

# **Government that Works!**

NEW JERSEY DEPARTMENT OF THE TREASURY

## **LOCAL GOVERNMENT BUDGET REVIEW**

### **VENTNOR CITY PUBLIC SCHOOLS**

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**COMPARISON OF BUDGET APPROPRIATIONS, STATE AID AND  
LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN THE  
CITY OF VENTNOR COST OF GOVERNMENT**

A. Transportation	\$ 100,000
B. Food Service	\$ 40,000
C. Administration	
1. Middle School Principal	\$ 95,000
2. Child Study Teams	\$ 22,500
D. Business Office	\$ 30,000
E. Custodial Operations	\$ 56,700
<b>TOTAL</b>	<b>\$ 344,200</b>

Total Amount to be Raised for School Tax	\$7,124,750
Savings as a % of School Tax	4.83%

Total Budget (FY94)	\$8,457,695
Savings as a % of Budget	4.06%

Total State Aid (FY94)	\$ 778,660
Savings as a % of State Aid	44.2%

## **GOVERNMENT THAT WORKS**

### **OPPORTUNITIES FOR CHANGE**

*The Report the Ventnor School Budget Review Team*

New Jerseyans deserve the best government that their tax dollars can buy. Governor Christie Whitman is committed to make State government smaller, 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 more money is the solution to their problems, and start examining how they spend the money they have now. The state's taxpayers cannot afford to keep sending money to their government. It is time for government to do something different.

There is no doubt that local government costs, and the property taxes that pay for them have been rising steadily over the last decade. Until now, the State has never worked with school districts to examine what is behind those rising costs. That is why the Local Government Budget Review Program was created by Governor Whitman and State Treasurer Brian W. Clymer. Its mission is simple: to help local governments find savings, without compromising the delivery of services to the public.

The Local Government budget Review Program fulfills a promise Governor Whitman made in her first budget address, when she offered the State's help to local governments looking to cut costs. This innovative approach combines the expertise of professionals from the Department of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a management review and consulting service provided to them at no cost by the State.

To find those "cost drivers" in local government, the teams will review all aspects of the local government operation, looking for ways to improve efficiency and reduce costs. The team will also document those State regulations or legislative mandates which place an unnecessary burden on local governments, and suggest which ones should be modified or eliminated. Finally the teams will also note where a local government is utilizing "Best Practices" – cost saving measures that other municipalities may want to emulate, and deserve recognition.

This intensive review and dialogue between local officials and the review team is designed to produce significant insight into what factors are driving the costs of local governments, and provide the necessary tools to bring meaningful property tax relief to the State.

## ***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 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 Ventnor school, team members interviewed each elected official, as well as school employees, appointees and contractors. The review team examined current collective bargaining agreements, school audit reports, public offering statements, annual financial statements, the school code and independent reports and recommendations previously developed by the community. The review team physically visited and observed the work procedures and operations throughout the school to observe employees in the performance of their duties.

In general, the review team received the full cooperation and assistance of all employees and elected officials. That cooperation and assistance was testament to the willingness on the part of most 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.

## ***OVERVIEW***

Ventnor is primarily residential (4,761 residential units) with one shopping center comprised of nine stores and a traditional downtown commercial area located wholly on Ventnor Avenue. The zoning ordinances of the city are structured in such a way as to preclude commercial growth in areas that are not along Wellington, Dorset or Ventnor Avenues. The commercial areas are basically comprised of storefront shops and restaurants with a high degree of occupancy. There are seven high-rise apartment buildings, two garden apartment complexes and a condominium townhouse project located on the bayside of the municipality.

The boundaries of the city include a 1.7 mile stretch of the Atlantic Ocean; common borders with Atlantic City and Margate and a westerly frontage with marshy wetlands. The city is bisected by the inter-coastal waterway which separates a section of the municipality known as Ventnor Heights from the balance of the community. The geography of the city is a flat, sandy coastal plain similar to other coastal areas of southern coastal New Jersey.

There is an increased growth in the permanent occupancy of previously seasonal rental units. It is anticipated that the population growth will increase as evidenced by an increase in school enrollment over the last three years from 799 to 866 students in its K-8 school system. The school system is a K-8 school system which exhibits a relatively high degree of success in its academic preparation of its students.

The Ventnor City Public Schools are a Type One district. A Type One district in the State of New Jersey has all the members of the Board of Education appointed by the Mayor and Commissioners. The budget process provides that there is no public vote on the school budget, but rather a preparation of the budget by the Board of School Estimate. The majority of the districts in the State of New Jersey are Type Two districts, which provide for elected school board members and a public referendum on the budget on an annual basis. The school system is located in the southwesterly portion of the city adjacent to Lafayette Avenue. It consists of one school building which houses, in separate wings, 866 students in grades K-8. The schools are responsible for the education of its children beyond the level of 8th grade, by an established tuition/sending district relationship with the Atlantic City Board of Education. Atlantic City High School is located in the southerly portion of Atlantic City, almost immediately adjacent to the Ventnor City line.

## ***BEST PRACTICES***

The following policies or procedures were identified for their effectiveness in meeting the school mission and the added value to the community and children as a whole. These are areas that other school districts may wish to emulate:

1. *Bilingual Education* - The district has seen a burgeoning bilingual education problem and has made an effective use of the older students in providing bilingual translation for younger students. This has provided an effective means of assuring that the younger students received their day-to-day instructions. The teachers and the review team noted that the older students were able to effectively translate the teachers requirements due to their bilingual proficiency and the fact that they were still students themselves.

This process helps to ensure that newer bilingual students received immediate direction and clear and concise interpretation for their educational needs. It also serves to reinforce for the older students the need for bilingual education and enhanced their ability to translate and communicate in both languages.

2. *Disciplinary Policies* - The district has a fully visible and effective discipline policy. The review team observed a high degree of discipline within the school buildings and the safe and orderly movement of children around the campus and to their related transportation facilities. The disciplinary policies were clearly posted for each and every student to read in the classroom and in the hallways, and constantly referred to by the staff, teachers and the administration. This provides a positive method of handling and avoiding discipline problems.

## ***FINDINGS AND RECOMMENDATIONS***

Our review of school district operations and budgeted expenditures produced the following findings and recommendations:

### **A. TRANSPORTATION**

1. The team performed an analysis of the transportation policies and procedures of the school district, and found a high percentage of courtesy busing. The district receives \$263,913 worth of transportation aid, however it is anticipated that aid will be reduced for school year 1994-95 to \$178,591. In addition, the district receives \$54,580 from Margate and Longport for the transportation of their Holy Spirit High School students to Absecon.
2. The district also faces a budgetary problem in that the Atlantic City Board of Education has built a new high school located on Route 40 in place of its old structure located on the Ventnor/Atlantic City border. The district previously had the luxury of utilizing public transportation for its high school students. The district currently provides \$ 12,500 worth of public transportation tickets to students so they will be able to attend Atlantic City High School. However, the new high school has a location that requires transportation, and it is anticipated that the district will face an annual expenditure of \$130,000.

### **RECOMMENDSTIONS**

The team recommends that the district immediately consider the elimination of courtesy busing, except for Ventnor Heights. Courtesy busing should be eliminated when sidewalks and traffic controls exist, enabling students who live within a mile to safely walk to their school. Based upon an analysis of the audits and the records of the district, we estimate that this would generate \$ 112,351 in annual savings. This will make three buses and drivers available for high school transportation. The district can than utilize those three buses and drivers to provide the necessary busing for the Ventnor City students to Atlantic City High School.

In addition to providing transportation for their high school students, Ventnor will be able to bus students from Margate and Longport, increasing revenue. The district wisely asked Margate not to go beyond one year in its contract for transportation to Atlantic City High School to enable Ventnor to compete for this contract. We believe that the district should be able to handle its own necessary non-courtesy and special education busing, as well as all additional busing for Margate and Longport, and still generate a savings of approximately \$100,000.

## ***B. FOOD SERVICES***

The district currently provides food service using its own employees and facilities and receives \$33,541 from Margate City for meals provided by the kitchen of the district. A review of the statement of revenue and expenses for food operations in the school district showed that for the year ending June 30, 1994, the district's food service operation had a net income of \$ 14,615. However, in order to balance the account, the board made a contribution of \$28,000 to the operating revenues for the program, thereby providing a subsidy.

Inquiries with the staff showed that they did not have an in-depth cost analysis for the meal costs of the districts, or for those meals charged to Margate City.

### **RECOMMENDSTION**

In order to offset the net loss of \$ 14,615, it is recommended food service operations be competitively contracted. Our analysis showed that the district provided approximately 74,800 meals at an operating cost of \$242,348, or at a cost of \$3.24 per meal. Assuming that a favorable bid was received, as has been the case in 200 other school districts, the board would gain approximately \$ 12,000 in guaranteed income and avoid making the \$28,000 contribution to the food service account. The net savings of \$40,000 should be obtained by the Board in the first year.

## ***C. ADMINISTRATION STAFFING***

1. The district currently has on its table of organization a position for principal of the middle school and principal of the elementary school, even though both schools are contained in one building.

**RECOMMENDSTION** The team, after careful review of operations and manpower, recommends the position of principal for the middle school be eliminated. Based upon this restructuring, it is recommended that the vacancy for the middle school principal not be filled. The team performed a review of other school districts which are categorized in the same K-8 group as Ventnor City, and found that these districts function well, as measured by test results. The team believes that this is in the best interest of the district and can be implemented immediately, as this position is presently vacant. A common business office would allow for the lessening of the load for the superintendent of schools as it relates to financial, purchasing and administrative aspects of the district. This would allow the chief school administrator to concentrate on education matters.

The elimination of the principal position and the related benefit package would save the district approximately \$95,000.

2 The district currently maintains a child study team for its special educational needs. The guidelines and principals of the child study team operations are established by N.J.S.A. 18A et.seq. as it relates to special education and student classification activities. Any child, no matter what district they are in, is subject to the same scrutiny and recommendations from a child study team. This commonality of service and obligation make it possible for Ventnor City to share the services of a child study team.

#### RECOMMENDSTION

We recommend that a shared service agreement be developed between Ventnor and Margate for the purpose of implementing cost reduction in special education classifications. It is estimated that joining the child study teams would provide for a possible reduction of one position between the two school districts. Assuming the \$35,000 salary and \$10,000 benefit cost would be shared between both communities, this would result in a \$22,500 savings for Ventnor City Schools. We noted that Ventnor City and Margate City presently share food service transportation and educational programming. The sharing of child study professionals should be a natural extension of this existing cooperation.

#### ***D. SHARED SERVICES***

##### *Shared Business Office*

During its review of the City of Ventnor, the team recommended that a joint business office be established with the Board of Education to ensure the best possible fiscal operation for the benefit of the residents.

The team recommends that the Ventnor City Board of Education adopt a resolution establishing a joint study group to examine sharing its business office with the City of Ventnor. This step is vital to ensure the best possible operation and support of the education of the children of Ventnor City. The City has already adopted a resolution to this effect.

The Ventnor City school system does not currently have a business administrator or anyone who has either financial or accounting education and training to handle the business operations of the district. As a result, the superintendent of schools not only functions as a chief educator, but also as the chief business official. The team believes that the superintendent should function as an educator before he functions as an administrator or business manger. Although the Superintendent may be required to continue to hold the title of school administrator, the

delegation of the work to a joint business office would relieve him of the daily responsibilities of that task.

During the review of the district it was found that many areas of common business practices were not being properly addressed. Such common business practices such as purchasing, investment of excess funds, general ledger accounting and personnel policies were barely addressed and not managed by any individual outside the superintendent. It is in this area that the team feels the joint business office would benefit the district as a whole. During 1992, the district earned \$12,397 of interest income. In 1993 that investment income dropped off to \$8,632. The overall budget for the district was \$7.2 million. The city forwards, on a monthly basis, a 1/12th distribution of the tax levies. If the district aggressively invested its excess funds at a rate of one half of 1%, approximately \$30,000 worth of interest could have been gained by proper cash flow management. Clearly, there are investment opportunities that the current staff are not properly trained to handle. The team recommends that the chief financial officer of the City of Ventnor become the manager of the joint business office for both the schools and city. The taxpayers of Ventnor will benefit from one individual managing the finances of the school and city. The City should install a strong purchase order system to provide competitive bidding and solicitation of quotes wherever possible. As the city and school board strive to work together in the area of competitive bidding, contracting and shared services, the new joint office would provide the information needed for management decisions in both entities.

We believe that the joint business office will be more efficient in the areas of investment of funds, payroll operations, purchasing and purchase order management, contract administration, and the solicitation of cost saving proposals related to health benefits and insurance.

#### RECOMMENDATION

The Ventnor City Board of Education should adopt a resolution, similar to the recently adopted resolution of the City of Ventnor, to establish a study commission to look at a joint business office.. We believe the benefits include, at a minimum, a revenue enhancement of \$30,000 from interest income.

### ***E. CUSTODIAL SERVICES FINDINGS***

The district currently spends \$169,526 in salaries and wages and approximately \$56,400 in benefits for all custodial maintenance services performed inside the building. In addition, there are some contracted services beyond the scope of the current staff. A review of the financial data for 1994 indicates that approximately \$15,000 of additional cleaning materials were purchased. The total cost of \$240,926 for the maintenance and cleaning of the 105,000 square foot education facility is equivalent to \$2.29 per square foot.

### ***RECOMMENDATION***

The team has identified competitively contracted custodial care bids for public contracts as ranging from \$.75 to \$1.75 per square foot. Assuming the cost of \$1.75 per square foot, the Ventnor City School could be cleaned for \$183,750, including cleaning supplies. This would represent a cost savings of \$56,700 to the district. At \$.75, the cost would be \$78,750, representing a savings of \$147,176.

### ***F. ENERGY AUDITS - TELECOMMUNICATIONS REVIEWS***

The school building is somewhat older and energy inefficient. The school district should immediately review the State's Cooperative Purchasing Contract system to obtain the energy audits that are available. Several contracts currently under the purchasing system of the State are available, including utility rate billing and error review services and a telecommunications billing and audit service. While these audits might result in recommendations of capital investment, the long term savings and rate of return on the capital investment should be analyzed against the current cost for potential savings.

## STATUTORY AND REGULATORY REFORM

It is common for school officials to blame tax increases on "state mandates." Each local budget review team is charged with the responsibility of identifying regulatory or statutory mandates that have an adverse impact on the cost of local government. The findings summarized below will be reviewed by the appropriate state agency for the purpose of initiating constructive change at the state level.

1. Bilingual Education - The recent court decision concerning bilingual education will have a significant impact on Ventnor City. If this district is to comply with the bilingual code, one full-time bilingual program will be needed. In 1993 there were 90 students in the program and in 1994, 128 students are classified as requiring bilingual classes. The bilingual code will cause, without state funding, an exceptional increase in expenses for this district.

It is recommended that the Department of Education immediately address the issue of bilingual education.

2. Student Transfer Records - In accordance with N.J.S.A. 18A:36-1 9a, a school who receives a transfer student must receive that student's records from the transferring school within two weeks of the date of enrollment. Ventnor City schools showed many cases where the transfer records were up to four to eight weeks arriving.

It is recommended that this state mandate be rigidly enforced by the New Jersey Department of Education.

It is further recommended that the Department of Education seek an agreement with surrounding States for this matter to be addressed in a similar fashion. Districts such as Ventnor, who have significant transient enrollment, need complete records in order to ensure the appropriate education of its students.

## **LOCAL GOVERNMENT BUDGET REVIEW**

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