	\$191,886	\$526,177	\$167,896	\$163,232
Legal service	53,791		36,095	96,834	33,690
Other purchased prof. service	22,240	20,780	19,058		14,415
Purchased technical service	41,723		11,432		11,794
Communications/phone	93,274	28,690	65,266	47,420	70,529
Other purchased services	46,149	100,111	11,936	11,460	107,620
Supplies and materials	49,973	11,699	45,565	4,781	3,185
Miscellaneous	98,998	37,420	157,566	22,003	17,363
Total	\$624,045	\$390,586	\$873,095	\$350,394	\$421,827

A comparison of per pupil costs for general administration expenditures (Function 230) for fiscal year 1996-97 for these school districts revealed the following:

	Sommerville	Roselle		North	Hackettstown
	Boro	Park	Hawthorne	Arlington	
Salaries	\$114	\$102	\$251	\$106	\$91
Legal Service	28	0	17	61	19
Other purchased professional service	12	11	9	0	8
Purchased technical service	22	0	5	0	7
Communications/telephone	49	15	31	30	39
Other purchased services	24	53	6	7	60
Supplies and materials	26	6	22	3	2
Miscellaneous	52	20	75	14	10
Total	\$326	\$208	\$417	\$221	\$235

According to this comparison Somerville's total administrative costs were the second highest among the five districts. Somerville's costs in other purchased professional service, purchased technical service and communications/telephone were the highest of comparative schools. In the Comparative Spending Guide published by the New Jersey Department of Education in 1998, the total administrative cost in the Somerville School District in 1996-97 was \$1,281 per pupil with a ranking of 69 out of 75 K-12 school districts with a student enrollment of 1,901 to 3,500. The 1997-98 budgeted total administrative cost was \$1,266 per pupil with a ranking of 70 out of 75 school districts (ranked low to high), which ranked within the top seven to eight percent among the 75 school districts.

Administrators

The district has the following administrators who are housed in central office: a superintendent of schools; a part-time interim business administrator/board secretary; director of curriculum, instruction and technology (K - 12); coordinator of elementary curriculum, instruction, and technology (K - 8); director of special services/pupil personnel services; and an assistant to the superintendent. Individual school administrative positions are as follows:

- High School (grades 9 - 12, enrollment of 803 students) - principal, assistant principal, assistant for guidance and special services and an athletic director.
- Middle School (grades 6 - 8, enrollment of 316 students) - principal and assistant principal.
- Central School (grades 3 - 5, enrollment of 346 students) - principal.
- Van Derveer School (grades K - 2, enrollment of 424 students) - principal.

All central office administrators and the four school principals report directly to the superintendent, which provides a relatively “flat” vs. more hierarchical administrative structure. There is also an administrative council, which provides regular opportunities for administrative communication and participation in district and school concerns and decisions. The business administrator supervises the director of school plant facilities, the coordinator of computer services, and the business office staff for payroll, accounts payable, etc. The director of special education/pupil personnel services supervises the child study team, the special education teachers and the nurses. Since there are no subject department chairpersons at the high school, the assistant principal coordinates the curriculum for grades 9 - 12 and handles twelfth grade student discipline. The athletic director is responsible for student discipline in grades 9 - 11. The assistant for guidance and special services takes care of any discipline of classified handicapped students.

The current part-time business administrator/board secretary, who is an experienced and well regarded professional administrator, has held the interim position for about five years. The current business administrator has been successful in implementing several cost-effective improvements; however, there is some expressed concern by certain staff about his part-time status, the degree of supervision of business office staff and his continued employment on an interim basis for many years. The district is currently saving about \$35,000 to \$40,000 per year in salaries and fringe benefits by employing a part-time business administrator.

Recommendation:

Most public elementary schools with a student enrollment of 316 to 338 students are assigned only one administrative professional, i.e. a principal. A middle school with grades six through eight of multiethnic and multicultural students from diverse socioeconomic backgrounds does present a challenging school population. And it must be acknowledged that the current staffing with a principal, an assistant principal, and a guidance counselor has produced good educational and testing results, particularly in the past two years. Nevertheless, the current Middle School administrative staffing is expensive relative to the

current student population and other benchmarks. Therefore, it is recommended that district officials consider student enrollment projections and school grade organizational patterns under the proposed school construction program to determine whether a reduction of one school administrative position is desirable district-wide with a potential savings of \$50,000 to \$100,000, depending upon an individual's potential reassignment or retirement.

Cost Savings: \$50,000 - \$100,000

INSTRUCTION

Van Derveer School

Van Derveer School, a primary level school, has a student population of 424 in grades K - 2. The staff is dedicated to providing an enriched and child development centered teaching and learning program. The student population reportedly is becoming more transient, and there were 87 children moving in, while 78 students moved out between September and June. Van Derveer School currently has six full-day kindergarten classes, six first grades, six second grades, two communication handicapped classes and a preschool handicapped class.

Van Derveer School is a relatively modern and well-maintained building, which provides a very good instructional environment for young children; however, increasing student enrollments may soon exceed the rated capacity of the building. The original building was completed in 1957 and is composed of two wings. A-wing contains ten L-shaped classrooms, which house the preschool handicapped class, kindergarten and two first grade classes. The B-wing contains rectangular shaped classrooms and houses the second grades. In 1965, C-wing was constructed, which contains the music room, art room, the remaining first grades, ESL and other support services.

Since there is no school bus transportation and many children are driven to school in car pools, there is serious traffic congestion in front of the school before and after school. Discussions are underway to change the driveway entrance from a circle to a U shape with a separate entrance and exit.

In September 1995, a full day kindergarten program was initiated, rather than half day. Reportedly, pre and post testing assessments have indicated that the full day kindergarten has made a positive impact upon the development of academic skills and most children make a smooth transition into first grade. Kindergarten classes range in size from 21 to 32 pupils, with a teacher and an instructional aide in the two larger classes that exceed 25.

First grade classes range in size from 16 to 24 students and average 22. A Reading Recovery Program, a first grade remedial reading program which targets students who may have difficulty in acquiring reading skills, was started in 1994-95. In addition to participation in the classroom reading program, students receive a 30-minute reading recovery instruction in a one-to-one setting. The number of students successfully completing the program has increased over the intervening years. Van Derveer, a participant in the Running Start Reading Incentive Program

and a Reading is Fundamental site, has been recognized state-wide by the N. J. Reading Association for its exceptional reading program.

Second grade classes range in size from 16 to 20 students, with an average of 18. In second grade the *Writing to Write Program*, with computer assisted instruction, begins to develop students' language and expressive writing skills. Each second grade class has four computers and a printer to integrate computer instruction throughout the curriculum. A positive growth in the quality and length of student writing is reportedly evident.

Central School

This elementary school (grades 3-5) was built in 1897, with additions in 1912, 1922 and 1930. The school contains a science center, a computer laboratory, one technology center used for distance learning and health education and lunchrooms. The students use the middle school auxiliary gymnasium for physical education. Central School, which is actually located in two buildings, has an operational capacity of 404 students and an enrollment of 346 students. The 1997-98 enrollments by grade are as follows:

Grade level	Students
5	113
4	106
3	110
Special Education	17
Total Enrollment	346

The 16 regular classes range in size from 14 to 23 students, with an average of 20.6, plus two special education classes of nine and eight students. In the Spring of 1997, 95% of the fourth grade students (excluding limited English proficient and special education) met the state standard in reading, 95% in writing, and 92% in mathematics.

Some of the programs in operation in Central School are listed below:

- The national Junior Achievement program brings volunteers from AT&T to third graders to discuss an established curriculum.
- For ten years, the nationally recognized drug resistance program, DARE, has been presented by the Somerville Police Department to fifth grade students over a 17-week period.
- Central School was a charter member of the NJ State Systemic Initiative, which is funded by the National Science Foundation. The regional program stresses teacher development in mathematics, science and computers.
- Electronic field trips allow teachers to bring resources from around the country into their classrooms via video conferencing technology. There have been electronic trips to the Philadelphia Zoo, the Smithsonian and the Johnson Space Center.
- A computer software program tracks the progress of each student in physical education classes, with personal selection of goals and work toward improvement throughout the year.
- A non-competitive science fair, which was started in 1993 with cooperation from scientists from Princeton Physics Plasma Laboratory, encourages students to enter projects that are judged by representatives of area corporations.
- A mentoring program for fourth grade students arranges communications via e-mail with Rutgers athletes and members of the NJ Nets.

- A specialized curriculum was created in 1994 to present special education students with skills and challenges they will exhibit and experience in the working world.
- The Odyssey Program for academically gifted students is offered twice weekly during reading and math time on a “pull-out” basis.
- In cooperation with a local business, students who get A’s on their report card each marking period receive a free movie rental.

The Central School principal has over the years made contacts and established working relationships with more than 25 private businesses and public organizations to share resources and information with elementary school students.

Middle School

The Middle School, which was constructed about 80 years ago, includes an Annex building, built during the 1930s. The Middle School, which shares the same central site as Central School, houses 316 students in grades 6 to 8. The two schools share some special facilities such as the cafeteria, located in Central School, and the auditorium, located in the Middle School. The respective grades function as distinct units, with the sixth grade located on the main floor, the seventh grade on the top floor, and the eighth grade in the Annex. The teachers are organized as grade level teams for planning purposes and there is a Middle School student/teacher ratio of one teacher to 9.8 students.

The daily schedule consists of nine or ten class periods (including lunch), with period one for certain seventh and eighth grade students taking symphonic band and/or supplemental mathematics. Major academic subjects are scheduled for all four marking periods, while “exploratory” courses like home economics and art are scheduled for only one marking period. Foreign language courses are full-year for grades seven and eight, but are “exploratory,” one marking period courses for sixth grade. Special programs like gifted and talented and individual/small group music instruction meet on a rotational, “pull-out” basis. The Odyssey Program for academically gifted students is offered once a week. The curriculum uses thematic units to develop high level critical thinking and enrichment skills.

Classes are in session from 7:51 a. m. to 3:00 p. m. Homeroom class sizes range from 14 to 25 students, with an average of 18.6 students per class. Ninth period class sizes are listed in the following table:

Sixth Grade	# of Students	Eighth Grade	# of Students
Mathematics	13	Study Skills	5
Social Studies	25	Bilingual Reading/Lang.	11
Science	18	Physical Education	24
Reading	16	Physical Education	25
Language Arts	13	Suppl. Mathematics	11
Science	14	Spanish 8	19
Sixth Class average	99/6=16.5	Eighth Class Average	95/6=15.8
Seventh Grade		Mixed Grades	
Science	17		
Reading	18	Reading	9
Mathematics	22	Media Resource	10
Language Arts	17	Continental Culture	9
Social Studies	20	Middle School-	
Seventh Class Average	94/5=18.8	Total Class Average	316/20=15.8

Assuming that ninth period is typical of the entire instructional day, having classes which average only 16 pupils each is quite small in number by most any comparison and also very expensive. By increasing average class sizes by two students each, for example from 16 to 18 students, there would be a 12.5 percent increase in operating efficiency. With estimated per pupil salary and benefits costs of \$6,000, this could produce savings of \$750 per student, or \$237,000 for the school.

It should also be noted that the Somerville Middle School schedule provides for nine regular periods of 39 minutes each, plus an early period. Teachers are regularly assigned to teach five out of nine periods (about 60% of the day), plus one extra duty period such as cafeteria, study hall, or in school suspension duty. Some teachers (art, physical education, home economics, etc.) are assigned 30 periods per week of instruction with no extra duty assignment.

Recommendation:

District officials should consider examining the Middle School schedule of classes and course offerings to establish more reasonable class sizes and more efficient staff utilization and school operation.

Cost Savings: \$237,000

High School

Somerville High School is a relatively modern building, which provides an attractive learning environment for students and staff. The high school, which is fully accredited, has science, language and reading labs and rooms designed for computer, art, music, industrial arts courses and for career resources. With an operational capacity for 1,072 students, the high school has an

enrollment of 803 students, or about 75% of capacity. Branchburg students comprise about 56% of the student population, as Somerville is the receiving district for their high school students. With 244 freshmen and 170 to 190 seniors, the student enrollment is increasing annually.

The high school offers three levels of instruction, i.e., *applied, college prep and honors*, in English, mathematics, science, social studies and world languages. Business education courses include computer applications, accounting and social business sequences. The relatively comprehensive secondary curriculum includes music, visual art, industrial arts/technology, family and consumer science, computer science and health and physical education course offerings. Students are placed in honors course by petition and admission is based on the student's aptitude, overall academic record, test results and previous achievement in the subject area. The high school also offers an Advanced Placement (AP) program, which enables students to take college-level courses while enrolled in high school. There are AP courses in biology, calculus, chemistry, English, physics, Spanish, French, U.S. history, government & politics, and computer science. Students completing honors courses, fifth year language and advanced courses are eligible to take Advanced Placement examinations.

Recent budget defeats have resulted in the elimination of some course electives that had relatively low enrollments. There have also been some concerns about insufficient funds to keep textbooks and other instructional materials up to date.

Somerville High School was recognized as one of the top 75 public high schools (out of 309) in New Jersey by *N. J. Monthly* magazine. The school operates in an orderly and productive learning environment and high school students generally have nine 40 minute class periods per day from 7:35 a. m. until 2:20 p. m. School officials take pride in high academic achievements of students and in SAT test scores, which exceed state and national averages.

Mean Scholastic Aptitude Test Results 1996-97			
	Somerville	State	National
Verbal	518	497	505
Mathematics	515	508	511
Combined	1033	1005	1016

Vocal and instrumental music and a wide variety of athletic programs are recognized as exceptional in quality. The high school also has an ITV equipped classroom and offers eight periods of instruction in cooperation with other school districts. The courses are Probability/Statistics, Women & Literature, ESL, Oceanography/Meteorology, Earth Science, AP Spanish, AP/C Physics, AP Calculus and Chinese I.

The high school has about 73 faculty members, including four guidance counselors, one nurse and one librarian/media specialist. About 58% of the school's faculty hold advanced degrees, including all of the guidance counselors, and significant numbers of students attend prestigious colleges

Class of 1997	
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Senior class enrollment	193
Percent of students graduating	100
Percent attending college	80
Percent attending four-year college	60
Percent attending two-year college	20

The school building, which contains a 660-seat auditorium, is available for scheduled use by nearby academic institutions. The school is utilized weekends and some evenings by Raritan Valley Community College students, Rutgers and Seton Hall University graduate students, and individuals who enroll in the Hunterdon County Adult courses.

Basic Skills

The Somerville School District has been making significant improvement in its scores on the eighth grade early warning tests (EWT) and the high school proficiency tests (HSPT) required by the State's Department of Education. Percentage of students passing all sections of the HSPT increased from 74.2% in 1994-95 to 82% in 1996-97. Percentages of students demonstrating competency in the various disciplines as measured by the EWT have also increased, some dramatically, as reflected below:

Somerville Middle School				
Percent Passing EWT				
	1995	1996	1997	1998
Reading	86%	95%	96%	97%
Writing	86%	85%	88%	90%
Mathematics	61%	68%	90%	96%

The district has clearly taken steps toward addressing its students' instructional needs by augmenting programs for at-risk students through intensified basic skills training. The following table provides a breakdown by school of the approximate number of students who received basic skills instruction in the 1997-98 school year:

Van Derveer	Central	Middle	High School
88	54	75	113

The district provides basic skills instruction to its eligible students with the help of dedicated teachers and instructional aides. They utilize both computers and repetitive drills to provide this instruction through classroom replacement programs or supplemental instruction. In Van Derveer School there are two reading recovery teachers and two instructional aides for in-school support of language arts and math. The Central School and the High School have a replacement program equal to the length of a period for reading, writing and math taught by three teachers at each school. The Middle School has a replacement program equal to the length of a period for language arts and math for grades 6, 7 and 8 taught by 1.4 full time equivalent teachers.

Recommendation:

As a means of further improving its instructional program for those students most in need, i.e., the basic skills improvement (BSI) students, Somerville may wish to consider negotiating for swing scheduling of teaching staff to permit before school and after school basic skills instruction on an extended-day learning basis. When a student is pulled from a classroom, the student is deprived of teacher contact time for that particular subject. Somerville has already implemented an extended-day band program, which has resulted in an award winning music program. Applying the extended day concept to the BSI program could accomplish longer instructional contact time for those students most in need of teacher contact time and reduce space needs for the district.

Intensive learning programs, such as those offered in Somerville, do not come without a cost. Based upon a comparison with four districts of similar DFG grouping, Somerville spent the most for its basic skills instruction (BSI) in 1996-97 per student, and 2nd most overall as reflected in the following table:

	Somerville	Roselle Park	Hawthorne	No. Arlington	Hackettstown
Total Cost	\$516,912	\$285,954	\$533,442	\$179,707	\$271,506
Total Enrollment	1,912	1,877	2,095	1,589	1,796
Cost Per Pupil	\$270	\$152	\$255	\$113	\$151

Almost 97% of the Somerville district BSI costs were for salaries.

The district uses a writing software program to enhance the writing skills of its students. The recent success of the students in passing the state-mandated tests can be augmented through further use of technological basic skills aids to teaching. Other districts in the county are using a software package, which covers a variety of different skills and then recommends a remedial program based upon an individual student's performance. While the modality of computer-assisted individual learning is not perfect, it assists the basic skills teacher in bringing a student up to speed.

Recommendation:

The district should review the different technological tools that are available for augmenting the basic skills program. These tools can reduce the amount of time spent on individualized lesson plans because they can automate the process dependent upon individual student performance.

Bilingual/English as a Second Language

At the end of the 1997-98 school year, there were approximately 78 Limited English Proficient (LEP) students attending classes in the Somerville School District. The number of students varies throughout the year due to transience and “testing out.” Twelve different primary languages were represented among this group of students, the vast majority (62%) being Spanish-speaking. Forty students attended English as Second Language (ESL) classes, and 38 others attended Bilingual math and language classes in addition to the ESL class. Bilingual classes are only provided to students in grades K-8.

The ESL program for grades K-5 is a half-hour period per day. For 6th through 8th graders, the ESL class is a regular 39-minute period. The Bilingual program for grades K-8 is a pullout, 90-minute class conducted in Spanish. These students also attend the ESL class. At the high school level, students receive either one or two periods of ESL instruction per day based upon their individual needs.

The district employs three staff members to provide Bilingual/ESL instruction. There is one teacher at the Van Derveer School, who provides both ESL and Bilingual programs to the 29 grade K-2 students. One teacher provides Bilingual math and language to the 29 Central and Middle School students. The other teacher provides ESL instruction to 59 Central, Middle and High School students. The latter two teachers travel as required among the schools.

The success of a Bilingual/ESL program can be measured in terms of the length of time required for its participants to test out of the program. The amount of time required for Somerville’s students to exit the program and mainstream into regular classes over the past few years is depicted in the following table (total numbers of students in the program are also included):

School Year	1st Year Students	2nd Year	3rd Year	4th Year	Total	Program Totals
1996-97	8	13	9	0	30	77
1995-96	12	7	3	2	24	82
1994-95	11	12	0	0	23	71
1993-94	11	16	0	0	27	62

Almost all of Somerville’s students exited the program within three years, most within two years. Based upon this data, Somerville appears to have in place an effective Bilingual/ESL program.

INSTRUCTIONAL SUPPORT

Guidance

The Somerville School District guidance program is decentralized to the school level. At the high school level the program is directed by the “Assistant for Guidance and Special Services at the High School”, who does not maintain a caseload of students. There are four full-time counselors assigned to the high school’s 800 students, for an average caseload of 200 students. This staffing

ratio is somewhat above the N. J. Department of Education's (NJDOE) Comprehensive Plan for Educational Improvement and Financing recommended standard of 225 students per counselor at the high school level. However, this minor difference in caseload size does not support reducing the number of counselors, particularly in light of the fact that the district is eliminating the position of student assistance counselor (SAC) at the high school level, effective with school year 1998-99. The SAC duties are to be assumed by the child study team's school psychologist, who is also certified for that function. The guidance counselors, who already provide some crisis counseling, will undoubtedly be required to also assume some additional related duties.

Recommendation:

There is some expressed concern that a designated staff member should address just the "at risk" issues facing many adolescents today. The district should evaluate the manner in which it will provide student assistance counseling to its high school students. Perhaps it can apply for additional financial grant to obtain SAC services to supplement the SAC duties which the CST school psychologist will perform beginning next school year. Even a part-time individual may be beneficial to both the students and the psychologist.

There is one clerical staff person assigned to the high school guidance office. Each counselor has a computer that is used to maintain student records, tied in with the school's SASI program. The counselors meet with incoming freshmen and their parents on two Saturdays in March to develop the students' schedules. The counselors receive overtime pay for providing this service. In the 1997-98 school year, the overtime pay for the two Saturdays totaled about \$2,300. In the past the Somerville and Branchburg middle school counselors were reportedly responsible for preparing the freshmen's schedules, but the responsibility was transferred to the high school about three years ago to improve efficiency.

Recommendation:

While it is desirable to include parents in their children's educational planning process, the district should attempt to do so during the course of the regular school day, and not on an overtime basis. Accommodations can be made for those parents unable to attend a daytime meeting, but the district should attempt to conduct these sessions during normal school hours, rather than on Saturdays on an overtime basis. If even half of the appointments with parents occurred during school hours, savings of \$1,150 are possible.

Cost Savings: \$1,150

The Middle School employs an adolescent counselor for its 316 students, which is within the caseload recommended by the NJDOE. A lot of this counselor's time is devoted to providing individual and small group counseling services to students, in areas such as conflict resolution, decision-making, and peer pressure. She works closely with the school nurse in developing and implementing the programs offered.

A Catholic Charities' student awareness counselor is also available to the Middle School students for 1.5 days per week, particularly to assist "at risk" students in the areas of drug/alcohol abuse and prevention. This part-time position is funded through a grant with the Somerset Alliance. The district had formerly employed two full-time counselors, so the use of a counselor through the grant is commendable. The full-time counselor assists the assistant principal with administration of the school's standardized testing programs, and also conducts classes on study skills, values, and vocational choices. There is no computer and no clerical position assigned to the guidance office.

The Middle School is the linchpin between the Central School and the High School. The middle school adolescent counselor works closely with the counselors at these two levels to ensure a smooth transition for the students and to provide for a continuation and some consistency in the guidance services provided.

A social worker is employed by the district to provide counseling services to the students in grades K-5, housed at the Van Derveer and Central Schools. The combined enrollment of these two buildings is 779, which far exceeds the recommended caseload of 500 students at the elementary school level. She is assigned to the Van Derveer School three days per week and the Central, the other two days. The elementary counseling program was initiated at the Van Derveer School and expanded to the Central School. This social worker provides more student-assistance counseling services than traditional "guidance" counseling. She conducts individual and small group counseling sessions for both students and parents. A big focus of the counseling is on decision-making and adaptive behaviors. Somerville is a very diverse community, both ethnically and socio-economically. Roughly 20% of the students participate in one or more of the programs offered, representing a cross-section of the community population.

Recommendation:

While it may appear cost-effective to split the time of this one individual between two schools, the district may want to consider obtaining additional assistance, perhaps through a grant as it does in the Middle School. When resources are stretched too thinly, the programs offered can suffer as a result. The district recognizes the need to provide counseling to its younger students, and it should consider following through with sufficient resources to do so.

Library and Media Services

Each of Somerville's school buildings contains a library, which is basically open just during school hours. Each is staffed by one librarian, with no assistants other than volunteers, either parents at the lower grade levels, or students at the high school. All of the facilities were visited, and appear to be physically adequate to serve the respective student populations. There was sufficient seating space and books were in reach of the students, for the most part.

The card catalogs in the high school and middle school are automated, but not linked. The Central and Van Derveer Schools' card catalogs are not automated. The high school library is

equipped with six computers for the students use, the middle school with three, the Central with one, with none at the Van Derveer School. The computers are primarily used with CD-ROM programs, e.g., encyclopedias and magazine indexes. The libraries have no Internet service for the students, although the high school librarian maintains her own Internet account at the school, and assists the students with their research needs as feasible. There was some staff concern expressed about the age of the high school book collection. The district participates in a regional inter-library service, which allows the district's students to draw on the resources of participating public, private and business libraries in the region. The service is free, and includes delivery of materials to the high school.

All of the librarians try to maximize on available funds, purchasing books and other materials from vendors who provide discounts. In the 1996-97 school year, budgets for each of the school libraries included approximately \$2,500 for books, \$400 for periodical subscriptions at the two lower grade schools, and \$2,500 on the average for the two upper grade schools.

Recommendation:

The district should evaluate the adequacy of the basic book collection in the high school library. School libraries are sources of information, which must often be current to be useful. On-line information sources, e.g., the Internet, should be made available to Somerville schools as soon as possible via the networking service currently being installed.

Structured class instruction is provided for students in grades Pre-K through six. Instruction is also given to the upper grade students on an as needed basis. Age-appropriate topics such as use of the library, types of books, bibliographies and use of encyclopedias are covered.

Book fairs provide some additional funds and/or books for the three lower grade schools. A recent fair at Van Derveer, for instance, resulted in proceeds of \$1,400 in cash and \$300 in paperbacks. The 1997-98 school year was the third year for all-day Kindergarten in Somerville. This has resulted in the need for more reading materials, so the librarian has concentrated her efforts on obtaining additional books, sometimes with federal and state funds earmarked specifically for Kindergarten and Pre-School children.

The four school libraries have varying amounts of interaction with the Somerville Free Public Library, with Van Derveer probably the most active. The public library has on staff a children's librarian who conducts various programs throughout the year at this school to promote reading among the children, including encouraging them to get a library card from the municipal library. The Somerset County Library is also nearby in neighboring Bridgewater Township, but Somerville students and residents do not have borrowing privileges there unless they pay a \$75 annual fee. Inter-loaner arrangements can be made between the municipal and county libraries with sufficient notice.

Health Services

Each of Somerville's four schools is staffed with one full-time certified school nurse, who reports to the respective building principal. General oversight of health services falls under the direction of the director of special services in the administrative offices. Due to the shortage of substitute nurses in the area, there is only one available to the Somerville district, which is problematic at times. If the substitute is not available on a needed day, the other three nurses are reassigned to provide some level of coverage within all the school buildings, which results in a reduced level of nursing services within the district.

The high school nurse is the only one of the four whom has an assistant assigned to her, i.e., a part-time clerical assistant who works with her two days per week. The staffing of this office has fluctuated over the past five years from a full complement of one nurse, a full-time clerical and a nurse's assistant to just the nurse. At times the nurse and various percentages of a full-time clerical support position were provided. At one time a math teacher provided assistance during a free period. The clerical support person assists with filing, copying, answering phones, issuing student passes, and completion of some other documentation.

The high school health office is the only one of the four equipped with a computer, which is tied in with the school's SASI program. The nurse uses the computer to access students' schedules, input attendance information, and record daily log information. The nurses are not required to submit any reports on a regular basis, other than immunization and mantoux records.

Along with the normal health office responsibilities of completion of physical examinations, screenings, treating injured and ill children, and occasionally teaching a class, the high school nurse has other administrative responsibilities. These include complete processing of working papers (including signing for the doctor, the principal, and as issuing officer), and administration of the school's free and reduced lunch program. The nurses in both the high school and the Central School have total responsibility for administration of the lunch program, while the other two schools' nurses have a more limited role. All the nurses are responsible for distributing, receiving and evaluating forms for free and reduced lunch in their schools. All prepare a list of eligible students, but the middle and Van Derveer school nurses then send the list to the administrative offices for further processing, and here their involvement ends. The high school and Central School nurses, on the other hand, prepare the monthly cards for distribution to each student via their homeroom teachers, and issue replacement tickets for lost cards.

The district has used the services of the same physicians for medical inspector responsibilities for many years. The district is reportedly satisfied with both the services provided and the fees charged, so other proposals are not sought. Although the documentation the team reviewed referenced contracts with the physicians, none could be located at the board office. According to billing for the 1996-97 school year, a flat monthly fee of \$1,000 is paid to these physicians. In addition, it was noted that in this same period, an additional \$805 was paid to another medical provider who served as team physician at four football games, and another \$1,500 to another physician for completion of sports physicals. No contracts were available for these physicians either.

Recommendation:

While the district is reportedly satisfied with the medical services and related fees, proposals should be sought to ensure the district is getting the best rate. Contracts should also be established with the school physicians clearly delineating what the fee covers. For example, as observed in other districts, the school physician generally performs sports physicals. It would appear that this service should be included in the \$1,000 per month fee, which incidentally is a 12-month fee.

Cost Savings: \$1,500

Attendance

The district employs a part-time individual to serve as attendance officer. She reports to the superintendent, and is located outside the nurse’s office in the high school facility, but is responsible for overseeing student attendance for the entire district.

At the high school, she prepares the daily attendance reports and admits tardy students. The other schools’ student attendance information is forwarded to her by the school nurses. If parents have not called the school, to report their child’s absence, the attendance officer attempts to reach the parents by phone. It was reported that many families in the district do not have telephones, or frequently change numbers, so they are not reachable by phone. In these cases the attendance officer visits the home to determine the cause for the absence or to instruct the parents of their responsibility to get the children to school. She will even bring the children into school herself if so warranted. She uses her own car, and is reimbursed for mileage. In the 1996-97 school year, this reimbursement totaled \$148. Because she has a familiarity with many of the families, she is called upon to discuss other issues with them during her visits, including the need to immunize the children.

The chart below reflects Somerville’s student attendance rates for the 1996-97 school year as compared with the State averages.

For the most part, the rate of student attendance at each of the Somerville schools matches or exceeds the State averages.

	K-8	9-12
Somerville	94.5%	94.7%
State	94.7%	92.3%

Tardiness is reportedly a big problem in Somerville’s schools. With the exception of the high school students from Branchburg and the special education students, there is no regular busing of students to the schools. The students either walk or are dropped off by parents. The district has implemented various procedures, disciplinary and otherwise, in its attempts to reduce tardiness. For instance, the high school’s daily schedule begins immediately with a first period class, rather than homeroom, which follows first period. High school and middle school students are charged with points for tardiness, which continue to accumulate to a certain number, at which time discipline, e.g., detention or School on Saturday, is imposed. Likewise at the Central school, excessive tardiness can result in disciplinary action. At the primary school level, letters are sent to parents if the child is late more than twice a month.

It appears that the Somerville administration is actively seeking ways to address both student absenteeism and tardiness.

Discipline

The Somerville School District has developed a structured point system to address student discipline problems in the middle and high schools. The main premise underlying the district's discipline program is that students have a right to learn in a safe, orderly environment, and teachers have the right to teach without disruptions.

A certain pre-designated number of points are imposed upon students for various offenses, e.g., tardiness, truancy, and misconduct in class. If 15 points are accumulated, the student is suspended, within school or out, as determined by the building principal. Certain infractions clearly delineated in the student handbooks are punishable by immediate suspension. Excessive tardiness and dress code violations result in School-On-Saturday for the high school offenders, which is reported to be an effective deterrent.

The administration of student discipline is divided among three administrators at the high school. Grades 9 through 11 are the responsibility of the athletics director. The vice-principal handles grade 12. Special education disciplinary matters are the responsibility of the assistant for guidance and special services. The principal and assistant principal share responsibility for discipline at the middle school.

The administrators report that the discipline system is effective, albeit time-consuming. Its success is attributed to the policies being developed and reviewed annually by a discipline committee comprised of staff, students and administrators. Also the policy is distributed and clearly explained to all students via the student handbook to ensure that everyone is aware of the specific infractions and their consequences.

Parental/Community Involvement

The Somerville School District provides many opportunities for parental participation, including PTO meetings, school "open houses," orientation sessions, back-to-school nights, parent/teacher conferences, homeroom parent programs, parent advisory meetings and parenting training programs. Parents frequently volunteer to provide services for the school, such as at Van Derveer School where over 60 participants help supervise children before school, assist in the library, serve as resource persons in classrooms, and assist with special events, such as Open House, Hobby Happening, and Book Fair. Volunteers also created a butterfly garden from \$1800 of donated materials from local firms and community members. A group of parents/citizens volunteered to paint some of the more drab areas of Central School. Middle school parents assist in coordinating dances, the EWT breakfast, concerts, etc. Parents are also involved in special interest groups, such as the athletic and band booster clubs.

The district communicates with the community through quarterly newsletters and each school also mails or sends newsletters and announcements to the students' homes. Parents are invited to attend many school activities during each school year.

The district is commended for providing many opportunities for parental involvement and for recognizing the importance of parental and community support and resources for student learning and school programs.

EDUCATIONAL TECHNOLOGY

Distance Learning

Since 1995, the Somerset County Interactive Television Network (ITV) has offered a program of instruction to seven high schools, with current utilization for eight of nine periods in Somerville. The fiber optic network is also used for staff professional development functions and student extra-curricular activities and Rutgers University offers off-campus graduate evening courses at Somerville High School. The district also has access to technology training through the Somerset County Educational Technology Training Center and various corporate programs.

Computer based distance learning programs are offered at both Somerville Middle School and Central Elementary School. Integrated Services Digital Network (ISDN) technology provides interactive classroom experiences with students throughout the state, with resources such as the Liberty Science Center. With grant funds, Central School uses three ISDN lines to enhance teaching and learning in grades three to five. The Middle School uses one ISDN line to promote distance learning activities in science. Internet access at the High School is limited to one line in the library. Through a grant implemented by Raritan Valley Community College, the district awaits the installation of Internet access and plans to increase the number of workstations and modems to expand e-mail and Internet access by students and faculty.

The district should be commended for its participation and leadership in the Somerset County ITV distance learning initiative.

Technology Plan

The Technology and Distance Learning Plan is a synthesis of the recommendations of a Technology Task Force, which consisted of teachers, administrators, parents, business and community leaders and board of education members. The task force charge was to develop a district-wide, comprehensive five-year plan for technology and distance learning to serve instructional, professional, and administrative requirements. The 1993 mission statement was to:

- Develop skill sets among students that enable them to take full advantage of intellectual opportunities of the information age;
- Provide teachers with a wide array of instructional tools and professional development activities designed to enhance the learning process; and
- Disseminate technological solutions to administrative functions throughout the district.

The district Technology and Distance Learning Plan was recently updated for the period 1997-2002. The district's technology plan describes completed projects and guides the district forward from its present status. The mission is clearly stated and the goals and objectives are outlined. The following summary of computer hardware and programs as of October, 1997, is contained in the updated plan:

Van Derveer - Grade two classroom networks have four IBM 486s and one printer in each of six rooms. There is one teacher station and printer in the teacher workroom, installed on the network.

Central School - There is a networked laboratory with 17 IBM 8086s.

Middle School - There is a classroom laboratory with 23 IBM 486s, three printers, network, and file storage. The library has three networked 486s with CD-ROM local drives, two printers and Nucils computer service.

High School - The high school has four computer laboratories as follows:

- Science laboratory - 15 IBM 486 compatibles.
- Writing laboratory - ten IBM XT/ATs.
- Business laboratory - 23 networked IBM compatible pentiums and two printers.
- Library - seven networked 486s with CD-ROM tower and local CD drives.

The district has made a valiant effort in soliciting computer donations from business establishments. Consequently, a significant amount of the computer hardware in the district has been provided by area businesses. While such donations are commendable, many of the computers listed above are either obsolete, or rapidly reaching that status. Van Derveer reportedly recently received 30 donated PCs, but these 486 class machines lacked CD ROMs, network cards and software. The CD ROMs and network cards are often essential for current software.

The district's technology plan outlines several projects which it hopes to accomplish over the next five years through the use of technology, including:

Projection of Technology Needs

Project	Plan Year	Projected Cost
Internet Access (initial phase)	1997-98	RVCC Grant
Middle School- Pentium Computer Literacy Lab	1998-99	\$50,000
Central School- Computer Lab upgrade to 486s	1998-99	\$10,000
Central School- 586 Computer Lab (curriculum applications)	1999-00	\$50,000
Van Derveer School- Classroom & network 486 expansion (curriculum applications)	1999-00	\$10,000

The district has recently processed purchase orders for 36 new computers to be placed in the high school and middle school in 1998-99 and computers are being moved down from the high school to the middle school, to the elementary school. These new computers will be welcome additions to the inventory of available instructional equipment.

Recommendation:

In examining the Somerville School District computer instructional hardware, software and networking in comparison with other districts, it appears that Somerville is currently somewhat behind the “growth curve” in the implementation of rapid changes in computer technology. A history of numerous school budget defeats and reliance upon donated computer equipment have placed significant limitations upon student access to up-to-date computer hardware, networks, and instructional software, particularly in elementary school classroom settings. While recognizing ongoing funding limitations, district officials should consider placing a somewhat higher priority on budgeting for computer hardware, networks and software.

Student Information System

The district uses a national software program (SASI) for both scheduling and student attendance. Since there are other districts in the region that use the software, it would be advantageous to institute a regional users group to resolve issues germane to New Jersey’s reporting formats and provide software adjustments to accommodate state reporting requirements.

There are other productivity enhancement tools, such as grading and lesson planning software, that are available for teaching and administration. The packages that are presently available can enhance the final product and greatly improve the productivity of staff in these tasks, especially in lesson planning by offering helpful suggestions to the user.

Recommendation:

The district should try on an evaluative or trial basis one or more of the software programs for grading and lesson plan preparation. While it does cost the district money to purchase the software, this productivity enhancement can result in a better work product, while utilizing staff time more effectively in performing these tasks.

Value Added Expense: \$2,000-5,000

Business Office Computing

The network that is already established for student attendance can be further developed for communication between the school offices and the main office for staff attendance, payroll and automating the purchase order process. Significant duplication of work was found within the district. The district uses much paperwork to accomplish data entry and as a result duplicates processes. For example, all extra pay is handwritten and submitted to the payroll clerk. The payroll clerk then inputs the data into the system and types up separate reports for the board's approval. Purchasing is still a manual system. When both systems are more automated, the district will notice an improvement in workflow.

Recommendations:

The district should provide training and encourage the use of its business software and business office packages. With the proposed implementation of e-mail capability, as well as inter-office connectivity in the district, the possibility exists that the district can cut down on duplicative processes while still maintaining control over the payroll and purchasing functions. The clerical staff's productivity would benefit from the usage of spreadsheet software, as well as general computer productivity training.

Value Added Expense: \$5,000

Communications/Telephones

Based on the audit report, the district expended \$88,012 in 1994-95, \$94,909 in 1995-96 and \$93,274 in 1996-97 for communication/telephone cost charges. The district's telephone and postage costs are charged to this account with the major portion coming from telephone expenses. A comparison of Somerville's communication expenses with schools of similar size revealed the district's communication/telephones expenses to be the highest for the 1996-97 period. The per pupil cost was \$49 compared with \$15 for Roselle Park, \$31 for Hawthorne, \$30 for North Arlington and \$39 for Hackettstown.

An analysis of communication costs for 1995-96 revealed that the communication and telephone expenses increased more than 7.8% as compared with 1994-95. A number of factors contributed to this increase, including additional telephone lines, fax line installations, etc. For the 1996-97 school year, according to our review, the district expended \$72,514 in telephone expenses and

\$20,760 in postage. The communication and telephone costs decreased 1.7% as compared with 1995-96.

In reviewing the costs associated with the telephone service, the review team also looked at the reimbursement procedure for personal usage by employees. Under the present system, most of the telephones are restricted regarding long district calls, except for the main office in each school and the business office. The district has an honor system for personal calls. For personal usage, employees are expected to report their calls and reimburse the district for the charges; however, there are no records showing the amounts of reimbursement.

An analysis of telephone expenses for the 1996-97 revealed that the district expended \$787 for directory assistance. Most of the telephone directory assistance calls are local or within the 908 area code. The telephone company is charging \$.20 to \$.35 for each information assistance call.

Recommendations:

The team recommends that the district contact one or more companies specializing in telephone services to conduct a telephone audit to explore options for cost savings.

The district should enforce a procedure for collecting personal telephone costs.

Using operators for directory assistance calls is convenient, but expensive. The team recommends that the district consider implementing a computer software program to search for telephone information for the entire district to eliminate directory assistance charges. The software costs under \$100 and has all directory information within the United States.

Cost Savings: \$687

Copiers

The Somerville School District reportedly owns and/or leases 12 copiers (five large capacity and seven smaller capacity models) for use within its schools and administrative offices. The district procures its copiers through monthly lease/purchase agreements with vendors, which typically run between 36 and 60 months, depending on the cost of the copier. Equipment is reportedly replaced when the need for repair service becomes excessive. The old equipment is traded in for credit towards new equipment. Proposals are generally not sought, but rather the district for the most part utilizes one vendor whose products have proven to be the best to meet their needs.

Based upon a detailed review of the billing associated with the district's copiers for the 1996-97 period, it appears that some of the copier models exceed the district's copying requirements. Specifically, the five large capacity copiers had monthly copying capacities of up to 400,000 copies. Only one of them reached even half this capacity at any time during that year, with most of them operating at less than one quarter of capacity. Copying costs can be significant. In the 1996-97 fiscal year, the Somerville district expended almost \$90,000 in copying costs. One step toward minimizing these costs is right-sizing the copiers based upon usage.

Recommendation:

Proposals should be sought from other copier vendors at least for comparative/negotiating purposes, and models should be selected based upon anticipated usage.

The state recently entered into a cost-per-copy contract, which in essence enables entities, including school districts, to contract for the procurement of *photocopies*, rather than photocopier equipment. Under this arrangement, the vendor provides the agency or district with a copier for its use. The agency or district does not rent, lease or buy the copier, but rather purchases the photocopies. All equipment, parts, and supplies with the exception of paper and staples are included in the monthly fee. Somerville spent approximately \$9,000 in this period for its copier supplies, excluding paper and staples.

The contract is intended for copiers generally making fewer than 100,000 copies per month. However, there are machines included in this contract with capacities of up to 350,000, so Somerville's copying needs could clearly be met through use of the State contract.

For the time period reviewed, the seven smaller machines incurred only minimal quarterly maintenance fees, plus supplies. However, costs for the five large machines were quite high. Following is a comparative analysis of costs (excluding supplies) paid in 1996-97 for these five copiers vs. estimated costs available through the State's cost per copy contract:

Copier	Aver. Monthly Volume	Aver. Monthly Costs	Est. Cost per Copy Monthly Cost	Monthly Savings	Annual Savings
1	66,252	\$690.63*	\$589.64	\$100.99	\$1,211.88
2	77,970	\$1,738.38	\$693.93	\$1,044.45	\$12,533.40
3	64,188	\$1,563.43	\$584.78	\$978.65	\$11,743.80
4	91,510	\$2,023.78	\$814.43	\$1,209.35	\$14,512.20
5	117,455	\$1,900.72	\$1,045.34	\$855.38	\$10,264.56
Total					\$50,265.84

***These costs do not include monthly Lease/Purchase payments as the last payment on this machine was made 12/95.**

It was disclosed that the large capacity machines were recently replaced. The new lease/purchase agreements include maintenance and supplies in the monthly payments, as the vendor reportedly recognized the need to offer more competitive prices to their customers. While this is certainly a step in the right direction toward reducing copier costs, this arrangement still involves the costly leasing of equipment.

Recommendation:

Somerville should consider utilizing the State’s cost per copy contract as soon as possible. Based upon the 1996-97 cost of photocopier equipment and supplies and other related charges, potential annual savings to the district are approximately \$59,000. While the district apparently has already recognized the need to reduce these costs, and has negotiated a better deal with the vendor, additional significant savings can still be achieved.

Cost Savings: \$59,000

INSURANCE

The district currently uses a broker relationship for full insurance for the workers’ compensation and property casualty portions of coverage. All of the district properties are covered under one policy and there is no excess umbrella coverage provided to the district. While the district has managed to save money, especially in workers’ compensation, it has not made progress in reducing its risk exposure. The insurer does provide managed medical care and does control costs, but has not taken the steps necessary to further reduce the risk exposure for the district.

The district currently spends about \$150,000 for the various insurance components as itemized below:

Workers’ Compensation	\$81,195
Commercial Property/General Liability	70,086
Commercial Catastrophe	9,086

Somerville Borough recently moved into a joint insurance fund and saved an estimated \$75,000 by getting away from the full insurance market. The district has several options that it can choose in order to save money on insurance. The next time the district shops for insurance it should consider for property and casualty insurance the possibility of smaller policy limitations combined with a blanket excess policy. Also the district should pursue pricing with several joint insurance funds, as well as several property and casualty companies. Other school districts have saved over 10 per cent by switching from a fully insured market to a joint insurance fund. LGBR suggests pricing with several funds and doing a full comparison because all funds are not constructed equally and may not offer the same levels of coverage and fund equity in times of high claims.

Recommendations:

The district should consider establishing a safety committee, which meets regularly to discuss safety issues and consider ways to mitigate risks and the potential future costs associated with those risks.

The broker should walk on a regular scheduled basis through the district with the insured to assist the district in identifying and reducing its risk exposure.

The district should consider a joint insurance fund for both their workers' compensation and property and casualty insurance. The district should solicit bids for several school oriented insurance funds that are established and have adequate capitalization. Also, the district has an option to discuss the joint municipal fund with Somerville Borough officials; however, different sets of risks are associated with it.

Cost Savings: \$15,000

BUSINESS OFFICE

Purchasing

The purchasing operation is a function of the business office and is performed by one full time and one part time staff member. The purchasing department handles about 2,400 purchase orders per year. The system is a manual one, in which the paperwork for a purchase order manually travels from school to purchasing to accounts payable. The computer software system 3000, which has the capability for the purchasing operation, has never been used for that purpose by the district. The district is using system 3000 for personnel, payroll, accounting, fixed assets and budgeting. According to the school business administrator, the district will computerize its purchasing system in school year 1998-99. The district has developed policies and procedures for bidding and purchasing goods and services in accordance with the budget. Purchasing is initiated primarily from each school and controlled by the business office. Steps in the purchasing process are as follows:

1. The school principal must approve any informal requisition, which is initiated by the teacher or staff member. The principal is also required to fill in the budget accounts before the form is forwarded to the business office.
2. The staff in the business office type the data onto the purchase order and verify that the proper account number is on the purchase order, that there are sufficient funds in the account, that all necessary data is included, and that purchasing procedures are followed. Purchasing procedures have been established relative to pricing, the use of state contracts when available, and obtaining quotations or bids on the cost of the item.
3. The business administrator approves and signs the purchase order.
4. The business office then sends the purchase order to the vendor and returns copies to the requester. The requester receives the blue and green copies, which are later used to verify delivery. The school keeps the pink copy for its record.
5. When the requester receives the ordered material, he/she provides delivery information on the blue and green copies and returns them to the business office.
6. The business office then completes a three-way match between the green copy, invoice and original purchase order. When there is a match, the business office creates a bill list for board

approval. Then the board approves the bill list, the business administrator signs off on the disbursement and a check for payment is sent to the vendor.

Many school districts have experienced success in purchasing items at lower prices due to purchases in larger quantities. They achieve such savings through extensive involvement in cooperative purchasing efforts with numerous organizations. Somerville has participated in several joint-purchasing efforts with state, county and local entities to help lower the costs of purchases. The district has purchased natural gas at a ten percent savings and contracted for paper and special education transportation through the Somerset County Education Service Commission. The district usually purchases supplies under state contracts because they generally offer the best pricing.

Recommendations:

- 1. The district should continue to pursue these efforts to save taxpayers thousands of dollars through cooperative purchasing initiatives and networking with local community, county and state agencies.**
- 2. The district should continue purchasing goods from state contracts because they generally offer the best pricing. However, local vendors occasionally can provide significantly lower prices on some selected items. The district should utilize a combination of state contract and local vendor quotes to ensure that it receives the best price for the stated quality.**
- 3. The district should consider moving forward toward total computerization of the requisitioning, purchase order, encumbrance, receipt and payment process including system network links between each school and the business office.**

Fixed Assets

The district has addressed the issue of fixed asset control and inventory. The recent conversion to Generally Accepted Accounting Principles (GAAP) for New Jersey school districts mandated that each district set up a General Fixed Asset Group of accounts and provided an inventory method to quantify the historical cost of fixed assets for the district.

The Somerville School District has an asset list that is controlled by a computer software program called "System 3000." A business office secretary is responsible for keying the data into the system if the item purchase cost is over \$500. The asset list is updated annually and reports are generated as needed. The district also submits these reports to the insurance company that insures its properties.

The district has a policy for disposal of unused or broken school equipment and supplies. The district reportedly did not have any unused or broken school equipment for disposal during the past few years; however, the district did dispose of unused books. For example, in July 1997, a comprehensive eight-page list of books no longer in use at the high school was sent via fax to four

different used book companies. Two firms expressed an interest, with one agreeing to pay \$1,485, plus the shipping costs.

Inventory Control

The inventory system in Somerville district is generally operated centrally in terms of ordering but decentralized in terms of storage and monitoring of usage. Each principal determines the amount of supplies needed and the business office combines all requests and purchases in bulk once per year. When the supplies are received, they are stored at each school and the business office. Each principal is responsible for distribution and monitoring of supply usage throughout the year and submits purchase orders on an “as needed” basis if additional items are required. Each principal informs the business office of the paper needs of the school and the business office coordinates the buying and storing of paper. The district seems to have an effective inventory control system.

Surplus

Surplus is the amount of money held in reserve and left over after the interaction between current year revenues and expenditures. Surplus funds are included in a district’s budget in order to provide funds for emergencies or other unexpected items beyond the board’s control. Sound financial controls are required to ensure that surplus funds are accurately estimated and used according to established guidelines.

The Comprehensive Education Improvement and Financing Act (CEIFA), effective December 20, 1996, reduced allowable surplus amounts from 7.5% to a maximum of 6%. In accordance with N.J.S.A. 18:A7D-27.1, excess surplus that is over the allowable maximum shall be appropriated. The amount of surplus that districts are typically comfortable with ranges from under 3% to 6% of anticipated expenditures.

The district’s ability to accurately estimate surplus is a result of its success in establishing sound financial controls. These controls ensure the development of accurate surplus estimates and monitoring to determine that revenue and expense estimates in the budget are achieved, and that corrective actions are taken when significant deviation from these estimates occurs.

There are trends of school district revenues, expenditures, and annual surplus that enable school districts to accurately estimate surpluses. When district officials prepare the budget, they know fairly precisely the amount of expected revenue for the upcoming year. Over the past four years (1993-94 through 1996-97), the percentage of the Somerville district’s revenue ranged from a low of 62.68% to a high of 66.14% from the local tax levy, 24.43% to 27.217% from tuition revenue and .41% to 2.32% from other revenue. The Somerville School District has a sending/receiving relationship with the Branchburg School District to educate their grade 9 through 12 students. Even though the tuition revenue received from Branchburg covers the expenses incurred by the Branchburg students, the Somerville School District must budget the revenue. The district has budgeted 24.43% to 27.21% for tuition revenue in the past four years. Over this time period, the amount of tuition revenue anticipated and actually received has varied

due to changes in the number of students and the actual cost per student. The receiving district (Somerville), under the rules prescribed by the NJDOE commissioner and approved by the state board, determines the tuition rate. The final approved tuition rate also can not exceed the actual cost per pupil. The following table illustrates the district's revenue distribution in the past four years.

	1993-94		1994-95		1995-96		1996-97	
	Actual	%	Actual	%	Actual	%	Actual	%
Local Tax Levy	\$9,984,866	62.68%	\$10,736,088	66.14%	\$11,199,909	63.52%	\$11,912,153	64.33%
Tuition	4,333,778	27.21%	4,251,855	26.19%	4,307,175	24.43%	4,582,516	24.75%
Other Revenue	354,238	2.22%	377,383	2.32%	100,641	0.57%	76,554	0.41%
State Aid	1,256,826	7.89%	867,428	5.34%	2,024,307	11.48%	1,945,952	10.51%
Total Revenue	\$15,929,708	100.00%	\$16,232,754	100.00%	\$17,632,031	100.00%	\$18,517,175	100.00%

Over this time period, the amounts of revenue anticipated and actually received are not exactly the same. Other revenue includes interest on investments and miscellaneous income. Over the past four years, other revenue overestimates range from a high of \$63,446 or 45.32% in the 1995-96 school year to a low of \$39,359, or 28.11% in 1995-96 school year. In the past three years, the local tax levy has increased 11% or \$1,176,065. Since the pension contribution is reported in the same category, the state aid has increased \$1,078,524 or 124.34% from school year 1994-95 to 1996-97. Excluding the pension contribution of \$779,788, the state aide has increased only \$377,092 or 43%, which included \$149,583 desegregation aid in 1994-95. In 1996-97, excluding the pension contribution of \$1,033,536, the state aid actually had a decrease of \$332,103 or 27% as compared to 1995-96. The pension contribution is a reimbursement from the state to cover the district's TPAF pension obligation and it has no effect on the surplus.

For the past three years, the total general fund expenditure has increased \$1.3 million, or 7.58%. In order to minimize the amount of increase in local taxes, the district used the surplus fund to cover the deficit. Consequently, the actual surplus fund has declined from \$982,948 (5.663%) in 1994-95 to \$159,928 (0.86%) for school year 1996-97.

	1994-95			1995-96			1996-97		
	Budget	Actual	Chg	Budget	Actual	Chg.	Budget	Actual	Chg.
			in %			in %			in %
Local Tax Levy	\$10,736,088	\$10,736,088	-	\$11,199,909	\$11,199,909	-	\$11,912,153	\$11,912,153	-
Other Revenue	361,862	377,383	4.29%	140,000	100,641	-28.11%	140,000	76,554	-45.32%
Tuition	4,227,032	4,251,855	0.59%	4,271,432	4,307,175	0.84%	4,402,883	4,582,516	4.08%
State Aide	867,428	867,428	-	1,244,520	2,024,307	62.66%	912,416	1,945,952	113.27%
Total Revenue	16,192,410	16,232,754	0.25%	16,855,861	17,632,031	4.60%	17,367,452	18,517,175	6.62%
Total Expenditures	17,636,797	17,357,454	-1.58%	17,568,399	18,244,809	3.85%	17,658,142	18,673,212	5.44%
(O)/U Expend	(1,444,387)	(1,124,699)	22.13%	(712,538)	(612,778)	14.00%	(290,690)	(156,037)	46.32%
Other finan. source	(17,206)	(17,206)		(52,046)	(54,205)				-
Generated Surplus or (Use of Surplus)	(1,461,593)	(1,141,905)	21.87%	(764,584)	(666,983)	12.77%	(290,690)	(156,037)	46.32%
Beg. Fund Bal.	\$2,124,853	\$2,124,853	-	\$982,948	\$982,948	-	\$315,965	315,965	0.00%
Ending Fund Bal.	\$663,260	\$982,948	48.20%	\$218,364	\$315,965	44.70%	\$25,276	\$159,928	532.74%
Fund Bal./T. Exp.	3.761%	5.663%		1.243%	1.732%		0.143%	0.856%	

Approximately 66% of the Somerville School District's expenses are for salaries. Except during contract renewal years, the district should be able to determine with reasonable accuracy the budgeted amount needed for salaries; however, the salary estimates will usually be higher than actual expenditures as a result of resignations and retirements, which may occur after the budget has been adopted. The remaining 34% of the budget is more variable, although budget projections can be determined through the use of multi-year contracts and purchase agreements. A review of actual salary expenditures for a two-year period revealed that district officials are within a 2% variance from the budget projection.

In 1994-95, to fund \$17.6 million in expenses, the district appropriated \$1.5 million from a \$2.1 million surplus balance, leaving a projected surplus of \$663,260 (3.8%). According to the CAFR, the district under spent the budget by \$279,343 and received additional revenue of \$40,345 which caused an increase resulting in a fund balance of \$982,948 at the end of the year in comparison to the ending fund balance of \$663,260 as budgeted. Therefore, the district's projected surplus of 3.8% actually became a surplus of 5.7% after the 1994-95 school year. For the 1995-96 budget, the district appropriated \$764,584 from surplus and estimated an end-of-year surplus balance of \$218,364 (1.24%), but by the conclusion of the budget year had an end of the year surplus balance of \$315,965 dollars. This generated an actual surplus balance of 1.73% of the actual budget expenses. During the 1996-97 budget, the district estimated a .14% surplus, but instead realized a .86% surplus.

Recommendation:

The district's surplus fund balance is about 1%, which is 5% below the maximum allowable balance of 6%, as set by CEIFA. With a couple of old school buildings, the district should develop a plan to determine how much surplus balance, perhaps 3 to 5% of budget, should be maintained for cash flow considerations, unanticipated expenditures, emergency building repairs, etc. to minimize the potential for a financial crisis.

Banking and Investment

The checking and savings accounts maintained by the Somerville School District were reviewed for the purpose of possibly identifying ways the district could improve its interest income and reduce the costs associated with reconciling and maintaining its banking accounts. During 1996-97, the district maintained ten checking accounts in one bank and one account in another bank.

A review was conducted of the amount of interest earned by the district in its operating accounts. The average monthly balances in 1997-98 ranged from \$307,538 to \$640,235. The district received for 1997-98 more than \$6,000 in interest income, which does not include the \$56,565 interest earned from the MBIA Municipal Investors Service Corporation (MBIA). In this period the district was assessed over \$6,000 in service charges in the operating account. These charges included account maintenance fees of \$50 per month for the parent account, \$15 for each maintenance account, \$.12 for each deposit made, and \$.19 for each check paid. The bank also provides services like payroll processing, business express maintenance, and electronic fund transfers, with varied fees for these services. The bank states that service charges will be waived if the district maintains a minimum balance in the account; however, the district earns no interest from the minimum balance amount. In other words, the bank uses the earned interest to cover the service charges. In school year 1997-98, the district was earning an average of 3.5% in interest income, but because of the minimum balance requirement, the district actually earned 1.7% on interest income.

Most districts invest a portion of their balances that are in excess of the positive available balance into Certificates of Deposits or the New Jersey Cash Management Fund (NJCMF) to earn higher interest. The Somerville School District invested its excess funds into MBIA to secure a higher interest rate. Much like NJCMF, MBIA is a conservative investment fund, which is utilized by the State. This fund is designed to provide participants with a convenient method of pooling proceeds to invest in government discount notes, securities and U.S. Treasury Bills. Since this portfolio is very liquid, excess funds can be transferred easily into this account for investment purposes and relocated back to the district when there is a need, without the payment of transfer fees. Administration fees are charged to the district and accrued on a daily basis by multiplying the value of the investment property as determined each day by the fee rate of 40 basis points (.0040) divided by 365 days. The district is earning a gross income of 5.28% or a total of \$56,565 for the 1997-98 school year in this program.

	District's	Other District	
	Bank	Bank X	MBIA
Jul-97	4.1%	5.0%	5.3%
Aug-97	4.0%	5.0%	5.3%
Sep-97	3.8%	5.0%	5.3%
Oct-97	3.8%	5.0%	5.2%
Nov-97	3.7%	5.0%	5.3%
Dec-97	3.2%	5.0%	5.3%
Jan-98	3.3%	5.0%	5.3%
Feb-98	3.3%	5.0%	5.4%
Mar-98	3.0%	5.0%	5.3%
Apr-98	3.4%	5.0%	5.3%
May-98	3.1%	5.0%	5.2%
Jun-98	3.6%	5.0%	5.3%
Average	3.5%	5.0%	5.3%

For comparative purposes, the team evaluated the interest paid to the district from its bank against interest rates that have been paid by a bank serving another school district and the MBIA. The table at the left compares the earnings rate of the district's bank accounts and those of Bank X and the MBIA fund for 1997-98.

The district's average rate was 1.8% below the rate paid by MBIA. However, MBIA does not provide the services that the bank provides to the district, such as check printing and processing. In view of the costs of these services, the district is not receiving a competitive rate from the bank. The team

also compared service charges between the district's bank and another bank, identified as Bank Y, as illustrated on the following table:

	Somerville		Bank Y	
	Service Charge	Balance Req'd	Service Charge	Balance Req'd
Account Maintenance	\$15.00	\$2,896.00	\$15.00	\$3,285.00
Checks Paid	0.20	57.91	0.18	39.42
Deposits	0.15	43.43	0.40	87.60

These figures indicate that Somerville is paying comparable or lower service fees in account maintenance and deposits but not for checks paid. The district does not have a formal written agreement outlining the specific services to be provided, the cost per unit of service, and the manner in which these costs will be paid.

Recommendations:

1. The district should periodically review this program with bank offerings in the area in order to maintain optimum investment opportunities. The district should consider entering into a formal written agreement with the bank outlining the specific services to be provided, the cost per unit of service, and the manner in which these costs will be paid.
2. A cash flow analysis should be prepared and a more comprehensive and informative investment tracking system needs to be utilized, which could lead to a more efficient method of cash management and enhanced opportunities for interest earnings.

FACILITIES

Somerville has four buildings in the district: one high school (grades 9-12), one middle school (grades 6-8), and two elementary schools (one grades K-2 and one grades 3-5). The administration office is located in the grade 3-5 building. The high school was built in 1970, the middle school in 1922 with an addition in 1942, the K-2 school in 1955 with an addition in 1964, and the 3-5 school in 1897 with additions in 1912, 1922, and 1930. The building operational student capacities in 1996 are listed in the following table.

School	Van Derveer	Central	Middle	High School	Total
Operational Capacity	460	404	653	1,072	2,589

The supervisor of buildings and grounds manages 25 employees consisting of 18 custodians, five maintenance workers and two bus drivers. He is also a licensed plumber. For purposes of our review, we separated the department of buildings and grounds into two separate costs, custodial and maintenance.

Custodial

As previously stated the district employs 18 custodians to clean the 383,730 square feet of the four buildings. In visiting each of the facilities, it was observed that they were adequately cleaned and maintained considering the ages of the buildings. There is a summer schedule for projects that need to be completed prior to school opening at each facility.

There are two distinct methods used by the American School and University Regional Standards (ASURS) to assess the level of efficiency of a school custodial staff. The first method is to determine the proper level of staffing. The other method is to determine the cost per square foot.

The ASURS provides two models to determine the appropriate level of staffing. The following mathematical exercise is the result obtained by applying the first model to Somerville:

Number of full-time teachers divided by 8: (160/8)	= 20.00
Gross Building area/15,000: (383,730/15,000)	= 25.58
Average building capacity/25: (647/25)	= <u>25.88</u>
SUM OF FACTORS	71.46
Sum of Factors/3 (#of custodians needed)	= 23.82

The second model is to divide the gross square footage by the average square footage per custodian for the New Jersey/New York area as determined by the ASURS survey. The following is the result of this model:

Gross square footage	383,730
Average sq. ft. per custodian	17,760
Number of custodians required	21.61

The second method in assessing the efficiency of a school custodial staff is to determine the cost of custodial services as a cost per square foot.

During the 1996-97 school year, the total cost of custodial services (salary, benefits, overtime, supplies, substitutes) in the district was approximately \$801,470 or \$2.09 per square foot. According to the ASURS annual publication, the standard cost for custodial services in the Northeast region of the United States is \$2.11 per square foot, although LGBR has found that the Lakewood School District has a current custodial contract for \$1.95 per square foot.

Based upon the ASURS models in assessing the level of efficiency of a school custodial staff, the district is below the appropriate level of staffing; however, this lower staffing level enables the district to provide the cost per square foot within the standard cost for custodial services.

Maintenance

The district employs five maintenance personnel: three all purpose maintenance workers; a painter; and a groundskeeper. There is a five-year comprehensive maintenance plan, which the supervisor of buildings and grounds tries to adhere to, budget permitting. A review of the maintenance plan indicates major problems caused mainly by the age of the buildings throughout the district. For example, while touring the facilities several roof leaks were observed. The estimated cost to replace the roofs is \$812,000. Other problems include the HVAC system in the Middle and Central schools. The heating system is an old steam system, which supplies heat to these schools very inefficiently. In addition, the district has estimated the cost to bring the buildings to ADA compliance to be \$1,551,800.

The maintenance department processes approximately 250 work orders per year. Requests for maintenance in the form of work orders originate with the building principals with priority given to potentially dangerous conditions. The supervisor reviews the work orders on a daily basis and determines whether the maintenance personnel can perform the work. If staff personnel can perform the work, the supervisor assigns the work to a particular person with an approximate time frame for completion. If the worker determines the time frame can not be met, the worker contacts the supervisor to review the work order and set an appropriate time frame for completion. If the staff can not perform the work, the supervisor solicits either phone quotes or written bids from private contractors. Over the last couple of years, the district has been attempting to keep as much work as possible “in house,” but has sub-contracted out major construction, plumbing, and electrical work or time-restricted work. The amount of outside contractual repairs/services has decreased by approximately \$280,000, as well as the overall expenditures by over \$200,000.

The maintenance department maintains eight vehicles, three F150 pick up trucks, a van and four buses; two are leased, one is used for the band and the other is a 25 passenger bus which is in it's last year of service.

In addition to maintenance work, the staff also maintains the athletic fields, which consists of lining the football field and the two soccer fields twice a week during September through December. From March through May, they line the baseball fields twice a week. The borough, which has a wide mower for large fields, periodically assists with the grass cutting.

The methods in determining the cost to provide maintenance service is similar to the methods used for custodial services. One method is to assess the level of staffing and another is to determine the cost per square footage. According to the ASURS, the average square footage is 50,000 per maintenance worker. Utilizing this method, the number of maintenance workers should be 7.5 (383,730/50,000). As previously stated the district employs five maintenance workers and a supervisor.

The other method would be to determine the cost per square foot. The approximate costs of maintenance services for the school year 1996-97 were as follows:

Salaries (and benefits)	\$222,200
Overtime	12,100
Supplies	54,602
Outside contractors	<u>144,733</u>
Total	\$433,635

The calculated amount at left would make the district cost per square foot for maintenance services \$1.13. The market rate for maintenance services in this geographic area according to the ASRUS is approximately \$0.70 per square foot. The district is paying approximately \$165,000 more for maintenance

services; however, considering the ages and condition of the buildings, we believe the costs for maintenance services are within the standard cost. In addition, it should be noted that the \$165,000 includes \$61,000 for asbestos removal; therefore, the district's actual maintenance cost is \$104,000. That results in a cost of about \$0.97 per square foot, which is still more than the market rate of \$0.70 per square foot. In order to further reduce maintenance costs, the district needs major changes to the condition of the HVAC system in the Middle School/Central School complex and a more permanent solution to the roof leaks.

The supervisor of building and grounds has demonstrated a positive approach in reducing the costs for custodial and maintenance services and should be commended for his efforts in keeping the costs at or within acceptable rates for those services.

The Central School, with sections built in 1897 through 1930, is located on an inadequate site and the building is out-of-date and in need of demolition and replacement at another location, such as the Van Derveer School. The district's revised proposal for a \$14.9 million bond issue to finance construction and/or renovation at the High School, Middle School and Van Derveer School should meet district building needs for the next decade or more and should result in reduced annual maintenance expenses.

Energy Management

The district uses a \$1,500 computer software package for energy management, which controls the heating for the whole district. It monitors the system through the use of electronic transponders and can, when all the options are purchased at additional expense, manage the system remotely. At the present time, the district has invested enough to measure energy utilization and manually change devices in the system to conserve energy usage.

In 1994 the district bonded for upgrades to the energy system at a cost of \$544,462 for HVAC and \$121,775 for lighting. Recently, the district expended \$20,000 for upgrading the valves for the room ventilators in the high school and consequently anticipates a 10% saving of the high school's heating bill, or about \$5,000. Overall, the district expects to save another 13% in total energy costs, or \$39,000, with the proposed bond issue, demolition of the Central School complex and construction of a more efficient building addition at Van Derveer School.

The district is commended for addressing in a reasonably cost effective manner the energy management needs of the school system.

FOOD SERVICE

Food service has been privatized in the Somerville Borough Public Schools for more than five years. In the past two years, Dowling Food Services has provided management services for the district's food service program. The food service contract with Dowling is renewable annually. In June 1997, the district extended the original contract with Dowling Food Services for the 1997-98 school year, with a management fee of \$12,000. The contract also stated that the district subsidy for the food service operations shall not exceed \$9,000.

Interviews were conducted with the food service director, and the review team visited the school kitchens and cafeterias. Dowling serves lunches for the high school, middle school, two elementary schools and for various special events. The district has three production kitchens located at the High School, Central and Van Derveer elementary schools. The Middle School does not have a production kitchen, as these students use the lunchroom located next to the production kitchen in nearby Central School. There are three separate lunchrooms and one production kitchen located in the Central School. One lunchroom serves hot lunches for the Central students in grades three to five, while another lunchroom serves the middle school students, grades six to eight. Students who bring in their lunches from home are requested to stay in the third, i.e. "cold," lunchroom.

Dowling employs the cafeteria staffs who are located in the three schools. The district reimburses the management company for all other costs incurred, such as salaries, benefits, supplies and materials, and cost of sales. All remaining moneys are returned to the district.

The Somerville School District currently charges \$1.80 for student type A lunches in the two elementary schools, \$1.85 in the middle school and \$1.95 in the high school. Reduced price

lunches are \$.40. Teachers and staff members can purchase their lunches for \$2.45 in each school. The district does not have a breakfast program.

During the 1996-97 school year, a total of 128,682 meals were served, including paid, reduced and free meals. The audit report did not detail the costs of food for parties or special events; therefore, the actual cost per meal is difficult to determine.

As a part of their responsibility in their contract, teachers and an administrator are on duty during lunchtime to supervise the students in the high school and middle school. For the two elementary schools, nine part-time lunch/playground aides are hired to work two to three hours each school day to supervise the students. The district paid lunch/playground aides \$8.50 per hour in 1997-98.

According to the CAFR and budget guidelines, if a district receives state and/or federal reimbursement for food service costs or collects fees from students for the cost of meals, the entire food service operation activity must be recorded in an enterprise fund and not in the general fund of the budget. Any contribution made by the district toward the food service operation is reported as one lump sum, which is transferred to cover any deficits. These costs should not be included elsewhere in the budget. However, if the district funds the full cost of the operation, the expenditures should be categorized and reported in the general fund. The Somerville School District received state and federal reimbursement and collected fees from students for lunches. Therefore, the entire food service operation was properly recorded in the enterprise fund. Enterprise funds are used to account for operations that are financed and conducted in a manner similar to private business enterprises with the intent that the costs of providing goods or services are financed through user charges.

	1996-97	1995-96	1994-95	1993-94
Revenues:				
Daily sales	\$193,110.95	\$151,721.74	\$143,210.79	\$156,627.94
State sources	9,954.58	9,724.43	7,836.05	7,630.08
Federal Sources	143,917.08	123,929.20	98,672.11	89,833.37
U. S .D .A. commodities	12,427.04	15,331.58	8,842.02	10,009.46
Misc.	-	4,212.86	4,976.71	723.60
Total Revenues	\$359,409.65	\$304,919.81	\$263,537.68	\$264,824.45
Expenses				
Salaries - benefits	-	-	-	\$22,800.00
Management Fee	\$12,500.00	\$12,500.00	\$5,844.23	\$6,010.35
Other	23,516.34	24,277.15	5,626.42	12,801.02
Depreciation	505.38	543.78	1,463.53	1,463.53
Cost of sales	316,818.98	267,425.00	283,763.13	280,750.33
Total Expenses	\$353,340.70	\$304,745.93	\$296,697.31	\$323,825.23
Net income before board contribution	\$6,068.95	\$173.88	(\$33,159.63)	(\$59,000.78)
Board contribution	0	\$52,046.00	\$17,206.00	\$17,206.00
Income after board contribution	\$6,068.95	\$52,219.88	(\$15,953.63)	(\$41,794.78)
Retained earnings-July 1	\$821.76	(\$51,398.12)	(\$35,444.49)	\$6,350.29
Retained earnings-June 30	\$6,890.71	\$821.76	(\$51,398.12)	(\$35,444.49)

According to the audit report, the district had losses for the food program in school years 1993-94 and 1994-95, during the period of time that another company managed the program. For school years 1995-96 and 1996-97, Dowling was contracted to manage food services and the program started showing a profit. However, the district has contributed more than \$86,000 in total to cover food service deficits since the 1993-94 school year.

Recommendation:

Even though the food service program has experienced an improvement to show some profit under the new management company, the fund balance is too low to cover any emergency costs. The district should consider re-bidding this service rather than operating on an automatic annual renewal for the food service contract and the contract should require that the program generate some excess funds to pay for equipment replacement and improvement.

SPECIAL EDUCATION

The Somerville School District has in its special education (SE) program 279 classified students according to the 1997-1998 ASSA Report. This includes 89 students who are classified for speech only. Excluding speech, of the remaining 193 students, 166 are educated within the district, with 71 in self-contained classes and the remaining 95 in resource rooms. The other 24 SE students are sent out of district to both public and private educational centers. A three-year distribution of special education students is as follows:

Student Placements	1997-98	1996-97	1995-96
Sp. Ed. in district full time	65	54	47
Sp. Ed. in district shared time	0	0	1
Sp. Ed. received from other school -full time	6	2	0
Total in district self-contained Special Education	71	56	48
Sp.Ed. Students sent to public school - full time	14	12	13
Sp.Ed. Students sent to public school - share time	0	0	3
Sp.Ed. Students sent to private school- full time	10	10	13
Sp. Ed. Students sent to regional day school	0	1	2
Total out-of-district Special Education	24	23	31
Resource Room	95	83	82
Speech Instruction	89	97	90
Total other in-district Special Education	184	180	172
Total Special Education	279	259	251

Note: The source of the above information is the District's ASSA report, which utilizes student enrollment from the previous school year.

Total district enrollment	1,887	1,870	1,803
Percent of special education	14.78%	13.85%	13.92%

The Somerville School District has increased about 4% to 5% in total special education enrollment in the past two years. At the same time, the number of out-of-district students has decreased, while the number of in-district students has increased. Particularly, the number of resource room special education students has increased.

Students are sent out-of-district usually due to the extent or nature of the disability and/or the limitation of space in district schools. The following table illustrates average out-of-district SE costs of the Somerville School District:

		Estimated	Estimated	Estimated
		Average	Average	Average
School	Number of	Tuition Cost	Transportation	Total Cost
Type	Students	Per Pupil	Cost Per Pupil	Per Pupil
Private	11	\$23,022	\$5,556	\$28,578
Public	15	\$23,536	\$5,556	\$29,092
Regional Day	1	\$12,276	\$5,556	\$17,832

Note: The source of the above information is district data for the year ending June 30, 1997. The total number of students for out-of-district SE placement is different by three students from the ASSA report due to transience during the year.

Based on data provided by the district, the average cost-per-pupil for out-of-district SE students is conservatively estimated at \$28,465. The district's overall cost-per-pupil (Pre-K to 12) is \$9,776.

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

The Somerville School District maintained seven self-contained SE classes, distributed among the district's schools to provide instruction for 55 special education students, effective in June 1998. Eight teacher assistants were hired for the district's self-contained classes, seven of whom were not required according to the state's class size standard (N.J.A.C. 6:28-4.4). Most of the high school SE students are mainstreamed and are not included in the above count.

In an effort to identify ways to control district costs for self-contained SE classes, the review team sought to determine whether SE classes were at full occupancy. A complete analysis of each class in every school revealed that there are many special education classes not filled to state allowable capacities, which is illustrated in the table to follow.

				Allowable	Allowable		
			# of	Capacity	Capacity	Allowable	Reduced
School	Type	Aide	Students	W/O Aide	With Aide	Spaces	Aide
Van Derveer	P/T Pre K	1	9	8	11	2	0
Van Derveer	CH	2	7	8	11	1	2
Van Derveer	CH	1	3	8	11	5	1
Central	PI	1	10	12	16	2	1
Central	PI	1	8	12	16	4	1
Middle	PI	1	9	12	16	3	1
Middle	PI	1	9	12	16	3	1
Total		8	55	72	97	20	7

The review team conservatively calculates that 20 additional students could be educated within the district without hiring any more teachers or aides. By recruiting special education students from other districts, the district could bring in some additional revenue.

The review team recognizes that differences in age grouping or other legitimate circumstances may preclude the district from filling every SE classroom to capacity or that special situations may exist as a result of analysis completed by the child study teams (CST). The team also realizes that “allowable capacity” means “maximum” number of students, not “recommended” number of students. However, it is suggested that the district continue to carefully scrutinize this matter every year and make certain that resources within the district are utilized to the fullest extent possible.

For school year 1997-98, 28 students from Branchburg attended the resource centers in Somerville. The Branchburg district paid \$22 per hour for each student, which resulted in \$145,171 revenue for the Somerville School District.

Recommendations:

- 1. Since the self-contained SE classes have some empty spaces, the district should consider inviting other districts to send on a tuition basis students with the same age range and special education classification. This would generate additional revenue of \$195,520.**
- 2. There are two CH classes in the Van Derveer School. One CH class has seven students with two classroom aides and the other has three students with one classroom aide. According to the N. J. Department of Education guidelines, the district can combine these two classes and provide one class aide. The district could save one teacher’s salary plus fringe benefits for total savings of \$42,240 and free up a classroom for other usage.**
- 3. By reducing the number of self-contained SE teacher assistants by seven, the district could save \$196,421 in salaries and benefits.**
- 4. The board may also wish to consider initiating a co-operative special education service within the county to schedule and/or otherwise provide special education programs on the most efficient and cost effective basis.**

Total SE Cost Savings and Revenue Enhancement: \$434,181

SEMI

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

The district has generated a total of \$12,956 in revenue under SEMI since 1995. Revenues during the 1997-98 school year fell off from the previous school year by half. The district has a backlog of claims to be filed. Since the time of our visit, the district filed claims and received a \$5,000 payment during the month of July 1998, as a result of working on their backlog of claims. A sample review of the district files reflects compliance with SEMI requirements. The district has a process in place to identify new special education students for registration in the SEMI program. However, it does not appear that the majority of eligible special education students are receiving a medically related service: occupational therapy, physical therapy, speech, psychological counseling and nursing services. The district may also claim evaluations, reevaluations, annual reviews and both regular and specialized transportation with appropriate documentation. Out-of-district placements are another source of SEMI claims to increase revenues.

Recommendation:

The district should continue to reduce the backlog of claims and maintain a monthly schedule for filing claims. The SEMI program supports a monthly schedule based on the fact that current claim documentation is readily available and facilitates the filing process. The district should ensure that all eligible services provided to SEMI participants are claimed each month. LGBR estimates a minimum of \$8,000 is available in annual federal SEMI reimbursements to the school district.

ATHLETICS AND EXTRA CURRICULAR ACTIVITIES

The Somerville School district offers a wide array of athletic and other extra-curricular activities for its high school and middle school students. The following table reflects the high level of student participation at the two schools in 1996-97:

	High School	Middle School
Total Enrollment	795	338
Athletic:		
<i># Activities</i>	25	7
<i># Participants</i>	825	147
Non-Athletic:		
<i># Activities</i>	17	10
<i># Participants</i>	753	300

According to the New Jersey Department of Education’s March, 1998, Comparative Spending Guide, Somerville has ranked 73rd out of 75 in a low to high statewide ranking of districts of similar type (K-12 with total enrollment of between 1801 and 3500 students) for athletic and extra-curricular spending for the past few years. This information has limited value as Somerville is a receiving district for Branchburg’s high school students, and as such Branchburg’s elementary and middle school enrollment numbers are not factored into this ranking. Although most of a district’s athletic and extra-curricular spending occurs at the high school level, its cost per pupil and resultant ranking are calculated based upon the district’s entire enrollment. If Branchburg’s

K-8 enrollment figures and associated additional extra curricular cost are included in the analysis, the Branchburg/Somerville combined program would rank 55th of the 75 districts, at \$218 per student, rather than \$343.

According to Somerville's 1996-97 CAFR report, \$577,336 was expended for athletic and co-curricular activities. The district provided a detailed breakdown of all costs associated with each activity for this period, including athletic staff salaries, coaches' stipends, supplies, equipment, officials' fees, transportation, etc. It was noted that the cost per student participant for some of the individual activities is quite high, e.g., \$929, as compared with the average of \$520 and the low of \$201 at the high school level. Numbers of participants in the activities vary considerably, from a low of 3 for the middle school's audiovisual club, to a high of 113 for the high school's marching band.

Recommendation:

Somerville may want to consider eliminating some of its lesser-subscribed and/or more costly activities. The district should continually analyze the number of participants and associated costs of each activity, and eliminate those not warranting continuation.

In 1996-97, the biggest chunk of the athletic program costs, i.e., 66%, was expended for salaries, including the athletic director's, the athletic trainer's and coaches' stipends. The district employs a full-time athletic director (AD), who in addition to responsibility for the coordination and administration of the district's athletic programs, is also responsible for administering the high school's discipline program for 9th through 11th grade pupils. This latter responsibility reportedly requires a majority of his time and effort. A full-time ten-month clerical position is assigned to the AD to assist him with both areas of responsibility. The district also employs a full-time ten month athletic trainer for the high school programs, who is paid in accordance with the teachers' guide. This individual does not teach any classes, but is required to attend all athletic practices, home events and home and away varsity football games. When not performing direct treatment/evaluation services for the students, the trainer assists the AD with completion of insurance forms and other paperwork.

Recommendation:

The district should consider contracting with a private sports medicine provider for athletic trainer services. Other school districts do so on a part-time basis, e.g., four hours per day six days per week, which includes attendance at practices, games, etc., with costs in the area of \$16,000 per year, as contrasted with the Somerville cost of \$50,000 for current salary and benefits. Somerville should at least solicit proposals to test the market in the Somerset County area. Alternately, the district should consider either reducing the existing trainer position to part-time, or including the teaching of two or more classes each day in the position's responsibilities, as is done in other school districts.

Cost Savings: \$34,000

The coaching and extra-curricular advisory staff is primarily comprised of teachers, who receive additional compensation as per the salary guide for this service. Based upon the team's review of these stipends, it appears that Somerville may be somewhat generous with its stipends. According to the cost analysis provided by the district, in 1996-97 approximately \$260,000 was expended in advisor/coach stipends. When comparing Somerville's extra-curricular stipend schedule against the NJEA's summary of guides throughout the State, it was noted that overall Somerville spent approximately 8% more than the statewide maximum average for stipends.

Recommendation:

In future negotiations, the district should consider moderating the increased costs of extra-curricular stipends. The latest contract reflects increases of approximately 3.8% each year through the 1999-2000 school year. As mentioned above, elimination of programs or perhaps reduction of numbers of assistant coaches if feasible could also reduce spending in this area. LGBR suggests that stipend expenditures be reduced about 8% relative to the State's *maximum averages*.

Cost Savings: \$20,800

The district utilizes volunteer coaches to supplement the compensated coaching positions. Albeit the volunteer coaches do not eliminate the need for paid coaches or assistants, this is a commendable practice, which affords an opportunity for the involvement of community members in the school activities, and for the students to benefit from the instruction and expertise of others.

The Somerville Police Department provides police services for crowd and traffic control at certain high school athletic events and graduation. The hourly rate varies based upon the rank of the individual assigned. In 1996-97 the hourly rates ranged between \$42 and \$54 per hour, for a total of approximately \$7000, including a \$700 administrative fee.

Recommendation:

The District should negotiate with the Somerville Borough Council either to have some coverage of these events assigned as a regular police duty, and hence at no cost to the district, or at an established flat hourly rate, e.g., \$24 per hour as is currently paid for other extra curricular duties in the district.

Cost Savings: \$3,500

Transportation for athletics events is either provided by the district-owned buses when available, or else through a contracted vendor, with costs split about evenly between these two means of transportation. The district buses are driven by district employees, e.g., custodians, who are compensated at the rate of \$15 per hour for any time beyond their normal work day. On an average, each trip runs about four hours, for an average driver cost of \$60. The only exception to this hourly compensation is an arrangement whereby the coach of a particular sport who also drives the bus is paid an additional flat fee of \$30 for driving.

Bids are sought each year for the vendor-provided transportation, based upon the tentative athletic schedule. The current contract was awarded on the basis of a flat fee for up to the first three hours, with an additional hourly charge thereafter. In 1995-96 and 1996-97 approximately \$20,000 was paid to the contractor for athletic/band transportation. The analysis of the payroll for 1997-98 disclosed approximately the same amount paid to the district's drivers for athletic trips during this period.

Recommendation:

The district is commended for its diversity in meeting its athletic transportation needs. A recent report issued by the State of New Jersey's Commission of Investigation recommended such transportation programs, which utilize both publicly-owned and contracted buses, for providing the districts with more options and control over their transportation costs. While it appears that Somerville generally provides for the required athletic transportation in a cost efficient and effective manner, the review team recommends that the district take steps to expand its coach/driver practice, as indicated under the transportation section of this report.

TRANSPORTATION

The Somerville School District does not provide for regular transportation to and from school because elementary age students do not reside more than two miles from school and high school students do not reside more than two and one half miles from their school. This does save taxpayers money, but as exemplified by the traffic at Van Derveer School in the mornings and afternoons, it does create a unique problem. Every school day there is a traffic bottleneck in front of the school and at the traffic light. Since Route 28 is a state road, the police department has been unable to modify the timing of the light. Reportedly, the New Jersey Department of Transportation (NJDOT) has not permitted the local officials to control the light even temporarily to reduce the overcrowded conditions that the intersection poses.

The district has plans to redesign the parking lot, driveway and exits in order to reduce the congestion. LGBR supports this concept and applauds the initiative shown by the district in successfully soliciting state funding to finance the project. However, given that the district is planning to expand Van Derveer School by adding grades four to six to its current kindergarten through third grade configuration, more needs to be done to alleviate the added traffic that this school addition could cause.

Van Derveer School is in the northeastern portion of the town and off a busy highway. The district could implement several options for this school in order to reduce the congestion and satisfy the needs of its residents. Several students are being picked up at the school by local taxis. The parents of these students are paying a premium to have their children transported from school to home. If the district were to institute paid subscription busing for parents desirous of having their students transported to and from the elementary school, it would save both in time and money for those parents who pick up their children at school. The total cost of the busing service

would be borne by the parents desirous of participating in the service, so this would come at no additional cost to the taxpayer. The district should conduct a study of the transportation needs and related costs and survey parents in order to ascertain whether there is sufficient interest in providing more efficient transportation for these students at cost.

Another suggestion to the town would be to formally petition the NJDOT for the ability to control the traffic light on a temporary basis for easement of traffic congestion. The above two suggestions conform to NJDOT's goal of reducing pollution and traffic tie-ups.

The district owns two buses, which are used for student transportation for field trips and athletic events. The district has two employees, a messenger and a retired teacher, who serve as drivers when needed at a cost of \$15 per hour. The district also has one coach who, in addition to his coaching duties, drives a bus to and from scheduled meets at a flat rate of \$30 per event. For a sport with ten away meets which require four hours of transportation and waiting time, the transportation cost per away game is \$60 for a regular driver compared to \$30 for a coach who also drives. The district would save approximately \$300 per season for each sport with a "driving" coach. LGBR applauds this practice and encourages the district to use coaches with commercial driving licenses as bus drivers because of the reduced transportation costs.

Recommendations:

The district should consider surveying parents to determine whether there is support for paid subscription busing, which would reduce traffic congestion at Van Derveer School during opening and closing hours.

The district should encourage the borough to apply to the N. J. Department of Transportation for permission to manually control the light on Route 28 during opening and closing hours at Van Derveer School.

As a cost saving measure, the district should encourage coaches to drive buses for away athletic events. If two more coaches each season were convinced of the merits of this practice, and chose to drive 10 times per season, the district would save about \$1,800 per year.

Cost Savings: \$1,800

COLLECTIVE BARGAINING

The three following sections of the review report which cover the respective negotiated agreements are presented separately, as school officials cannot unilaterally alter the terms of the agreements. *Any of the recommendations in the following sections, which involve changes in the negotiated agreement, necessarily would require negotiations and agreement by the respective parties in order to be implemented.* These sections will deal with those aspects of the contracts, which have more direct financial or productivity implications.

Education Association Agreement

The team reviewed the 1994-1997 agreement between the Somerville Board of Education and the Somerville Education Association, as well as 1997-2000 agreement modifications. Covered by this agreement are classroom teachers, certified non-teaching employees, athletic trainers, secretarial and clerical employees, custodial and maintenance staff, and instructional assistants. Excluded are supervisory personnel, specifically principals, assistant principals, supervisors, central administrative personnel, administrative staff, directors, confidential employees and substitutes. The review focused primarily on those articles impacting upon workload or fiscal considerations.

Teaching Hours and Teaching Load

Teachers in the high school and middle school have a weekly teaching load of 25 periods plus five periods of extra duty, although teachers of special subjects may have a teaching load of 30 periods with no extra duty assignments. Any assignment beyond the 30 periods is considered an extra assignment, compensated at specified rates.

All kindergarten and pre-school teachers have a 60 minute lunch break of which 45 minutes is guaranteed to be duty-free. All other elementary teachers have a minimum duty-free lunch break of 35 minutes during inclement weather, and 45 minutes on other days. All elementary teachers are guaranteed one 30 minute preparation period daily, or five per week.

If regular substitute teachers are not available, regular teachers who volunteer may serve as substitutes during their free periods. According to the new contract modifications, teachers who do so are compensated at the rate of \$24 per period for covering these classes. Likewise, teachers who cover another class simultaneously with their own receive an additional \$24 per period. Any teacher who performs extra duties extending beyond the normal school day is paid \$24 per hour for the non-teaching duty. Teacher participation in extra-curricular activities is compensated at rates specified in the agreement.

Sick Leave

Ten-month employees are granted 11 sick leave days per year, and the 12-month staff receive 13. Most of the district's employees appear to maintain a significant balance of their sick leave time, with the notable exception of the custodial staff. On average, in the 1997-98 fiscal year, district employees overall utilized six days per year, and custodians, ten. The average balance of unused sick days for district employees was 90, and for the custodians, 37. Both the board policy and the employee agreement contain a provision concerning submission of proof of illness. Basically, this determination is at the discretion of the administrative and supervisory staff. Willful misuse of sick time is subject to discipline.

According to the NJ School Report Card data for 1996-97, Somerville's average faculty attendance rates approximate the State's averages. For grades K-8, Somerville's rate is 96.4%,

compared with the State's rate of 96.3%. For grades 9-12, Somerville's rate is 95.9%, as compared with the State's average rate of 96.5%.

Unused sick leave accumulates from year to year. Upon retirement, an employee who has accumulated at least 100 sick days, and has been employed in the district for at least 20 years, is entitled to be paid for these unused days, currently at the rate of \$44 per day for school year 1997-98 through 1999-2000. There is no maximum payout amount.

Recommendation:

The district should set a maximum payment amount for unused sick leave, such as the State's current limit of \$15,000 for its employees. As it stands, 10-month employees who have enjoyed good health, i.e., used no sick time, and worked for the district for 40 years, for instance, could receive a payment of \$19,360 (or more if personal days as explained below are added to sick leave allotments) under the current provision. Twelve month employees would fare even better, at \$22,880 + payment for any unused personal days. Even if a minimum number of sick days were used, exceeding the \$15,000 limit is possible. Based upon sick leave balances at the end of the 1997-98 school year, two employees covered by this contract are approaching the \$15,000 mark in the next school year. Furthermore, as the rate of compensation for unused sick days increases in future negotiated agreements, payments to more employees will otherwise surpass this figure. Therefore, as a cost-avoidance measure, a maximum dollar limitation should be stipulated in future contracts.

Temporary Leaves

The contract also includes a provision for annual non-accumulative temporary leaves of absence (ten days for ten-month employees and 12 days for 12-month employees) with full pay for certain specified reasons. These include personal illness if all sick leave has been exhausted, death or illness in the family, and two personal days. The two personal days are added on to the employee's accumulated sick leave balance if unused by the end of the year.

Recommendation:

Employees are granted 11 or 13 cumulative days sick leave each year, depending upon their work-year designation. The district currently contracts to pay individual employees for up to an additional ten non-accumulative sick days per year. A review of employee absentee records for the 1997-98 period disclosed four cases in which employees had exhausted their sick leave balances, and had been paid for between two and 10 additional temporary leave days. N.J.S.A. 18A:30-6 states that when all sick leave is exhausted, a board of education *may* pay the employee's salary *less the pay of a substitute* for such length of time as determined by the board *in each individual case*. Rather than include a contractual obligation for this additional ten-day paid leave of absence, LGBR recommends that the language be altered to conform to the referenced statute. This would allow for some discretion on the part of the board, as well as to include the deduction of a substitute's pay

from the additional granted compensation. Substitutes' pay in the above referenced five cases would have totaled approximately \$2,100.

Cost Savings: \$2,100

Vacation

The employee agreement delineates vacation allotments for covered 12-month employees based upon years of service, ranging from ten to 21 days per year. The prior contract (1994-1997) included provisions for both the carry-forward into the next contract year of up to five unused vacation days, and/or compensation for up to five unused days as well, for both the custodial/maintenance and secretarial/clerical staff. While these provisions remain unchanged for the secretarial/clerical employees, the new contract only includes the compensation provision, and not the carry-forward, for the custodial/maintenance staff. In 1997-98, a total of \$2,115 was paid for unused vacation days to those workers covered by this agreement. Recommendations regarding the accumulation of vacation days and the payment for unused vacation days are presented under the section on administration.

Professional Development

The agreement includes provision for tuition reimbursement for graduate or technical courses for teaching staff; graduate, undergraduate or technical courses for teaching assistants; and for adult school, technical institute or other higher education institution courses for secretarial/clerical employees. The new employee contract contains language correcting some related matters, which the review team planned to cite in this report as noted in the prior contract. Namely, the new agreement sets maximum limits on the amount of tuition reimbursement, equating payments to the in-State rate of graduate credits at Rutgers University. The agreement now also requires that **all** reimbursable courses for the professional staff be related to their employment responsibilities, where the prior agreement required this of only the technical courses. This requirement was in place for the secretarial/clerical workers in both contractual agreements. However, the agreements require that only the technical courses be job-related for the teaching assistant staff.

Recommendation:

Teaching assistants should be subject to the same requirement of job-relatedness for course reimbursement as the professional teaching staff. The job description for the teaching assistants states that a college degree is *preferred*, not required. If the board believes that these employees should in fact possess an undergraduate degree, it should be a condition of employment. Otherwise, only courses specifically related to the employment responsibilities of the individual should be reimbursable.

The inclusion of two other requirements could be instituted with regard to tuition reimbursement: 1) Setting a maximum number of credits per semester for which the board will reimburse the employee, e.g., six; and 2) Reimbursement of such course payments by the employee to the board should the employee leave the district's employ prior to some

prescribed period of time, such as one year, following completion of the course for which they received compensation.

Extra Payments

Local school districts commonly make extra payments to employees for working extended hours or for assuming additional job responsibilities. In 1997-98, the Somerville School District paid over \$1 million for such purposes in accordance with negotiated agreements, individual contracts or district policies. In fact, 95% of the persons (other than lunchroom aides and substitutes) listed on the payroll for 1997-98 received extra payments or reimbursements in addition to contracted base salary in categories as summarized in the following table:

Extra Payment Category	
Longevity	\$183,580
Custodial Overtime, etc.	\$43,520
Shift Differential	\$28,492
Black Seal License	\$9,900
Extra Stipends (Athletics & other)	\$270,750
Unused Vacation Days	\$25,547
Tuition Reimbursement	\$35,980
Bus/Van Drivers	\$19,473
Other (Unused sick leave, etc)	\$388,263
Total	\$1,005,505

Most of these payment categories are discussed above or in separate sections of this report. However, it is appropriate to illustrate:

- Cumulatively these payments are significant in total amount, and
- District officials need to monitor such expenditures on a regular basis.

At the present time, these payments are lumped into one extra payment

grouping, which makes it difficult to identify the amount of each category. As indicated in the table above, the “other” category contains a large sum, which is essentially indistinguishable for computer reporting and administrative monitoring purposes.

Recommendation:

The district should consider establishing a more refined computer payroll and accounting system which provides the data necessary for regular administrative monitoring of personnel payments and reimbursements in excess of base salaries.

Insurance Protection

The board pays 100% of all medical, dental and prescription benefit costs for the covered employees and their eligible family members. The latest agreement modifications include a waiver of benefits provision, whereby employees who have alternate medical coverage may waive coverage provided through this agreement, for which they will receive payment of \$1,000. Specific details on insurance coverage are included in this report’s section on health insurance.

Custodial and Maintenance

Custodial and maintenance employees work 40 hours per week, eight hours per day, which includes a 30-minute coffee break and a 30-minute lunch break. All custodians and maintenance

workers receive five uniforms per year. Emergency work performed on Saturdays or Sundays is compensated at time and one half. If an employee is called in for an emergency or other special assignment, he is assured of two hours minimum reimbursement. If required to work on a paid holiday, the employee is either paid double time for that day or may choose to receive one paid compensatory day.

The contract includes a provision for an 8% pay differential for second shift custodial and maintenance personnel. In school year 1997-98, 13 employees worked the second shift for a total shift differential of \$28,492.

Recommendation:

The second shift pay differential should be a matter for future negotiations. Shift assignment could be a condition of employment, not subject to additional compensation. The nature of the work and the number of hours worked are the same as the day shift, and as such, may not require additional compensation.

Potential Savings: \$28,492

The new contract requires all custodians to possess/obtain a Black Seal Fireman's License. All five maintenance employees already possess a Black Seal, as do 13 of the 19 custodians on the 1997-98 payroll. According to the new contract language, the board will assume the costs of training including course materials for those who do not already possess the license. Each employee possessing the license was compensated an additional \$470 per year in the prior contract period (July 1994 through June 1997), and \$550 in 1997-98 and for the duration of the present agreement. The total payment to 18 employees for possession of a Black Seal License in 1997-98 was \$9,900. Cost avoidance would be even higher with all 24 employees soon possessing the license.

Recommendation:

Possession of a Black Seal License should be a condition of employment, and as such should not constitute a basis for additional employee compensation.

Cost Savings: \$9,900 to \$13,200

Secretarial and Clerical

All full-time 10 month and 12 month secretarial and clerical employees work a seven-hour day and a 35-hour workweek. Each employee receives a one-hour lunch break period, which is in addition to the seven-hour workday, however, 12 month employees receive a 30 minute lunch period in July and August, during work hours. Full-time employees are also entitled to 15-minute breaks in the morning and afternoon.

Overtime for all hours worked in excess of 40 hours per week is compensated at time and one half the regular hourly rate. Hours worked in excess of the regularly scheduled workweek, but less than 40, is paid by equal compensatory time.

Longevity

The contract includes provision for longevity payments to the teachers, secretarial/clerical workers, and instructional assistants, which are in addition to the salary guides. These longevity payments are made to the employees solely on the basis of extended years of service. In the 1997-98 school year, longevity payments to all district employees totaled \$183,580.

Recommendation:

LGBR does not support the concept of longevity payments. Salary guides should reflect true compensation values, and additional payments for years of service beyond that provided in salary guides should be discontinued. The Somerville Board of Education should consider taking one of two actions with regard to longevity payments: Either the district should reduce or eliminate longevity payments from salary guides in future negotiations; or else those covered by this agreement should only receive longevity pay on the anniversary date of employment, i.e., 20 years, 25 years and 30 years, as contained in the district's principals/supervisors' agreement, rather than each year as currently provided. This latter option would result in an 80% saving.

Cost Savings: \$146,864 - \$183,580

Administrative Agreement

The Agreement with the Principals and Supervisors Association (July 1, 1996 - June 30, 1999) covers all principals, assistant principals and supervisors of instructional areas for purposes of collective bargaining. This review will deal primarily with contractual articles, which have an economic impact on the district or impinge upon operational efficiency or effectiveness. The agreement also contains recognition, grievance procedure, association rights and privileges, extended leaves of absence and duration of agreement articles.

Contractual Year

For ten-month employees, the work year commences on September 1 and concludes June 30. The in-school work year includes days when pupils are in attendance, orientation days and in-service days. Employees employed on a twelve month basis are entitled to 22 working days vacation to be taken between July 1 and August 31. With prior written approval of the superintendent, an employee may accumulate up to five unused vacation days for reimbursement as specified.

Recommendation:

Reportedly, the district budgets about \$50,000 annually for reimbursement of unused vacation days. In 1997-98 there were 75.5 paid vacation days for 12 administrators, two secretaries and two custodians at a cost of \$25,547.40. Vacation days are normally provided for rest and relaxation from one's job responsibilities in order to return to work with renewed enthusiasm and energy. In view of current practices in the district, it appears that reimbursement for up to one week of vacation days has become an annual "entitlement," or at least a regular occurrence. One would expect that paid vacation days would be more occasional than regular and that \$12,000 to \$15,000, or more, could be saved in this area. The district should consider whether this practice, aside from exceptional circumstances, is necessary and/or cost effective.

Many school districts allow a maximum of one or two weeks of vacation time to be carried forward from one year to the next. This policy limits the number of vacation days, which can be accumulated and avoids potential financial liabilities in the future.

Cost Savings: \$12,000 - \$15,000

Salaries

Individual salaries for eight administrators are listed for each year of the contract, ranging from \$66,754 to \$98,940 for the 1997-98 school year. The salary increase was 3.4% for 1997-98 and 3.5% for 1998-99. The salaries for new hires are as recommended by the superintendent and approved by the board. The athletic director receives an annual stipend of \$2,785.

Merit Increase

A merit increase of \$750 was paid for the 1996-97 school year to those employees who applied for it and is included in the above salary schedule.

Longevity

For those employees who have been continuously Somerville School District employees, the following longevity amounts apply:

- 20 years \$1,000
- 25 years \$1,400
- 30 years \$1,800

A longevity payment is made only on the anniversary date of employment and not each year.

The review team commends the district savings (80%) associated with longevity payments made only on the anniversary date of employment and not each year.

Sick Leave

Ten-month employees receive 11 sick leave days each school year, while 12-month employees receive 13 sick leave days. Unused sick leave days are accumulated from year to year with no maximum limit. A payment of \$41 per day at retirement (not deferred retirement) for unused accumulated sick leave is made for employees who have 20 years service in Somerville, have accumulated at least 100 sick days and have provided the specified notice of retirement.

Recommendation:

As indicated under the collective bargaining section, LGBR suggests that a \$15,000 cap per person be negotiated for payment of accumulated sick leave.

Temporary Leaves of Absence

Twelve-month employees are entitled to the following temporary non-accumulative leaves of absence with full pay each school year, not to exceed 12 days per school year, prorated on a month-by-month basis each school year. Ten-month employees are entitled to ten days per school year.

1. Personal illness - 12 days maximum for 12 month employees and 10 days maximum for ten month employees. Unused sick leave days are non-accumulative. This sick leave is applied only after all accumulated sick leave has been exhausted.
2. Critical illness in immediate family - five days maximum.
3. Death in the immediate family - five days maximum per occurrence.
4. Two days of personal leave will be permitted annually. Unused personal days shall accumulate as sick days for the following year.
5. Jury duty - as provided by law.
6. Temporary military duty as required by law.
7. None of the above permitted absences, in combination or alone, can exceed 12 days per year for 12-month employees and ten days per year for ten month employees.

Recommendation:

There are statutory provisions which cover personal illness and three personal days with pay per year, with a separate bereavement leave provision for family, should be adequate to meet individual employee needs for personal time off for all purposes.

Professional Development

With prior approval of the superintendent, the district pays:

- the full cost of tuition, student and registration fees for graduate level courses related to administration and supervision.
- the full cost of tuition or other reasonable expenses incurred in connection with any course, workshop, seminar, conference, in-service training session or other such session which an employee is required or requested to take by the administration.

The employee agrees to serve the district for three years following the completion of a doctoral degree paid for by the district or reimburse the district upon separation for the pro rata amount paid.

Recommendation:

Since one professional staff member received \$7,080 in tuition reimbursement last year, the district should consider negotiating some limits in payment for tuition, fees, etc. under this section. Many districts limit tuition reimbursement to state university (public) rates and a maximum of perhaps six credits (i.e. two courses) per semester, or summer session.

Cost Savings: \$3,000

Grantsmanship Merit Incentive

The agreement provides that it is desirable to seek and apply for available grants from governmental and private sources to enhance the educational environment at the Somerville Public Schools. Any employee, through his or her own initiative, who obtains a grant or combination of grants is entitled to apply for a merit stipend of ten percent of the grant amount, up to a maximum of \$5,000. An eligibility determination as to whether a grant qualifies for a merit stipend lies within the sole discretion of the superintendent, which shall not be subject to grievance or arbitration. For example, it is not the intent of this article to render eligible those grants and funds such as federal and state grants, government aid from any source, etc. A grant may be monetary or equivalent services, materials, supplies and/or equipment. In order to qualify for a merit stipend, such grant(s) must be \$10,000 or more. Any money contributed by the district is not included in the \$10,000 threshold amount. No employee may qualify for more than one merit stipend in any one school year. In the event a qualifying grant(s) is obtained by more than one employee, the merit stipend is equitably divided. Any merit stipend is not salary and is not included for purposes of calculating future salary increases.

Somerville school officials are commended for this innovative provision in the administrative agreement. There is evidence that the financial incentive to administrators and supervisors has resulted in receipt of some important grants for the school district.

Insurance Protection

The district provided individual health care insurance coverage and 100% coverage for multiple contract (family, parent and child, husband and wife) based on present rates through the N. J. Public and School Employees Health Benefits Program, or a comparable program, which includes Blue Cross, Blue Shield, Major Medical and Rider J.

Employees who retire or resign from the system should make arrangements for continued coverage to be effective upon their employment termination date.

The district provides:

- a family prescription plan with provisions and coverage equivalent to the \$3/\$6 co-pay program of PCS prescription plan provided during the previous agreement.
- a family dental plan with coverage equivalent to the 100/70/50 program of the New Jersey Dental Plan previously provided.
- \$50 toward the annual premium for an Income Protection plan for each enrolled employee.

Non-tenured employees, not in the employ of the district as of October 1, 1997, will receive only single health, prescription, and dental coverage. The employee may opt for greater coverage at his or her own expense if available from the carrier.

Any employee who waives medical insurance coverage will receive a \$1,000 payment for each year that coverage is waived.

The review team recognizes district efforts in the two above paragraphs to negotiate limitations in future increased costs of health insurance. Specific recommendations are contained in the section on health insurance.

Professional Organization

The district contributes \$525 annually per employee for dues for professional organizations for principals and supervisors.

Health Benefits

The district recently selected a new health insurance provider to avoid a large increase in health care costs. The new provider has tighter cost controls in place and is able to offer health care at a lower rate than the previous provider by obtaining and utilizing better information than its predecessor. The district completed a re-enrollment of every employee in the district, and that, combined with the switching of insurance companies, resulted in an estimated saving of \$51,660. The district will spend in 1998-99 an estimated \$1,325,000 on medical insurance; \$182,000 on dental insurance; and \$302,000 on prescription insurance. The district currently does not charge a premium co-pay on any of its medical benefits, but the new negotiated agreement has language for payment of \$1,000 to any employee who foregoes medical coverage.

Medical Insurance

The district's choice of a new medical provider is partially a result of the former medical insurer's pricing above competitive market rates. The quoted rate increases were high in comparison to inflation and were based upon the insurer's underestimating the district's experience when initially pricing the service. The state health benefits program does not disclose a school district's claims experience, making it difficult for an insurance company to prospectively quote an accurate price for a district, which is in the state health benefits program. Also, some companies have overestimated the savings that can be obtained in managing schools. In order to recover the losses in underestimating the costs, the district's insurer must either increase the rates or not renew policies. This makes for a difficult situation for those districts that choose to leave the state health benefits program and enter the private marketplace.

Districts are also charged for their retirees who participate in the state health benefits plan by statute. This surcharge, referred to as the "A4 surcharge", adds significantly to a district's costs and several companies are not disclosing this as part of their bid, making comparisons difficult. Also after a municipality or school board leaves the state health benefits plan, the insured is not permitted to immediately join Blue Cross, due to a non-compete clause. There is more flexibility in plan design in the competitive marketplace than in the state's health benefits plan, but there are hidden costs and a higher level of risk that is difficult to manage. The district and its broker are to be commended for successfully overcoming these obstacles.

The district has agreed in its recently completed negotiations that all health insurance will be provided at no cost to the employee, and employees who forego coverage will receive a \$1,000 stipend. Health care issues are understandably a big item in union negotiations. Health care costs have been rising at a higher level than inflation and the impact on total employee cost is great. Both businesses and other public organizations have been controlling these cost increases by a variety of measures, including cost sharing with the employee. The district, in consultation with its insurance broker, needs to readdress this issue in the next round of negotiations.

Payment for waiving health insurance coverage has limited effectiveness. Experience has shown participation in coverage waiver programs has been less than 5% of a district's eligible employees. When a district has insurance cost sharing, it affects more employees, results in more savings and provides more manageable budgets. If the district negotiated an employee cost sharing of 20% for other than single coverage, the district would save \$125,132 annually.

Also the district could negotiate a cost sharing based upon either a benchmark plan or cost level and the employee would pay the costs above that level. If Blue Choice was selected as the benchmark level, then the district could save an additional \$192,885. If the district chose to do both levels of cost sharing, the savings would be slightly less than the sum of \$318,017, or \$286,068.

Recommendation:

The district should consider negotiating an employee 20% cost sharing arrangement for other than single health insurance coverage, which would result in \$125,132 in savings to the district. Also, consider establishing a benchmark health care plan and negotiating a charge to the employee for coverage in excess of this benchmark rate. If Blue Choice is selected as the benchmark and the employee pays the difference, the savings to the district would be \$192,885. If combined with the other than single coverage, the combined savings would be slightly less than the sum of the above two options, or \$286,068.

Cost Savings: \$125,132 - \$286,068

The district could also consider plan design changes that allow for out-of-network coverage. The health insurer offers a preferred provider plan, which can reduce the costs by 8% from the indemnity plan as estimated by the broker. This results in a savings of \$71,336 of the annual indemnity costs of \$891,710. The district also has a health maintenance organization, which has high costs relative to others found in the area. The broker suggests that the district change its provider as an option to controlling the district's health care costs. Switching from an indemnity plan to a robust preferred provider plan, which allows for out-of-network utilization at an 80/20 cost sharing rate with reasonable caps, would be most economical for the district.

Recommendation:

The district should consider replacing the traditional plan with a preferred provider option with estimated savings above 8%, or \$71,336.

Cost Savings: \$71,336

Dental Plan

The district currently pays 100% of the coverage for dental insurance, while state workers pay a premium sharing cost of 50%. For future negotiations, the district should consider establishing an employee 50% premium-sharing plan.

Recommendation:

The district should consider changing the co-pay in the dental program to a 50% premium sharing with a resulting saving of \$91,010.

Cost Savings: \$91,010

Prescription Plan

The district uses a third party administrator to provide prescription coverage to its employees at an estimated cost of \$302,000 per year. If the district were to change the co-pays for prescription plan from \$0/3/6 (Mail Order/Generic/Brand Name) to \$5/5/10, the district could save approximately \$20,741, based upon utilization figures provided by the administrator. There are

other measures that can be employed to reduce the overall cost to the district, while still providing care to the employee. If the district were to adopt a 21 day cap on prescriptions while permitting renewals and allowing more time for mail order, then the district can save approximately \$2,680 to \$10,000, based upon estimates provided by the administrator.

There are other plan design changes, which would result in more significant savings. If the district were to adopt an “other than generic” policy, the district could save an additional 7 to 9% of their premium, or about \$21,151 to \$27,195. Generic prescription utilization could be further encouraged by this three tiered co-pay arrangement. Generics could have a five-dollar co-pay, non-substitutable brand names could have a \$10 co-pay and substitutable brand names could have a co-pay equal to the difference in cost between the generic medication and the brand name. The above savings are minor compared to the amount that will be saved by people switching to generic drugs.

Also the district could look at restricting drugs that are permitted under the program. Since the district has a major medical program and people may have a desire for prescription drugs, which may be medically desirable but not medically necessary, the administrator could limit access to these drugs through proper plan design. The savings for this would be dependent upon what drugs are limited and their present utilization levels, but there could be significant savings. For example, a male fertility drug is costing \$10 per pill retail and other medically desirable treatments are even more expensive. These examples are indicative of the types of excesses found in some prescription plans today. Like cosmetic surgery, it may be medically desirable but not medically necessary.

Recommendations:

The district should consider the following options for modification of the prescription program:

Change the deductible in the prescription program from its current \$0/3/6 to a \$5/5/10. Based upon a prescription census given to the review team, the district could save approximately \$20,741.

Cost Savings: \$20,741

An “other than generic” prescription program could result in savings of between \$21,151 and \$27,195.

Cost Savings: \$21,151 - \$27,195

Reduce the length of a prescription prior to renewal from 34 days to 21 days. This reduction would save about \$2,680 based upon present utilization, but it is estimated that actual savings would be four times that based upon prescriptions that lapse without being completely taken by the patient.

Cost Savings: \$2,680 - \$10,000

Total Health Insurance Savings: \$332,050 - \$506,350

III. SHARED SERVICES

Tremendous potential for cost savings and operational efficiencies exists through the implementation of shared, cooperative services between local government entities. In every review, Local Government Budget Review strives to identify and quantify the existing and potential efficiencies available through the collaborative efforts of local officials in service delivery in an effort to highlight shared services already in place and opportunities for their implementation.

As previously described under Best Practices, the district has established linkages with many community, private and state organizations to assist in providing Somerville students with cost effective school programs.

Both Somerville and its high school student-sending district Branchburg are located in Somerset County. In April, 1995, the Somerset Alliance for the Future (SAF) released a publication entitled, "Sharing Services in Somerset County School Districts," which summarized the results of surveying 19 school districts. The surveyed districts included eight K-12 units, six K-8 districts, three regional school districts and two Type I countywide districts. Among the 19 districts there were also two K-12 sending districts, three 9-12 sending districts and five K-12 receiving districts. The SAF study recognized the distinct status of local school districts, as autonomous in governance, with lines of accountability, financial structure and operational characteristics, which are different from municipal counterparts. The study continued the SAF's efforts to strengthen service partnerships among the county's public entities.

Factors influencing an interest in sharing educational services in Somerset County were identified as:

1. Rising costs and higher property taxes.
2. Static or declining state and federal aid.
3. Higher cost services for students with special needs, such as bilingual, at-risk, or disabled.
4. Mandated programs to comply with environmental, workplace, affirmative action and health related regulations.
5. Non-instructional operating costs, such as insurance, building maintenance, snow and refuse removal, related support activities and general administration.
6. Pressure to provide new technologies, such as interactive television and computer programs.
7. Growing student enrollments and space needs of some districts.

These factors explain the growing interest in exploring alternative approaches of providing more economical educational services, without compromising the quality or level of such services. The shared services approach was viewed as less painful than the alternatives of cutbacks, program reductions and higher taxes.

The purpose of the survey was to determine the present scope and future opportunities for sharing functions between school districts, with municipal governments and/or other public or private partners. Services were considered conducive to sharing which were cost effective, likely to improve or expand the level of service, and administratively, educationally, and logistically feasible.

Shared services were divided into administrative and educational categories. Administrative services were grouped as follows:

- Administration - financial, personnel, data processing, purchasing, insurance, other;
- Maintenance - refuse removal, snow removal, maintenance of facilities, site managers, engineers and custodial services; and
- Recreational facilities.

Recreational facilities were shared by 14 districts - 13 with the municipality and one with another district. This facility sharing is a natural as schools use facilities primarily during weekdays and municipalities can use them in the evenings and on weekends. There were also 11 joint ventures in purchasing - seven among school districts, two with municipalities, one with the county and one with a private vendor. Since districts tend to purchase similar materials and supplies, buying in bulk can be cost effective and reduce internal paper work.

Administrative services with the greatest potential for sharing were identified in the following table:

Activity	Presently Shared	# Districts indicating high to moderate potential to share.
Insurance	4	13
Purchasing*	11	12
Data Processing	2	11
Refuse Removal	5	10
Engineers	2	8
Custodial Services	1	8
Maintenance of Facilities	5	8

*Some districts already sharing this service indicated a potential for expanded sharing.

Source: Somerset Alliance for the Future Survey of Somerset County School Districts, 1994

Some major educational functions were excluded from the survey, i.e., sharing general classroom instruction, the principal activity of schools, was not viewed as a viable option. However sharing of specific instructional programs was considered an option due to the limited number of qualified students. The following table lists specific instructional programs which superintendents in the survey considered as medium to high potential for sharing:

Instructional Program	# Districts Presently Sharing	High & Medium Potential
Interactive Television*	4	16
Bilingual	2	12
Summer School	3	12
Advanced Placement	1	10
Gifted	0	10
Other Specialized Courses	1	10
Special Education	22**	10
Adult Schools	7	8
Title I	1	8
Pre-Kindergarten	8	6

* *Interactive TV may also be used to support non-instructional activities.*
** *The number exceeds the district totals because it includes multiple partnerships.*

As indicated above, most of the sharing of instructional programs was in special education - 11 with other districts in a sending/receiving relationship; six through private vendors; three with consortia; and 12 with the county educational services commission. The following table indicates both actual and potential sharing in instructional support areas:

Instructional Support	# Districts Presently Sharing	High & Medium Potential
Staff Development	10	12
Grants	3	12
Parent Training	0	9
Special Review Assessment	2	7
Child Study Team	5	10
Guidance	0	3
Substance Abuse	2	7
Testing/Evaluation	4	6

Source: Somerset Alliance for the Future 1994 Survey of Somerset County School Districts

While general administrative functions tended to be shared with municipalities, instructional support and mandated programs were generally shared with another district or a consortium of districts. Staff development, followed by child study team, were the most commonly shared instructional support programs. The following table lists potential sharing of mandated activities:

Mandated Activities	# Districts Presently Sharing	High & Medium Potential
Affirmative Action	1	10
Blood Carried Pathogens	1	13
Internal Environments	0	10
Toxic Chemicals	1	12
PEOSHA	4	15
Right-to-Know	3	13
Labor Standards	1	6

Source: Somerset Alliance for the Future 1994 Survey of Somerset County School Districts

The study concluded that at least half of the districts were sharing administrative functions, including recreational facilities, purchasing, snow removal and maintenance of grounds. More than half were cooperating in provision of special education and several shared pre-K, adult school, staff development and child study teams.

There were opportunities for expanding presently shared administrative functions and educational programs and the potential for initiating additional sharing arrangements. The most promising areas included: staff development; interactive television; bilingual; gifted education; and most non-instructional mandates.

In the summer of 1997, SAF published a report entitled, "The Somerset Shared Services Neighborhood Groups," which listed participants from 17 municipalities who meet quarterly to establish priority areas for sharing, to review recommendations, and to oversee implementation of shared services agreements. These objectives were set:

1. Identify the most promising services to share between towns, between towns and the county, and among towns and school districts.
2. Bring about dozens of specific new shared services agreements.
3. Remove legislative barriers to shared services.
4. Expand communication among towns, school districts, and county government.
5. Serve as a state model for expanding shared services.

The half page of described priorities included:

- Provide the opportunity for school superintendents and municipal administrators, managers and clerks to meet regularly to identify and implement meaningful sharing. Initial activities focused on shared training, insurance, grounds maintenance and custodial services.
- Work with the county and state to move forward with Management Information Systems (MIS), especially Geographic Information Systems (GIS), Document Imaging, and Internet use for exchange of electronic mail and information.
- Encourage all municipalities and school districts to join the existing Somerset County Purchasing Cooperative and help expand its services/products.

- Prioritized areas for sharing were identified as computers/finance, construction, grant writing, municipal courts, personnel, public works, purchasing, and schools/towns cooperation.

District/Municipal Sharing

The efforts toward shared services between the Somerville School District and Municipal Government have produced limited results. For a time, the borough provided refuse collection for the schools at a reported cost of about \$70,000. More recently, the district has contracted with a private firm to collect the refuse for around \$40,000, a \$30,000 savings. The Somerville police department provides security services at athletic events and the district is billed for the cost, most often on a time and one-half basis. Some individuals believe that special or private police could be employed at less expense. Snow removal has been discussed by district officials; however, some persons question the adequacy of borough equipment to remove the snow on a timely basis and the priorities for service haven't been worked out. The borough purchased a large (18 foot wide) grass mower; however, arrangements for mowing large district fields on Saturdays were not implemented on a consistent basis. More recently, with the support of the Somerville borough council liaison to the board of education, the grass has been cut by municipal employees on a more reliable basis, while district employees provide the trimming.

The school district provides its buildings and grounds for recreational activities after school and in the evening and the borough is billed for any extra custodial expenses. Van Derveer School, in particular, has large grounds (40 acres) which are available for organized recreational activities. The Van Derveer principal is also currently working with the borough recreation department to install playground equipment in the kindergarten area. The borough has agreed to install the equipment and the surface at savings of about \$3,000.

Branchburg/Somerville

Branchburg transports at cost both morning and afternoon shifts of Somerville high school students to the Somerset County Vocational Tech School. Branchburg sends several special education students to self contained classrooms in Somerville. Branchburg provides continuing education for adults and children, which is available to Somerville residents. Branchburg and Somerville joined in creating a preschool handicapped class in a non-public setting. Both districts share opportunities for staff development. For example, Branchburg recently held a writing workshop and offered three seats to Somerville staff members. Somerville provides the high school soccer field for use by Branchburg students and staff, while Branchburg provides a park for Somerville athletic events. Somerville allows Branchburg students to participate in the Somerville Middle School wrestling program, as well as parochial school students who are residents of Somerville.

Consortia

The Somerset County Educational Services Commission provides special education classes, special education transportation services and an alternate high school for Somerville students. Somerville buys its natural gas at a ten percent savings from the U. S. Energy Partnership through

the Middlesex County Educational Services Commission. The district does not obtain discount purchases of gasoline for its vehicles, as the drive from Somerville to the gasoline service facilities in Finderne or Branchburg so far has been viewed as too expensive in staff time to produce any savings.

Somerset County was the first in the state to have a full ITV program. Districts involved include Bridgewater, Franklin, Manville, North Plainfield, Watchung Hills Regional and Somerville. The high school courses offered to about 240 students include Earth Science, AP Physics, AP Calculus, Oceanography, ESL, etc. Professional staff in service activities are also provided.

Recommendation:

The Special Education Medicaid Initiative (SEMI) which is coordinated by the Office of Local Government Budget Review allows the State and school districts to be reimbursed for medically related services provided to Medicaid-eligible special education students. Since many of the smaller to medium sized school districts have only a few of these students, the SEMI initiative could become a shared services program for Somerville through cooperative planning with a county-wide agency, such as the Somerset County Education Services Commission.

Private Shared Services

The district has a number of arrangements with private business and industry for either services and/or donations of used equipment and money to the public schools. Several firms have lent employees to provide support for installation of equipment and training of public school staff for technology. Ethicon financed a three day environmental trip for students, sponsored a career awareness day in their plant for high school business education students, supported the Somerville foundation with a \$10,000 grant, and donated computers as well as in kind services. Baker and Taylor has donated books and sent 26 volunteers to read to primary age children in Van Derveer School. Chubb Insurance Group donated computers and provided a \$250,000 in service training program over five years which included computer training and team building communications skills for teachers to enhance student self image. The Somerset Medical Center coordinated a health fair for children. District officials are currently working with Middle Earth to secure a grant to establish an alternate program for students who are suspended out-of school, rather than send them home.

It is apparent that Somerville school officials are utilizing many private resources to enhance the education of children and youth. The Superintendent has even written letters encouraging individual companies to donate the construction of a classroom, in the same fashion as hospitals sometimes obtain new or improved facilities. To date, no executive has come forth with a classroom donation.

Recommendation:

Somerville school officials are commended for utilizing resources from private firms, consortia, municipal, county and state government in their efforts to provide a quality education on a cost effective basis; however, additional areas for shared services should be explored. Since shared services are obtained through an ongoing process of cooperation, which requires networking and communication with dynamic organizations with changing personnel, it is suggested that the district take full advantage of the resources of the Somerset Alliance for the Future and the Somerville Borough Council liaison in this continuing effort.

IV. STATUTORY AND REGULATORY REFORM

The fourth and final section of the report, Statutory and Regulatory Reform attempts to identify those areas where existing State regulations or statutory mandates, which appear to have an adverse effect on efficient and cost effective local operations, are brought to the attention of the LGBR review team by local officials. It is common for local officials to attribute high costs and increased taxes to “state mandates.” Each review team is then charged with reporting those areas in this section of the report. The findings summarized below are then reviewed by the appropriate state agency for the purpose of initiating constructive change at the state level.

Somerville School District officials have identified a number of concerns related to the funding and implementation of state mandated programs. Written comments included a perceived lack of adequate state funding for mandated programs, as well as the need to allocate valuable instructional time to these mandated programs and student assessments. Some specific concerns were as follows:

1. The cost of implementing new initiatives, such as World Languages in the elementary school program, has had a dramatic impact on an already reduced operating budget in terms of supplies, instructional materials, staffing and professional development.
2. The local school district has assumed all of the related costs for the statewide assessment program. Such costs, borne solely by the district include teacher training, local scoring of rubrics in all content areas, the purchase and packaging of mathematics manipulatives and science supplies for the test administration.
3. The administration of the Elementary School Proficiency Assessment (ESPA), Grade Eight Proficiency Assessment (GEPA), and High School Proficiency Assessment (HSPA) and the related field tests have resulted in extensive loss of instructional time for students and staff. At the high school level, the administration of the grade 11 HSPT Special Review Assessments (SRA) has occupied the instructional time of students, proctors, and scorers.
4. Inconsistencies in the quality of the eight *New Jersey Curriculum Content Standards* and in some cases the vague cumulative progress indicators, made the interpretation of the *Standards* difficult for local personnel and has presented challenges in revising curriculum, instruction, and assessment practices. The *Standards* and other curriculum mandates, such as the infusion of the state Holocaust Curriculum, have competed for limited instructional time in an already comprehensive curriculum.
5. The distance learning network aid supplied to the school district, while beneficial, is insufficient to purchase the hardware and networking needed to implement a K-12 program that routinely infuses the use of technology into curriculum, instruction, and assessment.

Local school officials also contend that the concerns described above are compounded by excessive reliance upon local property taxes for the funding of most New Jersey school districts which limits school programs and impedes the maintenance of aging school facilities in accordance with the socioeconomic levels of the community. As Somerville is the Somerset County Seat, the town has much property which is off the tax roles resulting in lower total

assessed valuations. The high property tax levels have traditionally resulted in the narrow defeat of school budgets. In December, 1996, a building referendum to replace 19th century elementary school structures and to expand the high school building was defeated.

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