

BOARD OF EDUCATION
The School District of South Orange and Maplewood
525 Academy Street, Maplewood, NJ07040

December 16, 2013

TO: Members, Board of Education
 Members, Board of School Estimate
 Brian Osborne, Superintendent

FROM: Cheryl Schneider, Business Administrator
 Pat Barker, Director of Special Services
 Lydia Furnari, Assistant Superintendent, Curriculum & Instruction
 Paul Roth, Chief Information Officer
 Steve Gardberg, Assistant Business Administrator

SUBJECT: 2014-15 SCHOOL BUDGET DEVELOPMENT – ANALYSIS

The development of the 2014-15 school budget is again focused on allocating resources to student achievement to the extent possible consistent with the district goals first adopted by the Board of Education on September 15, 2008 and updated and readopted on August 26, 2013. Specifically, Board Goal Four: Resource Management(Objective A) calls for the development of:

“A transparent, efficient budget that aligns with and supports the attainment of district goals and that reins in spending on budget categories that are rising at a faster rate than the cost of living.”

The district’s General Fund (operating) budget is funded primarily from two sources: local taxes (92%) and state and federal aid (6%). Appropriated surplus and miscellaneous revenue make up about 2% of total revenue. Trenton has not yet provided any guidelines for budget development.

Given the expectation that the amount of resources available will be limited, and recognizing that the local taxpayers are financially stressed, the budget development process includes an analysis of the major categories of expenditures to determine if the resources are effectively and efficiently allocated and to identify trends in the rate of growth of expenditures. The goal is to identify opportunities that may result in the ability to redirect resources to new initiatives intended to impact student achievement. These ongoing analyses will be once again taken into consideration throughout the budget development process.

In addition, specific topic areas were identified by the Finance Committee, with input from Administration, to review when developing the 2014-15 school district budget. The topic areas include the following:

1. ***Technology Investment*** –*Report on the progress to date and the 2014-2015 budget implications of:*
 - a. *Online Learning Experience to date*
 - b. *PARCC readiness*
 - c. *1:1 computing pilots*
2. ***District Management Council (DMC)*** - *Report on the progress being made by DMC and the 2014-2015 budget implications.*
3. ***Montrose School*** – *Program implementation implications on 2014-15 operating budget.*
4. ***Enrollment changes and Building Capacity***– *With continuous increases in enrollment and as the higher enrollments move up through the system, what are the budget implications and will building capacities meet the enrollment needs?*
5. ***Charter School Tuition***- *How has Charter School enrollments impacted the budget in the past and what are the enrollment projections for 2014-2015?*
6. ***Choice District Program*** – *How does the Choice District Program work? Is this a potential revenue source for the South Orange Maplewood School District?*
7. ***Energy Usage*** – *How will changes in energy usage (MMS addition, updated equipment) impact the 2014-2015 budget?*

TECHNOLOGY INVESTMENT

Introduction

Information Technology (IT) has quickly become the foundation for the curriculum and an integral part of the daily operations for the entire school district. The faculty, students and support staff rely heavily on the computing infrastructure. IT has offered the faculty and the students' access to information and the ability to gather and share data that enhances their learning capabilities. Technology is also essential to the management of the school district. E-mail, Web access, word processing, spreadsheets, data mining, radio communications, telephone communications, progress reports, report cards, emergency notification, state reporting, tracking work orders, budgeting, attendance, scheduling, electronic text books, etc. have all become as critical and important to the district's operations as paper and pencils.

The Technology Department finds itself in a unique position. It is one of the few areas that greatly affects administrative and support functions as well as teaching and learning. Technology is also rapidly changing. Hardware systems continue to double in capacity or performance every 18 months, software systems are constantly upgraded, and state and local reporting requirements continue to increase. This creates an environment where equipment and software quickly become outdated, requiring frequent upgrades and replacement. Much of the equipment is shared and

subject to many more hours of operation, increasing chance of failure and increasing maintenance costs. IT staff not only supports hardware systems and software but now is responsible for data collection, data integrity, training, and providing clerical and administrative support.

Technology also allows for new opportunities in education, with potential cost savings. The administration has been exploring online learning opportunities, electronic textbooks, as well as reducing printing costs by expanding electronic communication offerings.

Online Learning Experience to date:

There are currently over 165 individual online classes that have either been completed or are in progress, taken by 140 Columbia High School students. These courses provide for either credit recovery or enrichment.

Information on the availability of online learning opportunities is found in the high school's course selection catalogue. In the spring, all high school parents receive a letter regarding online learning and parameters. The letter includes a link to the classes available. Students are also introduced to online courses through individual meetings with teachers and/or guidance counselors.

Information provided by Mr. Terry Woolard, Supervisor of Educational Media & Technology and Career & Technical Education K-12, notes that 104 students, 24 of whom took more than one course, were engaged in 37 different courses in all subject areas during the summer 2013. The passing rate for students during the summer program was approximately 67%. This is a similar statistic to prior years. While students are able to take courses at CHS under the direction of a facilitator, some students still find self-monitoring and pacing a challenge. We continue to modify program delivery in order to improve student outcomes.

This year the program expanded to enable students to participate in enrichment courses throughout the entire school year. In addition, students whose schedules did not allow them to take necessary courses as part of the regular school day are participating in online courses to fulfill requirements. An example of this is that there are several students who are heavily involved in the music program, who are taking either a World Language or Personal Finance course online. To date, there are 36 Columbia High School students participating in 18 courses for credit recovery or enrichment. One student is taking more than one online course.

In an effort to provide our students with increased opportunities, we are exploring the possibilities of adding additional World Language options such as Mandarin Chinese to the online catalog as well as exploring the potential of combining different levels of World Language classes into one section by incorporating online differentiation within the classroom setting.

Finally, Mr. Woolard is reaching out to universities such as Syracuse University, Rutgers University, and Brown University to explore the possibility of forming partnerships to provide Mass Open Online Courses (MOOC) and dual credit programming to our students.

Regular communication regarding student progress is sent via email to each student, their parent/guardian, to the student's guidance counselor, and to administration through the Educere system. Mr. Woolard monitors online course work in conjunction with Dr. Giordano, Director of Guidance, to ensure that our students are moving toward the attainment of credits toward graduation.

The 2014-15 milestone for District Goal 1, Objective B, Indicator 5 calls for the development of a pilot online learning suite at Columbia High School. We continue to work toward attaining this milestone. An important action step will be the creation of a policy that requires all students to take at least one online course during their 4 years at Columbia High School. The current base price for credit recovery courses and some general courses is \$195 per student. Some of the more advanced courses cost over \$400 per student. If the requirement for all students to take at least one online course during their 4 years is realized, and if the District continues to pay for the majority of online courses taken, the annual cost of the online programming would be approximately \$97,000.

Potential savings to offset the costs of online courses could be in the staffing requirements for monitoring study halls. If online learning is housed in a large space, like a media center, in lieu of study hall, one staff member could be assigned to monitor all of the students in the space. No instruction is required, as each student is working individually with their own online instructor. Any number of courses can occur simultaneously.

PARCC Readiness

May of 2011, the state announced plans to transition to online student assessment systems to support the PARCC (Partnership of Assessment for Readiness of College and Career) initiative. Included in the 2013-2014 budget was \$500,000 allocated for PARCC readiness. These funds, as well as other technology funds, were used to install wireless hardware and to purchase a firewall upgrade, both necessary in preparation for PARCC. The remaining portion of the funds are being used for the purchase of Chromebooks. An estimated 2,600 Chromebooks will need to be purchased to meet the requirements of the PARCC administration. 1,000 Chromebooks have been purchased to date and are being used in pilots throughout the district. (An update on the pilots is provided in the next section of this analysis.) An additional 630 Chromebooks and storage carts are scheduled to be purchased during the current, 2013-14, school year.

This means that an additional 970 Chromebooks will need to be purchased through the 2014-15 budget as well as an additional cart and headsets to be fully ready for PARCC testing in the Spring of 2015. The budgetary requirements for PARCC readiness is approximately \$380,000 to be included in next year's technology budget.

1:1 Computing Pilots

1,000 Chromebooks have been purchased in preparation for the PARCC exams and have been distributed throughout the District to be used in pilot programs. Chromebooks are inexpensive laptops that run the Google chrome operating system. The Chromebook is geared towards running cloud based applications (Google Docs) and apps can be downloaded onto the Chromebook from the Chrome web store. The Chromebooks are distributed to support dedicated one to one pilots, shared between two or more teachers, and available for general use to support new curriculum initiatives such as ST Math. The 1,000 Chromebooks have been distributed as follows:

- 250 – Columbia High School
- 125 – Maplewood Middle

- 125 – South Orange Middle
- 100 – Clinton
- 100 – Jefferson
- 100 – Seth Boyden
- 100 – South Mountain
- 100 – Tuscan

Marshall and South Mountain Annex did not receive Chromebooks because PAARC assessments will not be administered in those schools.

Teachers are using many different web resources in the pilot programs. The most common resources being used are Google Docs (web-based office suite which allows for collaboration), Edmodo (social learning platform for teachers, students, and parents), and Evernote (suite of software and services designed for note-taking and archiving). Feedback from teachers using the Chromebooks has included:

- Staff is able to handle most technical issues as the devices are very simple to use
- Google Docs allows students and teachers the ability to access their information anytime, anywhere.
- Batteries last all day and charge up in a short amount of time.
- Downloaded apps stay with the individual Chromebook
- Keyboard customizations stay with the individual Chromebook
- Teachers can electronically check in on the class when they are out for professional development
- Teachers no longer waiting for the copy machine as assignments can be provided electronically to the students.
- Teachers can use the instant feedback from assessments to alter their lesson plans from day to day and can see instantly which students require additional support in specific lessons.
- Students receive instant feedback on their level of understanding with the online assessments.
- Students appear to be more engaged.
- Teacher able to differentiate easier.
- Teachers can review student work in progress and leave electronic comments, allowing the student to apply the teacher's feedback before the assignment is due.
- Student work and teachers' comments shared with the parents
- Students that are at home (sick) were able to join in classroom activities.
- Students able to access homework and classwork if they are unable to attend.

A specific example of improved instruction and support as a result of the pilots was a middle school teacher who prepared an electronic mini lesson for her students to be used when she was out for Professional Development. While the students were working in class the teacher was able to check in and leave comments on the students' work while they were in class. The sub said it was the best class they had to work with as all the students were on task and the sub knew

exactly what they needed to do. No learning time was lost as a result of the teacher being out for Professional Development.

Another example is a teacher sharing a student's behavior plan through google docs with the parent. At the end of each period the student would self-assess their behavior and enter it into the document. The parent was checking in and leaving comments for their child during the day. One comment read "great job keep up the good work".

The feedback to date is that the Chromebooks will be a great enhancement to student learning and academic support. It should be noted that the primary use of the Chromebooks is for the PARCC assessments and that the classroom use is a way to take advantage of the resource when they are not in use for the state-wide testing. The Chromebooks will not be available for general classroom use during testing periods (anticipated to be a 4 week window during the spring of the 2014-2015 school year).

1:1 computing also opens up the potential of electronic textbooks. Electronic textbooks, however, bring with them a recurring cost for annual licenses, and frequently cost as much as a physical text. However, teachers are using more and more digital resources to supplement their classes which require the purchase of fewer hard copies of these resources (usually primary source documents). In addition, there is discussion within the Social Studies department to use the textbook only as a classroom resource, and use resources available online as primary to the coursework. Purchasing e-books of classic literature is frequently free through large book sellers. These can be read on almost any digital device, reducing textbook costs, especially at the middle school and high school levels.

Other budgetary considerations that need to be taken into account with the Chromebooks are the annual cost for repairs and replacements. So far this is being incorporated into the regular technology budget but future budgets will need to reflect the impact of all the additional equipment on the annual technology maintenance costs.

DISTRICT MANAGEMENT COUNCIL

The District Management Council (DMC) was engaged to address four projects aimed at improving student outcomes and reducing the student achievement gap. The four projects being addressed by DMC are:

Project 1: Implement the core reading program and refine intervention programs

Project 2: Refine the current model for supporting students with disabilities included in general education.

Project 3: Special education financial management system

Project 4: Provide project management for the creation of a special needs school on district-owned property.

The agreement with DMC spanned a three year period, with the current year being the third year in the agreement. DMC has been gathering data, interviewing staff, and surveying stakeholders in developing their proposals and recommendations. Implementation and development of programs is anticipated for the 2014-15 school year and recommendations will be taken into consideration during the budget development. DMC is expected to submit a written update to the administration at the beginning of January to include budget recommendations.

The District Management Council presented a status update at the November 18, 2013 Board of Education meeting. The following is a summary of that presentation:

The District Management Council's focus in South Orange and Maplewood during the 2013-2014 school year is on achieving the following objectives:

- I. Inclusion:** Support the district in designing and implementing a best practice-based approach to support struggling students (with or without IEPs) in an inclusion setting
- II. Elementary Reading:** Support struggling readers at the elementary level by designing and implementing a best practice based Reading program
- III. Budgeting:** Develop a strategic budgeting process for special education

The key observations and activities related to each of the stated objectives are outlined below:

I. Inclusion

DMC conducted an extensive study analyzing the services outlined in the IEPs at the elementary level on a student-by-student basis in order to gain an in-depth understanding of the academic support services that students with special needs currently receive at the elementary level in the district.

The key findings were as follows:

1. Struggling students receive extensive in-class support:

The following table represents the current number of elementary students with special needs who receive in class support in any content area, broken out by grade:

Number of students with IEPs (not in self-contained classrooms) per grade receiving in-class supports*

Grade	Clinton	Jefferson	Marshall	Seth Boyden	South Mountain	Tuscan
K	0	-	7	0	2	1
1	3	-	5	1	5	2
2	10	-	7	5	7	4
3	18	16	-	6	5	8
4	7	23	-	12	7	6

5	14	25	-	17	7	11
Total	52	64	19	41	33	32

*Note: Figures calculated using 2012-2103 data

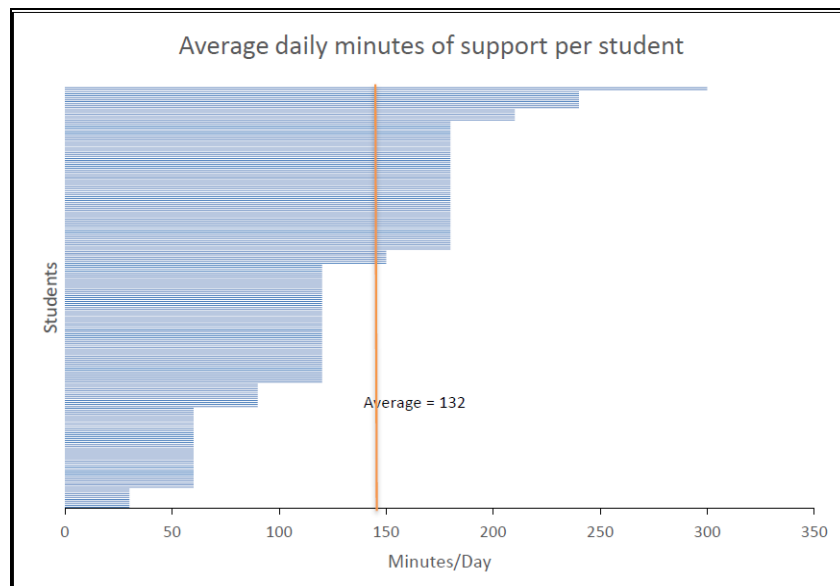
Number of students per teacher providing in-class supports

	Clinton	Jefferson	Marshall	Seth Boyden	South Mountain	Tuscan
Special Education Teachers	6.2	11	3	5.6	7.2	6.2
Student per Teacher	8.4	5.8	6.3	7.3	4.6	5.2

Currently, a total of 185 students across all schools receive between 1.5 to 5 hours of in-class support each day or 7.5 to 25 hours of support per week (the rest receive up to 1.5 hours of service each day). This translates to about 25-80% of the school day.

On an average, the district provides approximately 132 minutes per day of in-class support to students with special needs that are not in substantially separate classrooms.

Current student IEPs do not provide guidance on the amount of in-class support time the district should provide to best support the student. While there is no national database describing the number of minutes of in-class supports provided to students per day, 45-60 minutes of in-class support is typical in many school districts with similar student demographics and per pupil spending. The high level of in-class support is uncommon when compared to like districts (in terms of student demographics and per pupil funding) in DMC's experience.



*Each bar represents a student with an IEP (not in self-contained classroom) being provided in-class support services

2. There is a degree of overlap in the supports provided to struggling students:

Multiple subjects: In all elementary schools across the district, 123 students are provided in-class support for Science, Social Studies or both in addition to one or more of Reading, Writing or Language Arts supports. While in-class support for Science and Social studies is more common at the secondary level, it is not a common practice at the elementary level, where the focus generally tends to be on Reading and Math.

While the in-class services currently provided in the district are in accordance with the IEPs in each school, there is variation from school to school in the prevalence of providing support across multiple subjects. This highlights a lack of district wide strategy in terms of supporting students with special needs within the general education classroom.

The table below shows the number and percentage of students in each elementary school that receive one or both of Science and Social Studies support in addition to Reading, Writing and Language Arts:

School	Students receiving one or both of Science and Social Studies support in addition to Reading, Writing and Language Arts	% of total students receiving in-class supports
Clinton	37	65%
Jefferson	25	33%
Marshall	6	15%
Seth Boyden	13	27%
South Mountain	18	35%
Tuscan	24	50%
Total	123	38%

Extensive in-class Language Arts support: DMC found some instances of students receiving in-class supports for two or more of Reading, Writing and Language Arts. This too varies by school.

Overlapping pull out and in-class support: With the new extra time model for Reading support (in grades K to 2 at the time this data was pulled), where all struggling students receive 30 minutes of extra instruction a day, students still receive in-class Reading, Writing or Language Arts support. This leads to overlapping supports.

3. The district makes a significant investment in providing in-class support

In order to provide the in-class service delivery model for students with special needs in the elementary schools, a total of 34.7 special education teachers (FTEs) were employed (in the school year 2012-13). Assuming a total cost of \$100,000 per year for a special education teacher who provides in-class support to struggling students, this translates to a **total cost of \$3.5 million for providing in-class supports to students with special needs at the elementary level.**

DMC also conducted an analysis to assess the incremental cost of providing in-class support in different subjects based on the special education staff required to support the level of in-class support services for each subject.

Cost of providing in-class supports by subject

Language Arts	Mathematics	Social Studies	Science	Reading	Writing
\$855,385	\$947,692	\$428,462	\$451,538	\$255,385	\$209,231

Note that these cost numbers are based on the number of students that are currently provided these supports across different school (per their IEPs) with the assumption that they are grouped efficiently.

Another way to look at the practice of providing support across multiple subjects to most students is to consider the investment in providing supports to students in excess of 450 minutes per week (i.e. 90 minutes per day) across all content areas combined. This accounts for \$1.2 million (of the total of \$3.5 million) in class elementary support.

Tools for analysis of current and future inclusion models

DMC has provided a series of tools to help the district leadership understand current service delivery models and test what if scenarios as well.

DMC also helped develop tools for the district to be able to determine staffing allocations in each school based on IEP requirements for in-class supports. These will help ensure that the appropriate staff is available in each school.

Next steps for refining and improving inclusion

- **Create guidelines for inclusion supports based on student needs and best practices:** Based on the list of current inclusion practices analyzed by DMC, the district will draft guidelines for duration, content areas and groups for in-class support for students with IEPs.
- **Integrate the new reading program and the inclusion model:** As the strengthened K-3 reading program will provide students with IEPs with more reading support in the general education setting, the district will incorporate a model for inclusion that takes new additions to the K-3 reading program into account (e.g., in terms of service delivery, content of IEPs, etc.)
- **Determine measures for assessing effectiveness:** Once the model for inclusion has been defined, the district will identify methods for assessing the effectiveness of the new

inclusion model. This may involve monitoring the formative assessment scores of all students receiving in-class supports or other similar monitoring tools.

II. Elementary Reading

DMC's primary focus in the district last year was designing and preparing to implement the district's reading program at the elementary school level. The program was launched in grades K-2 in school year 2012-13 and further expanded to grade 3 (grade 4 in some schools) in school year 2013-14. This year's work focuses on ensuring a strong implementation and further expansion. This includes.

- **Ensuring common entry and exit criteria.**

It was decided that all struggling students, with and without IEPs, will receive reading intervention support if they score below the agreed-upon benchmark (based on DRA and Teachers' College assessments)

- **Creating intervention schedules.**

It was agreed that students will not be pulled out of core reading or math instruction for any intervention. Additionally, DMC is providing scheduling support to schools to ensure that they can accommodate the reading intervention block in their regular schedules.

- **Reading intervention programs and materials.**

The district leadership, with stakeholder input, will choose one reading program to be used district-wide going forward.

- **Formalize staffing requirements in each school.**

In addition to the specifics of the Reading program, the district (in collaboration with DMC) is utilizing formative assessment results in each school, combined with district developed guidelines for work load and group size to determine requirements for academic interventionists (who provide reading support) in each school. DMC has helped the district create an excel tool for the purpose that utilizes inputs around group size, teacher contractual time and number of struggling students to determine staffing needs. This ensures that the reading program is staffed efficiently and equitably across all schools.

III. Budgeting

South Orange & Maplewood School District is working with DMC to develop a special education financial management system. DMC has been working with the district over the past year to create a system to easily and timely collect the information required to thoughtfully budget and manage special education and to provide technology tools to analyze the required data such that decision making is more data driven, child centered, and transparent. Work to date includes:

- **Map the current and desired process.**

DMC has engaged in conversations with the Special Education Director and Business Manager to discuss the data required for planning, budgeting, and allocating staff. Through these conversations, DMC has started to extensively review existing budget and planning documents, which will help inform decisions about what information is required to build thoughtful plans and budgets.

- **Refine and implement a system to match staffing needs to student needs.**

DMC worked with district leadership to establish the roles of staff who participated in a time allocation study the past few weeks. The survey is designed to help the district and DMC learn more about the day-to-day responsibilities of staff and gain a full understanding of current roles, responsibilities, and time commitments. Staff were invited to participate in a survey using an online tool, dmPlanning, and filled out an online form to enter their typical weekly schedule, receiving technical support from the DMC team. 77% of special education staff participated in this schedule collection effort.

DMC is in the process of analyzing the resulting data, and will share the results with the district and subsequently with the board, allowing the district leadership to better understand how staff spends their time across the district and within specific buildings. The information will empower district leaders with the information to make informed staffing allocation decisions and potentially redirect resources towards the reading program.

- **Develop and implement a system to monitor and manage other special education expenses such as contracted services, transportation and tuitions.**

DMC is working with the district to institute a process to periodically update spending and forecast yearend balances on transportation, special education tuition, and other non-staff expenses so as to ensure effective planning and budgeting. DMC is in the process of reviewing all contracted services over \$10,000 a year.

MONTROSE SCHOOL

The Board approved a Guiding Change Document regarding the repurposing of Montrose School on October 15, 2012. The document directed that the Montrose School building is to be repurposed to house a special education program that will help the District achieve the goals of promoting the intellectual development of students while slowing the rate of increase in operating expenditures. The rationale behind this directive included:

- To better serve our students in-district and slow the rate of increase in out-of-district tuition costs
- To explore the possibility of a special education program that would become a revenue source based on receiving tuition based out-of-districts students

Multiple options had been presented to the Board of Education including a special education center (with the example of a behavioral program), managed either by the district or a third party, an early learning center, the sale of the asset, or a hybrid program that would house multiple programs. The Board reduced the choices to two variations on an Early Learning Center, one servicing Preschool students and the other servicing a combination of Preschool students and Kindergarten students. The preschool population has been increasing, requiring additional classroom space. These options address this growing need, while the alternate special education option and the sale of the asset both left us needing to find space for this expanding program.

The Board of Education determined in the spring of 2013 to move forward with renovations to the interior of the Montrose School building to allow for an Early Learning Center facility. The district has bonded to complete the necessary work to bring the whole building up to code. The planned renovation includes a new roof, updates to existing bathrooms, updates to existing classrooms including complete renovation to the second floor, the installation of an elevator and other ADA accessibility accommodations. The construction plans have been through state approvals and the project is currently being bid in order for construction to begin this winter.

The Board is scheduled to vote on the development of an Early Learning Center for preschool classes at the Montrose School at the December 2013 meeting. The two options proposed to the Board for consideration, both which we believe satisfy the Guiding Change Document offer the following:

- Both options offer an early intervention and support program for preschool students who are on the autistic spectrum or have other disabling conditions. This early intervention will offer some future relief in how these students are serviced and should provide an avenue to maintain many of them in-district.
- Both options have the potential to generate a revenue stream.
- Both options have the added benefit of offering relief to our current space issues.
- Both options offer the centralization of preschool services and the possibility of becoming a model program for early intervention and inclusion for students with disabilities.

An additional preschool class was added during the 2012-2013 school year in response to the growing Special Education preschool population. With the district elementary schools at capacity, if the Early Learning Center is not created, then additional preschool placements would need to be placed out of district at an average cost of \$60,000 plus transportation expenses. Without additional in-district classes an estimated 3 -5 preschool students would have to be sent out-of-district for an additional expense of \$180,000 - \$300,000 annually.

Option 1: The Montrose Preschool Learning Center

This option proposes to reduce the number of new out-of-district placements, better serve our students in-district and slow the rate of out-of-district tuition costs by:

1. Enhancing and expanding our current preschool programs,
2. Offering more integrated options for students,
3. Centralizing preschool offerings into one building and,

4. Building partnerships with local universities.

This option offers the possibility of a special education program that would become a revenue source based on:

1. Receiving tuition from general education parents in-district and out-of district
2. Receiving tuition from other districts for special needs preschool students
3. Receiving tuition for toddler - preschool class for staff.

This option will also free space in our elementary buildings which are at full capacity. Currently 3 classrooms in Jefferson and 1 classroom in Clinton are used for preschool.

Program

The Center will be able to serve approximately 150 preschool students from the communities of South Orange and Maplewood. The Center will offer integrated supported classroom services for general education and special education students as well as self-contained classes with intensive ABA services provided. The programs will enable the district to offer a variety of services to meet the needs of 3 and 4-year-old children with both full and half day options. Many classrooms will have a fully included delivery model.

In addition to the preschool population of 3 and 4 year olds, the Center could support a childcare center for up to 15 children from ages 18 months to 3 years of age. The Center could service the children of staff members and be a strong recruiting factor for attracting new teachers. The program would have extended hours to accommodate the needs of our staff with an open early, close late schedule. Consideration could be given to community members, if SOM staff underutilizes the toddler care program. With this childcare concept in mind, the Center could also offer wrap around services to extend the school day for the preschool population, which could be contracted to an outside vendor in the same way that our elementary schools offer these services on site for students in their respective buildings.

The communities of South Orange and Maplewood are located close to many universities. Affiliations with Montclair and Seton Hall are being explored at this time. These partnerships would enhance the program and support ongoing staff development. They can also provide an avenue for training new professionals to the field of education and allow our staff to be exposed to cutting edge instructional strategies for working with students with special needs. The current areas of exploration include partnering with Montclair on the use of Developmental Individual Difference –Relationship Based model of service delivery (DIR/Floortime) for students with developmental delays and communication disorders. This model would be new to the district and is the one Montclair uses in its Preschool Center. We are also exploring options with Seton Hall on working together with their Speech and Language department. Currently, we partner with the Developmental Learning Center of Morris Union Jointure Commission on our Applied Behavior Analysis (ABA) programs. This option would provide revenue, free classroom space in two buildings and offer a model of preschool learning for special needs students.

The Early Learning Center could be a revenue source based on tuition charged to general education parents to attend the program. We have this model currently in place in our integrated preschool which would be expanded. In addition to the potential revenue from general education

preschool students, it would be expected that we would also save costs on students at the preschool level who might otherwise go out of district due to in-district space limitations. An additional benefit of this program is that by moving the preschool programs to Montrose School, three classrooms become available for alternate populations at Jefferson School and a classroom becomes available at Clinton School.

This model is based on a total of 150 students for the building with 81 available seats for general education students and 69 seats for students with an IEP and requiring special education services. The free and reduced population of the district is about 20% of the students enrolled in our schools. Currently, we allow these students to attend our preschool program and we waive the tuition. If this were to continue then about 13 students of the 81 general education students would have their tuition waived or significantly reduced to attend preschool. Another option would be to follow a similar format to our integrated preschool program which would be 1/3 special ed, 1/3 free and reduced lunch population, and 1/3 tuition students. We are proposing that no waiver be considered for the 15 students in the Child Care program for children 18 months up to 3 years of age. All wrap around services (before and after school care) would be on a tuition basis for any student general or special education.

Projections were made based on figures currently used for our preschool, \$3,600 for half day and \$7,200 for full day per year. Due to the extended time, the Toddler – 3 program will be \$8,000. These numbers can be adjusted upward based on what local preschools are charging. The program will follow the school calendar.

	SPED Inclusion Half-Day	SPED Inclusion Full-Day	SPED Self- Contained Full-Day	ABA Full- Day	General Education Half-Day (\$3,600)	General Education Full-Day (\$7,200)	Projected Income
Toddler-3 Years	-	-	-	-	-	15 (\$8,000)	\$120,000
3's	10	5	6	12	20 (16 paying)	10 (8 paying)	\$115,200
4's	12	6	6	12	24 (19.2 paying)	12 (9.6 paying)	\$138,240
Totals	22	11	12	24	44	44	\$373,440

Projected Annual Revenue (based on full student enrollment of 150 students)

In-District Annual Revenue	\$373,440
State Grant	\$ 59,400
SP. Ed Students from other Districts (6)	<u>\$360,000</u>
Total Projected Annual Revenues	\$792,840

Projected Annual Expenses

The current preschool program has 2 full-time ABA classes, 2 half day preschool disabled classes, and 2 half-time inclusion classes. This proposal adds 4 teachers (\$320,000), 1 director/principal (\$100,000), 1 nurse (\$80,000) and about 8 para-professionals (\$184,000) for a **total projected annual expense of \$684,000.**

Annual Profit: \$108,840.

Projected One Time Start-Up Costs

Furniture and supplies for 4 new preschool classes ~\$32,000
Outdoor playground and fencing ~\$20,000
Professional Development prior to opening ~\$12,000
Miscellaneous ~\$ 5,000
Total Start-up Costs \$69,000

Option 2: Early Childhood Center with Preschool and Kindergarten

An alternative to the preschool program would be a combination of preschool and kindergarten classes. The program would allow for preschool disabled on one floor while another floor could house multiple Kindergarten programs (Kindergarten inclusion, K-2 autistic program, 2-3 general education Kindergarten classes). This proposal considers current elementary enrollment space constraints by moving the preschool and 2-3 Kindergarten classes currently housed in other buildings. This model adds more general education students so that the center is more inclusive. Consideration would have to be given to which Kindergarten students would attend the program at Montrose, with potential transportation costs. If an early childhood university affiliation could be developed for this program, this would be a potential incentive for parents of general education students to opt for placement at the Montrose program. Overall this proposal is anticipated to be budget neutral while freeing up 3 preschool rooms at Jefferson School, 1 at Clinton School, and a total of 2 additional Kindergarten rooms in elementary buildings throughout the district.

This model is based on a total of 90 preschool students for the building with 49 available seats for general education students and 41 seats for students with an IEP and requiring special education services. The free and reduced population of the district is about 20% of the students enrolled in our schools. Currently, we allow these students to attend our preschool program and we waive the tuition. If this were to continue then about 6 students of the 49 general education students would have their tuition waived or significantly reduced to attend preschool. Another option would be to follow a similar format to our integrated preschool program which would be 1/3 special ed, 1/3 free and reduced lunch population, and 1/3 tuition students. We are proposing that no waiver be considered for the 15 students in the Child Care program for children 18 months up to 3 years of age. All wrap around services (before and after school care) would be on a tuition basis for any student general or special education.

As with Option 1, this option would:

- Enhance and expand current preschool programs

- Offer more integrated options for students
- Centralize preschool options into one building
- Build partnerships with local universities
- Receive tuition from general education parents
- Receive tuition from other districts for special needs preschool students
- Receive tuition for toddler-3 class for staff

Projections were made based on figures currently used for our preschool, \$3,600 for half day and \$7,200 for full day per year. Due to the extended time, the Toddler-3 program will be \$8,000. These numbers can be adjusted upward based on what local preschools are charging. The program will follow the schoolcalendar.

	SPED Inclusion Half-Day	SPED Inclusion Full-Day	SPED Self- Contained Full-Day	ABA Full- Day	General Education Half-Day (\$3,600)	General Education Full-Day (\$7,200)	Projected Income
Toddler-3 Years	-	-	-	-	-	15 (8,000)	\$120,000
3's	5	-	-	12	10 (8 paying)	-	\$28,800
4's	6	6	-	12	12 (9.6 paying)	12 (9.6 paying)	\$103,680
Totals	11	6	-	24	22	27	\$252,480

Projected Annual Revenue (based on full student enrollment of 150 students)

In-District Annual Revenue	\$252,480
State Grant	\$ 59,400
SP. Ed Students from other Districts (6)	<u>\$360,000</u>
Total Projected Annual Revenues	\$671,880

Projected Annual Expenses

The current preschool program has 2 fulltime ABA classes, 2 half day preschool disabled classes, and 2 halftime inclusion classes. This proposal adds 1 teacher (\$80,000), 1 director/principal (\$100,000), 1 nurse (\$80,000) and about 3 para-professionals (\$69,000) for a **total projected annual expense of \$329,000.**

Annual Profit: \$342,880.

Projected One Time Start-Up Costs

Furniture and supplies for 1 new toddler-3 class ~\$10,000
Outdoor playground and fencing ~\$20,000

Professional Development prior to opening ~\$8,000
Miscellaneous ~\$ 5,000
Total Start-up Costs \$43,000

The projected revenue is based on full student enrollment of 90 preschool students, 6 of them would be tuition students for \$60,000 per student. Less than full enrollment will result in less than projected revenue.

Cost Comparison of Option One and Two Over Five Years

In the following cost comparison Option 1A and 2 A have been added. These additional options represent similar modifications to Option 1 and Option 2. The change is an increase of free and reduced students from 20% to 33%. This was factored into the calculation so that more students on the poverty level could be included in the preschool program. This increase in free and reduced students caused a decrease in realized revenue. The revenue stream would be less as free and reduced students would not represent any income. The benefit of having more free and reduced lunch students is that we would be able to provide quality early intervention and acceleration for students who will be entering our school system. This would translate into better school readiness and a systematic approach to closing the gap in kindergarten skills and in identifying and addressing problems at an early age.

Our past experiences with the integrated preschool classes have shown that it takes a couple of years to build up a full complement of general education students. It is also more difficult to get general education for a half-day preschool program. Marketing to other districts may also take some time to see an influx of 6 tuition-paying students. It is anticipated that as our reputation spreads more districts and parents will want to have their students in our program.

Based on this information, a conservative estimate would be that it would take 4 years for the program to be filled to capacity with income generating students. An untested market is the toddler-3 program for staff members, which can be examined through a needs-assessment to ensure this is a viable source of revenue. A survey will also be sent to neighboring districts to determine the probability of getting 6 tuition-paying students.

The assumption built into the following table is that year 1 represents 60% of tuition paying general education students, 75% in year 2, 90% in year 3 and 100% in year 4. Year one also includes the start-up cost for each option. The toddler to 3 staff program is assumed to have a full complement of students. The numbers are the net revenue for each year for each option based on these assumptions.

Year	Option 1	Option 1A	Option 2	Option 2A
2014-2015 (60%)	(\$109,536)	(\$136,147)	\$198,888	\$184,978
2015-2016 (75%)	\$15,480	(\$17,784)	\$279,760	\$262,372
2016-2017 (90%)	\$71,496	\$31,579	\$317,632	\$296,766
2017-2018 (100%)	\$108,840	\$64,488	\$342,880	\$319,696
2018-2019 (100%)	\$108,840	\$64,488	\$342,880	\$319,696

The difference between Option 1 and Option 2 is the amount of preschool that is being offered. In option1 there are 8 classrooms dedicated to preschool. There are 2 Inclusion half day programs, 2 Inclusion full day programs, 2 full day special education full day programs and 2 Full Day ABA programs. In option 2 there is less preschool offered. Five classes are dedicated to preschool. There are 2 Inclusion half day programs, 1 Inclusion full day program and 2 Full Day ABA programs. Three classes are dedicated to inclusion Kindergarten. While both options offer a revenue stream and an expanded preschool, Option 1 allows more preschool offerings and increases our ability to market to other districts.

By keeping our service delivery models diverse and centered on early interventions we believe we can provide a long term option for reducing the number of new out-of-district placements, provide a revenue stream and, offer the community an option which will make our district a model of early childhood inclusion for young students. We also believe other districts will find our options more desirable and less expensive than private placements for their students.

ENROLLMENT CHANGES AND BUILDING CAPACITY

Elementary School Enrollment

Elementary enrollment has been increasing since 2006 to nearly a 21% increase over the past 7 years (2,683 elementary students in the 2006-2007 school year compared with 3,238 elementary students in the current, 2013-2014, school year). The demographer projections anticipate that the elementary enrollments will slowly begin to taper off, remaining nearly flat in 2014-2015 and then steadily decreasing each year after. Understanding that space would be tight with the continued enrollment growth, an analysis completed in 2010 determined that by making adjustments to elementary boundaries, we would be able to accommodate all of the elementary students without undergoing the expense of building any additions. The Board voted to adjust the boundaries as well as acknowledged that Board Policy 8110 allows the administration the discretion to balance enrollments at specific grade levels between schools when making assignments. With minor adjustments for a handful of students registering late in the summer or after school started, the change in boundaries has allowed us to handle the increased enrollments

without having to lose a dedicated art or music room, something that was considered acceptable if necessary to avoid building an addition to our elementary schools.

We will continue to face space constraints at individual elementary buildings for another few years while the higher enrollment grades progress. This has especially become an issue in the buildings that house self-contained special education programs as the enrollment increase for these programs has created the need for additional space as well. A proposal to open the Montrose School building as an Early Learning Center, would free up classroom space at Jefferson School and Clinton School, easing the strain on these buildings over the next few years.

Middle School Enrollment

Middle School enrollment has been increasing since 2007 with nearly a 17% increase over the past 6 years (1,332 middle school students in 2007-2008 compared with 1,557 middle school students in the current school year). Nearly half of that increase was in the current year, with an increase in enrollment of 8.3% over last year (1,438 students in 2012-13 and 1,557 students in 2013-14). The demographer projections anticipate that the middle school enrollments will continue to grow for the next five years, reaching 1,685 students in 2018-19, or another 8% or nearly 130 students more. With the middle schools already fully utilizing their buildings, it was determined that additional classroom space would be needed at the middle school level. An addition to Maplewood Middle School is in progress to accommodate the growing enrollment. It is likely that attendance zone adjustments will need to be made so that the increasing numbers will be attending Maplewood Middle. Discussions at the Board level should begin as soon as possible to begin to identify possible adjustments. It is anticipated that the adjustments will be made one grade at a time so that incoming students would change schools rather than impacting students already attending South Orange Middle. Consideration for grandfathering families with children already at South Orange Middle will be included in the proposals.

High School Enrollment

High School enrollment has fluctuated over the past few years but is expected to see a continuous growth in the future as the larger elementary and middle school enrollments move up to the higher grades. Recent discussions regarding enrollment capacities at the high school indicated that the building could accommodate approximately 2,100 to 2,200 students. The demographer projections indicate that the enrollment will reach nearly 2,150 by 2018-19. Based on the current elementary enrollments, it is likely that the high school enrollment will continue to grow to enrollments in the 2,300-2,400 range. Additional classroom space was identified as part of the Columbia High School capital renewal discussions and capital plans are being developed to convert these spaces as needed. With the potential of these additional classroom spaces, it was determined that an addition was not needed at this time. However, the enrollment projections should continue to be monitored closely each year when the projections beyond 2018-19 would be more statistically sound.

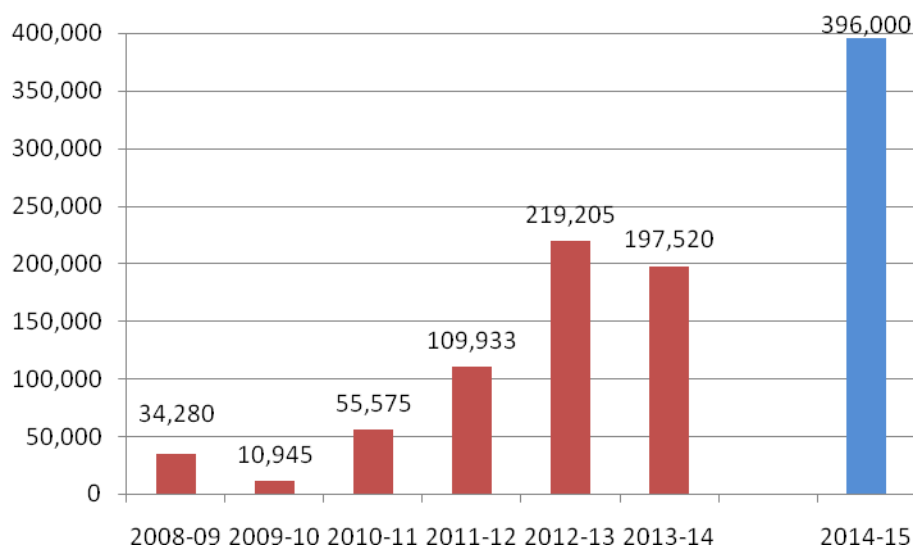
CHARTER SCHOOL TUITION

A charter school is a public school that operates as its own Local Education Agency (LEA) under a charter granted by the Commissioner. The New Jersey Department of Education is the State Education Agency (SEA) and sole charter school authorizer in New Jersey and is responsible for setting the standards for and holding current and future public charter schools accountable for providing New Jersey students with a high-quality public education. Charter schools are open to all students on a space-available basis with preference being given to students from the charter school's district or region of residence. If available space permits, a charter school may enroll non-resident students.

The school district of residence shall pay directly to the charter school for each student enrolled in the charter school who resides in the district an amount equal to the lower of either 90% of the program budget per pupil for the specific grade level in the district or 90% of the maximum T&E amount. The per pupil amount paid to the charter school shall not exceed the program budget per pupil for the specific grade level in the district in which the charter school is located. The district of residence shall also pay directly to the charter school any categorical aid attributable to the student, provided the student is receiving appropriate categorical services, and any federal funds attributable to the student.

There are currently 33 students on record from South Orange and Maplewood attending charter schools, of which the district is responsible for 16. The remaining 17 are the result of a conversion of a non-public school to a charter school and the district will be responsible for these tuitions starting in 2014-15.

The amount paid to the charter school is determined by the state and has averaged about \$12,000 per student. The chart below shows in red the tuition paid to charter schools over the past five years plus the current year's anticipated expense.



The blue column is the estimated charter school tuition for next year based on the current charter school enrollment. The state will determine the estimated tuition and the district will be required to budget for charter school tuition at the state's estimated level. As indicated on the chart, the charter school tuition is anticipated to double in the 2014-15 school year. This increase is based on student enrollment at the Philip's Academy Charter School in Newark. Philip's Academy was previously a non-public school, St. Philip's Academy, and was approved to convert to a charter school beginning in the current school year. Approximately 18 district students had attended Philip's Academy. Although Philip's Academy is located in Newark, N.J.A.C. 6A:11-2.10 states that "A nonpublic conversion charter school shall allow any student enrolled in the nonpublic school in the school year preceding its conversion to enroll in the nonpublic conversion charter school." There are currently 18 students from South-Orange Maplewood attending Philip's Academy. The state is responsible for funding for charter school tuition for students who attended a non-public school the year prior to entering the charter school program. Therefore the state is paying for most of the students (17 of the 18 attending Phillip's Academy) for the 2013-14 school year. The district will be responsible for these tuition expenses in 2014-15.

CHOICE DISTRICT PROGRAM

New Jersey's Inter-district Public School Choice Program enables approved choice districts to enroll students who do not reside within their districts and bring additional funding to the district. District participation in the program is optional. Any district is eligible to apply to become a choice district. Applications are submitted in the spring of the year preceding the student outreach and application process. Choice District applications for 2015-16 student enrollments will be available in March 2014 and are due by April 30, 2014. To become a choice district, an applicant must provide information about the district's proposed program, outreach plan and selection process. Choice districts are required to create a parent information center and establish board policies for admissions. Approvals of new choice districts for the next school year (2015-16) will be made in August 2014. Once approved, the choice district designates the available seats in specific grades and programs that are open to choice students. A choice district must fill all of the choice seats advertised in its profile if it receives enough student applications to do so. When a choice district receives more applications than there are spaces available, the choice district must hold a public lottery to determine which students may participate in the choice program.

All New Jersey students are eligible to become choice students and cannot be selected on the basis of academic aptitude, athletic ability, behavior record, English language proficiency, or any basis prohibited by law. A choice district that offers a special program with a particular focus may evaluate prospective students on their interest in the program and must use the same enrollment criteria used for the resident students. When developing admissions criteria for a special program, school districts must ensure that the identification methodology used is developmentally appropriate, non-discriminatory and directly related to the programs and services offered. A choice district cannot use discipline records as enrollment criteria.

Student applicants fall into one of 3 categories: Tier 1 or Tier 2, or those with enrollment preference:

- A **Tier 1 student** must be enrolled in a NJ public school in his or her resident school district for the entire year immediately preceding enrollment in a choice district.
- **Tier 2 students** include NJ residents who have not attended their resident public school for the entire year immediately prior to enrollment in the desired choice district and do not otherwise meet the requirements for Tier 1.
- Choice districts may give **enrollment preference** to students in the following circumstances: 1) students who have siblings currently attending the choice district, 2) students who attend a choice district with a send-receive agreement (or limited purpose regional districts) that terminates before 12th grade; and 3) resident students of the choice district who move out of the district during the course of the school year.

Choice districts must first fill their available seats with Tier 1 students. If the number of Tier 1 applications exceeds the number of choice seats available, the choice district must hold a lottery to randomly select students. Choice districts are not obligated to accept Tier 2 students. If a choice district accepts Tier 2 applicants, they may do so only after all of the qualified Tier 1 applicants have been accepted. If the number of Tier 2 applications exceeds the number of choice seats available, the choice district must hold a lottery to select of students.

A choice district can reject an applicant who has been classified as eligible for special education services if that student's individualized education program could not be implemented in the district, or if the enrollment of that student would require the district to fundamentally alter the nature of its educational program, or would create an undue financial or administrative burden on the district. If the student is deemed eligible for special education services *after acceptance but prior to the start of the first school year* in the choice district and the district cannot implement the IEP, acceptance into the choice program can be revoked. Once the applicant has enrolled in the choice district, the district is required to keep the student and ensure that the student's needs for special education services are met—just the same as it would for a resident student: once the student has enrolled, and an IEP is developed that cannot be implemented by the choice district, the district must follow the normal IEP process for out-of-district placement. The choice district is responsible for providing the student with special education services once they are enrolled, including evaluations, classification, placement etc. This responsibility includes tuition billing and getting reimbursement for the balance of the tuition costs from the resident district in the case of an out of district or private placement. (The choice district is only financially responsible for the state aid received for the student.)

A student whose application is rejected by a choice district must be provided with a reason for the rejection in the letter of notice. The appeal of a rejection notice may be made to the commissioner, through the Bureau of Controversies and Disputes.

Transportation is the responsibility of the resident district. Transportation services of up to 20 miles will be provided to a student going to a choice school if the student meets the eligibility requirements of state law and the transportation will cost no more than \$884. If the cost of the transportation will exceed that amount, the parent will be given the opportunity to pay the additional amount, or may choose to receive \$884 as aid in lieu of transportation. If the school is outside of the 20-mile radius, transportation will be the responsibility of the parents/guardians.

The State pays the choice district a tuition equal to the local portion of its adequacy budget on a per pupil basis. If the South Orange Maplewood School District were to become a Choice District, the district would receive approximately \$14,000 per student in tuition. If a student is accepted into the District as a Choice Student, they are entitled to remain in the District through 12th grade regardless of the entry grade. With most of the district's schools being at or close to capacity, and with increasing enrollments, the number of students that the district could accept as part of the choice district program would be very limited, if any.

The NJDOE has imposed enrollment caps to limit Choice District growth due to the cost of the program. Any additional limitations or changes to the program are unknown at this time.

ENERGY USAGE

The District takes a multifaceted approach to achieve Board Goal 4, Objective A, Indicator 2: Hold or reduce rate of growth in energy consumption. The 2008 energy audit report recommended a wide range of improvements, some of which have already been implemented, including lighting upgrades and HVAC replacements. These have yielded absolute and relative decreases in energy consumption – in spite of increased enrollments and increasing use of technology – minimizing the impact of higher energy prices. Looking ahead, the District expects immediate and long-term decreases in energy consumption and costs from multiple initiatives.

Direct Install

The Direct Install program from PSE&G provides for large-scale lighting upgrades – not only replacing current fixtures and bulbs with models that are more energy efficient, but also adding sensors in rooms to turn off lights after occupants have left. These projects are expected to begin in December 2013 and to have an immediate impact, decreasing district-wide electricity consumption and expense for lighting. As part of the program, the District is responsible for 20% of the cost of the lighting replacements, paid back interest free over the first two years after installation. Therefore, the impact on budgeting should be cost neutral for the 2014-15 and 2015-16 school years. In addition to the long-run savings as a result of the more efficient lighting, the program expedites the replacement and disposal of polychlorinated biphenyls (PCBs) lighting fixtures that were already scheduled for replacement at significantly lower cost to the District.

Energy Audit

The milestone for 2013-14 for Goal 4, Indicator 2 of the District Goals calls for the completion of an energy audit which will identify specific energy conservation measures that can be undertaken to yield reduced energy use. The Local Government Energy Audit Program provides for a comprehensive, investor-grade audit, funded by the Board of Public Utilities (BPU). Following the Direct Install projects, the District expects to apply to participate in the Energy Audit program with the expectation of an energy report being available around the end of the 2013-2014 school year. The report is designed to help identify measures that cost effectively reduce electricity, gas and water consumption. BPU will pay 100% of the cost of this audit, up to \$100,000, directly to the firm; the total is expected to stay below this threshold.

The report will help inform future initiatives for energy efficiencies and cost reductions.

Temperature Control

Control systems are designed to monitor and adjust heating/cooling systems for energy efficiency, comfort and personal health. Controls were installed in seven schools with the ability to remotely monitor their operation. These systems, however, did not achieve their potential and are not functioning as desired. These systems provide maximum benefit when programmed, monitored and adjusted remotely to maintain the desired temperatures room-by-room 24/7. For example, most elementary-school classrooms are not used after 5pm during the week or all weekend, so they should be kept cooler when not used. The District has been in the process of obtaining proposals from climate control companies to monitor and maintain the control systems. A cost benefit analysis will be done to determine if the District should proceed to procure these services.

Many of our buildings contain steam-heat systems, which are inherently less precise than hot-water systems, restricting the amount of potential control. Consideration of replacing some of these steam-heat systems with hot-water systems is included in the long range capital plan development. A change to hot-water would require the switching of heating pipes throughout the building which is both a cost and time intensive process. These factors, and the overall cost-benefit of the switch, are being taken into consideration when developing the capital plan.

Energy Expenses

Gas consumption and expenses may increase again if winter temperatures continue the recent trend of getting colder and if the cost-per-therm rebounds from recent lows. Winter temperatures in 2012-13 were 6 degrees colder than 2011-12, pushing consumption up 20% and expenses up 9.1%. Winter temperatures for 2013-14 are expected to drop further. If the cost-per-therm had not dropped significantly from 2011-12, the 2012-13 jump in expenses could have doubled. If both factors go against the District's favor, the resulting expenses could increase 10-20% in future years. We continue to watch energy costs and usage on an on-going basis in order to respond to unanticipated fluctuations.

Electricity consumption District-wide should continue to decline, primarily from the Direct Install projects, however, this reduction will be offset by increasing technology and other electronic devices.

We do anticipate a slight increase in energy expenses due to the opening of the Maplewood Middle School addition, approximately \$11,000 for the year. The addition had been expected to open part way through the current year and therefore was partially accounted for in the current year's budget, reducing the incremental cost estimates for next year. This figure will be taken into consideration in determining the energy budget for 2014-15.