

The Special Meeting of the Township Council of the Township of Franklin, County of Somerset, New Jersey was called to order by the Mayor at 7:15 p.m.

Mayor Levine read the following statement: "In accordance with Section 5 of the Open Public Meetings Act, Chapter 231, Public Law 1975, be advised that adequate notice of this Special Meeting of the Township Council of the Township of Franklin, County of Somerset was made by the posting on the bulletin board at the Municipal Complex and transmitted to the officially designated newspapers, indicating that this Special Meeting would take place at the Franklin Township Municipal Complex at 7:00 p.m. on May 1, 2007. In addition, a copy of this notice is and has been available to the public and is on file in the Office of the Municipal Clerk."

The Township Clerk called the roll.

Present: Ms. Daniel, Ms. Eberle, Mr. Glicklich, Mayor Levine, Mr. McKenzie, Mr. Prasad, Deputy Mayor Ritchie, Mr. Vassanella

Absent: Mr. Sumter

SCHOOL BOARD PRESENTATION

Mayor Levine opened the discussion of the defeated 2007-08 Board of Education Budget at this time.

Presentation was made by Eva Nagy, President of the Board of Education, William Westfield, Superintendent of Schools, Eugene Unger, Finance Committee and Board Member, John Calavano, Assistant Superintendent for Business and Board Secretary, Kim Esterman, Donna Japhet from Lerch, Vinci & Higgins Auditing Firm.

Ms. Nagy offered highlights from the following for the Council's guide to the many aspects of the budget and invited Council's comments and questions:

2007-2008 Proposed Budget

Dear Community Members,

The 2007-08 Proposed Budget is the result of an intensive process conducted over the past several months. Throughout the process the focus again has been to not only maintain, but to continue to strengthen district programs as we strive toward meeting the educational goals for all the children of this community while being fiscally prudent. We have worked diligently to examine efficiencies and reductions in expenses, increase shared services, seek and apply for grants and alternative funding sources to offset costs and provide programs that can not be budgeted.

Included are details on cost saving measures and all that a school district is required to fund. Good budgeting and financial practices are very important to us. For the ninth year in a row our district has been awarded the National Certificate of Achievement and Excellence in Financial Reporting.

This budget is based on the following factors:

- Continued increase in student enrollment growth
- Continued improvement in student achievement and narrowing achievement gaps
- Continued constant changes in State, No Child Left Behind and Special Education requirements
- Continued School Climate improvement with increasing safety and security concerns created by societal and world issues
- Increases in fixed and cost of living costs

This budget is challenged by the following factors:

- Inadequate State Aid funding continues, with levels based upon enrollments from October 2000
- Mandates have not been reduced
- Yearly shortfall of more than \$2 million of Federal Aid
- Reliance on local property taxes to fund all shortfalls
- State imposed Tax Levy Cap
- Increases in fixed costs are more than State imposed budget tax levy cap increase (once again)
- Private and parochial student transportation costs of \$1,158,284
- Charter school costs of \$1,115,862

These factors are the basis for increases in staffing and programming needs, as well as, changes in curriculum and programs. More than \$5 million of requests were rejected in order to present the budget at cap. In spite of our enrollment growth and the above challenges, the 2007-2008 proposed budget increase is the lowest in several years.

Please study the information before you so that you will be able to make an informed decision on April 17th.

Mission of the Franklin Township School District

The Mission of the Franklin Township Public Schools is to provide: excellent educational opportunities for every student; maintain an environment that engenders an appreciation of the value of every student; develop every student to his or her highest potential; and instill the attitudes, skills and knowledge necessary to become independent, contributing members of a democratic, multicultural society.

The budget is the financial statement of the Mission of the school district.

Enrollment Growth

Franklin schools continue to grow.....and grow.....

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	Projected <u>2007</u>
6,609	6,862	7,090	7,171	7,613	7,698	7900

Note: This includes Charter School students as required by the State of NJ

Budget Highlights – Proposed Staffing

These factors contribute to proposed increases in staffing:

- Student Enrollment Growth
- NCLB & I.D.E.I.A.
- School Climate.

Elementary

- ✓ 1 Classroom Teacher
- ✓ 1 Kindergarten Teacher
- ✓ 1 Kindergarten Classroom Aide
- ✓ 1 World Languages Teacher (P-4)

Franklin Middle School

- ✓ 2 Mathematics Teachers

Franklin High School

- ✓ 1 Science Teacher
- ✓ 2 Special Ed. Teachers

- ✓ 1 World Language Teacher
- ✓ 1 PPS Transition Coordinator
- ✓ 0.2 Industrial Arts/Tech. Ed.

Other

- ✓ 1 Assistant to Director of Personnel Services

Extracurricular (Stipends)

Franklin Middle School

- ✓ 3 Club Advisors – (1) Odyssey of the Mind and (2) R.I.M.E.

Franklin High School

- ✓ 3 Club Advisors – TV Production, J&J Internship and WinLab

12.2 New Positions

Budget Highlights – Programs

These factors contribute to enhancements of existing programs and/or creating new programs:

- **Increased Student Achievement**
 - Mathematics/Computer Programming
 - K-6 Math program & enhancing high school Advanced Placement Math courses
 - Language Arts/Literacy
 - Resources and media materials to strengthen comprehension, research skills and reading/writing
 - Science
 - Textbook, materials and professional staff development, to meet the instructional adaptation from New Jersey Core Curriculum Content Standards per five year curricular cycle
 - Social Studies
 - Professional development and curriculum for new courses which address global issues while enhancing high school Advanced Placement World History courses
 - World Languages
 - Expansion of the elementary Spanish program through teacher training & instructional materials
 - Career Education
 - New high school course, Personal Finance, & revisions to Business courses
- **Improvements in Technology**
 - New Student Information System
 - Replace 14 year old system
 - Meet additional reporting requirements to Federal, State and County levels
 - Increase and optimize interfacing of student information/data within schools and district departments
 - Language Arts
 - Expand use of media materials and resources through “Destiny”, an automated library system

Do you know what your district must provide???

When it comes to the local school budget, our school district has a series of programs and services that it must provide because of state, federal and local mandates.

Here is a sampling of these mandated services.....

1. Special Education:

- Responsible for Education and Related Services for Ages 3-21
- Tuition for Out-of-District Placements
- Child Study Teams (includes Learning Teacher Disability Consultant, Speech/Language Specialist, Social Worker and School Psychologist)
- Related Services such as Occupational, Physical and Behavioral Therapy and Speech
- Transportation – In and Out-of-District as Required per Individual Education Plan (IEP)
- Preschool Handicapped Program
- Nurse Assistants – In Class and on School Bus
- Assistive Devices/Technologies for Students, Teachers and Parents
- Litigation Expenses
- IEP Meeting Expenses
- In District Teachers and Paraprofessionals*
- Out-of-District Paraprofessionals*
- Full Inclusion Programs*
- Extended School Year Education Services

*(*State Mandates Provide Guidelines for Enrollment Cap in Specific Programs)*

2. **Section 504 of Federal Civil Rights Legislation Mandates Services for Persons with Handicapping Conditions**
3. **K-12 Testing Materials and Scoring**
4. **English As A Second Language (ESL) and Bilingual Instruction**
5. **Compliance and Alignment with Core Curriculum Content Standards Through Updating Textbooks, Materials and Curriculum Including:**
 - Language Arts Literacy
 - Mathematics
 - Science
 - Social Studies
 - Technology Literacy
 - Visual and Performing Arts
 - World Languages
 - Career Education and Consumer, Family and Life Skills
 - Comprehensive Health and Physical Education
6. **Additional Mandated Programs and Services:**
 - Drug & Alcohol Education
 - A.I.D.S. Education
 - Holocaust Education
 - Gifted Education
 - Health Education and Guidance Services
 - Family Education
7. **Full-day Kindergarten & 2 ½ hour Pre-Kindergarten (4-year olds) Programs**
8. **Home Instruction**
9. **Charter School**
 - State Per Pupil Allocation Amount
 - Transportation Services
10. **School Physician**
11. **School Optometrist**
12. **Transportation – Public, Parochial, and Private**
 - Provide services or payments of \$826/year per non-public pupils
13. **Auditing/Actuarial of District Finances and Records**
14. **License/Software Support Fees for Personnel, Payroll and Fund Accounting and Instructional Programs**
15. **Technology Maintenance and Support Fees**
16. **Property/Liability/Auto/Commercial/Athletic Insurance**
17. **Utilities**

18. **Trash Removal**
19. **Various Building Maintenance/Inspections/Registrations**
20. **Compliance with Minimum Maintenance Spending Requirement Per Building**
21. **New Jersey School Boards Association Membership**
22. **New Board Member Orientation**
23. **School Elections**
24. **Legal Advertisements**
25. **Employer Obligations**
 - Social Security
 - Worker's Compensation
 - Professional Development – 100 Hours Certification Requirement (In-Service Days, Workshops and Tuition Reimbursement)
 - Counseling Services - Staff
26. **Breakfast Program for Grades K-12**
27. **Reconditioning of Sports Equipment and Playgrounds**
28. **No Child Left Behind (NCLB) Planning and Preparation Data Retrieval/Analysis**
29. **Social Concerns**
 - Drug Testing Students
 - Providing Grief Counseling
30. **Safety/Security**
 - Security Guards
 - Crisis Management Planning, Teams, Materials, Equipment
 - Health Equipment Mandates – Epi-pens, Difibulators
 - A.I.D.S. handling
 - OSHA – Hazardous Material Labeling Handling

Cost Saving Measures

- ✓ Continued participation in ACT (Alliance for Competitive Telecommunications) and educational rate program for savings on telecommunications costs such as telephone and Internet.
- ✓ Continued participation in the ACES (Alliance for Competitive Energy Services) program to reduce utility costs.
- ✓ Re-evaluation of insurance policies to reduce cost of annual insurance premiums.
- ✓ Continued participation in coordinated services with the County Educational Services Commission (Hunterdon, Middlesex and Somerset) to help reduce costs, including specialized transportation services.
- ✓ Refinanced previous bond issues to reduce debt service payments
- ✓ Seek grants and alternate funding sources to provide programs and services for students by staff.
- ✓ Shared services agreement with Franklin Township to reduce cost of vehicle maintenance, storage space, and fueling facilities for the District's fleet

2007-2008 New State Aid

Targeted At Risk Aid

- \$963,500
- Provided to districts with 15% or more Free & Reduced Lunch
- \$250 per eligible student when concentration is 15% to under 20%
- \$500 per eligible student 20% and greater
- Restricted
- Program implementation plan and its approval required
- Should not include \$ in the budget prior to election

- Can't be used for tax relief
- Unused funds can be carried forward
- **Rules are still being developed by Department of Education**

2007-2008 General Fund Expenditures

<u>Category</u>	<u>Amount</u>	<u>% of Total Budget</u>
Salaries & Benefits	\$80,650,202	69.18%
Special Education	\$17,821,270	15.29%
Transportation - REG	\$6,377,488	5.47%
Oper/Maintenance	\$5,366,746	4.60%
Instruction & Support Services	\$5,135,034	4.41%
Charter School	\$1,115,862	0.96%
Capital Outlay	<u>\$105,176</u>	<u>0.09%</u>
Total	\$116,571,778	100.00%

2007-2008 General Fund Expenditures

Charter School - \$1,158,862
 Transportation Private/Parochial - \$1,158,284
 PERS Pension Payments 80% - \$807,307

2007-2008 Major Budget Increases

<u>Budget Category</u>	<u>2006-07 Revised Budget</u>	<u>2008-08 Proposed Budget</u>	<u>Variance</u>	<u>Percent Increase</u>
Out-of-District Tuition	\$13,450,732	\$13,973,513	\$522,781	3.89%
Special Education Inst.	\$7,345,797	\$8,329,520	\$983,723	13.39%
Other Support SVCS.- SP. ED.	\$2,592,406	\$2,732,078	\$139,672	5.39%
Energy (Heat and Electricity)	\$2,531,309	\$3,042,628	\$511,319	20.20%
Health Benefits	\$14,373,939	\$14,613,906	\$239,967	1.67%
Employer Obligations	\$2,464,110	\$3,259,015	\$794,905	32.26%
Charter School	\$875,761	\$1,115,862	\$240,101	27.42%

Administrative Costs

	<u>Per Pupil</u>
2006-07 Revised Budget	\$1,353
2007-08 Regional Limit	\$1,616
2007-08 Budget	\$1,309

NOTE: The District's per pupil cost for Administration of \$1,309 must be less than or equal to the lower of either the regional limit of \$1,616 of the District's 2006-07 revised budgeted per pupil cost for Administration of \$1,353.

2007-2008 Maximum Tax Levy

Prebudget year adjusted tax levy, including weighted increases for enrollment, inflated by 4%	\$100,769,686
Adjustment for reduction in total state formula aid from the prebudget year, issued with state aid notices	\$0
Adjustment for increase in health care costs	\$0
Requests to the Commissioner for adjustments to cap:	
Increase in Special Education costs over \$40,000 per pupil	\$648,924
Increase in Tuition	\$0
Increase in Capital Outlay	\$0

New School Costs	\$0
Maximum Tax Levy - CAP	\$101,418,610

Proposed General Fund & Debt Service

Tax Impact of 2007-08 Budget

	School Year 06-07 Tax Year 2006	School Year 07-08 Tax Year 2007	\$ Difference	% Difference
School Fiscal Year Tax Levy (July-June)	102,485,098	106,959,228	4,474,130	4.37%
Calendar Year Tax Levy (Jan.-Dec.)	99,511,457	104,722,163	5,210,707	5.24%
Assessed Valuations	8,540,935,840	8,770,370,572	229,434,732	2.69%
Tax Rate	0.01165	0.01194	0.00029	2.49%
Rate per \$100 ROUNDED 3 DEC	\$1.165	\$1.194	\$0.029	2.49%

Average Assessed Home

Original Assessment	Tax Year 2006
\$349,361 would pay a school tax of	\$4,070.06
Adjusted Assessment	Tax Year 2007
\$354,323 would pay a school tax of	\$4,230.62
\$ Difference	\$160.56
% Difference	3.94%

Sample Ballot

Question No. 1

RESOLVED, that there should be raised for General Funds \$101,418,610 for the ensuing school year (2007-2008).

QUESTION AND ANSWER PERIOD

Following the presentation, members of the Council continued to make comments and questioned members of the administration and Board of Education.

PUBLIC DISCUSSION

Mr. Vassanella moved to open the public discussion. Said motion was seconded by Mr. Prasad and carried unanimously upon voice vote.

Jon MacIvor, 160 DeMott Lane, stated that the School Board and Township Council seems to put a lot of effort into the Budget and decreases in property taxes but their efforts yield only a small result. He further asked how much could be taken out of the school budget to make a difference. He stated that he didn't want to cut the budget so much and suggested to campaign with legislators to find more reasonable solutions to provide for the school budget.

Mr. MacIvor asked how our school district compares with others. According to federal data New Jersey has the second highest spending rate per student in the nation. He asked the Council to address the inequity in the funding and discover why school funding is so high in the state.

John McConville, 5 Stone Leigh Way, welcomed Mr. McKenzie back. He mentioned that at the first slide-show presentation of the School Budget at the Board of Education meeting, it was presented that funding from the state was held down because of high assessment rates in Franklin Township. Mr. Rainone had stated at another council meeting that the situation was equalized and spending would not decrease. He asked for clarification.

Mr. Calavano explained that the Department of Education views Franklin Township as more property rich and income rich than Hillsborough and North Plainfield. As a result Hillsborough and North Plainfield receive categories of aid that Franklin does not. Ms. Nagy clarified that it is income and value of properties that effects state funding.

Phillip Kramer, 429 Canal Road, stated that Taxpayers United in Franklin recommended to vote in favor of the budget and was disappointed when the budget did not pass. He stated that Eugene Unger, who worked on the Veterans Memorial Fund, worked on the school budget so he has faith that the budget came in as low as possible. Due to the CAP in the budget the school board is spending as much as is allowed on what it is required.

Mr. Kramer asked that the budget be reviewed by an outside, independent source. He mentions IBM as an example. He claimed that if the Township manages to save even 1% off of the Budget by hiring an independent source it would have been worth it.

Mr. Kramer asked that the school budget not be cut extensively.

A motion was made by Mr. McKenzie to close the meeting to the public. Said motion was seconded by Mr. Prasad and carried unanimously upon voice vote.

COUNCIL DISCUSSION

Defeated 2007-08 Board of Education Budget

Mr. Prasad echoed Mr. Kramer's view that it is unfair to expect the governing body to review the budget without outside expert help. Mr. Prasad further requested an executive summary with simple balance sheets and budget trends for the future.

Mr. Glicklich stated that he followed up upon his suggestion to contact an independent party and contacted the person recommended to him by the County Superintendent. He did not get a response.

Mr. Glicklich continued to reiterate that in order to make a difference in the budget, large amounts would have to be taken out. He said that he had been looking at programs and staff for his consideration but had to address the impact such losses would have on the students, verses the cost savings to the taxpayers. He questioned whether it would be worth it. He stated that he could not find a large budget item that would make a significant difference.

Mr. Glicklich also expressed his interest in having the Township auditor and an independent contractor look at the budget. He said that he was not prepared to make a proposal at the time.

Ms. Danile stated that she would like to make a clarification that while it is always helpful to have an outside, fresh perspective, the Council cannot shift its responsibility to an outside source. She quoted, "It is the responsibility of the municipal governing body to certify the taxes to the County Board of Taxation. The municipal governing body may certify the original amounts which appeared on the ballot or they may certify a reduced amount, etc."

Mr. Prasad said that Ms. Danile's point was well made but the Council is not shirking its responsibilities. He further stated that what he wants is to see a list of possible cuts from an expert because he is not an education-financing expert and cannot decide what is needed or not needed.

Mr. McKenzie reiterated that the budget is presented before the Council for review and that the Council does not have to reduce the budget if that is their decision.

DISCUSSION/RESOLUTION

Hiring Consultant to Review Defeated 2007-08 Board of Education Budget

At this time Mayor Levine opened the discussion of hiring a consultant to review the defeated 2007-08 Board of Education Budget.

Andrew Hodulik, the Township Auditor from Hodulik & Morrison in Highland Park, New Jersey, was invited to speak to the Council and provide some advice and assistance as it pertains to the defeated 2007-08 school board budget.

Mr. Hodulik stated that his firm's involvement in the budget was more of an information gathering process at this time and requested input from the Council if they were interested in making cuts. He stated that in past years the Council had always provided information on where to look.

Mr. Hodulik addressed the School Board and asked about a specific line item, valued at \$960,000, which could possibly be used to lower the tax levy. Mr. Calavano said that line item could only be set aside for special programs, specifically At-Risk Aid, and could not be used to lower the tax levy. When asked for specifics, Mr. Calavano stated that he had not yet been given the guidelines of what the Board could spend that money on.

Mr. Hodulik continued to ask about health insurance certification, staffing, census, and balance transfers regarding worker's compensation. Mr. Hodulik asked if an updated analysis was now available. Mr. Calavano explained that as of Mid-March \$1.2 million from the current budget would be transferred for the purposes of the 2007-08 Budget and that there wasn't a more recent analysis.

Mr. Hodulik asked to get a larger picture regarding average class sizes. He asked if the recommended level was increased by one what would be the incremental savings to the district? Ms. Nagy responded that changes to class sizes would vary from school to school and would be dependent on the physical size of the classroom as well.

Mr. Hodulik stated that he had no further questions for the Board but would like information from the Council about how to proceed and what areas of the budget they were unwilling to cut. Mr. Vassanella stated that he disagreed with the idea of stating a specific number to cut from the budget and choosing where to make the cuts in budget. He stated that he had certain parts of the budget he was unwilling to cut from but would prefer to have the auditor make a ranked list of suggestions. Mr. Hodulik expressed his reluctance to proceed without Council direction.

Mayor Levine stated that Mr. Hodulik should use his professional judgment but would prefer that teachers would not be cut from the budget. The Council came to a consensus that academic teachers should not be cut from the budget.

Mr. Glicklich stated that he would appreciate that the same members of the Board of Education return to the next meeting for further input. The board members agreed. Ms. Eberle further stated that she did not want to cut anyone from the child study teams.

Mr. Prasad respectfully suggested that an outside party with a background in education be sought for a second opinion. He was concerned that the auditor would make suggestions that would not be realistic to running a school system. Mr. Hodulik stated that he would be looking at the budget from a financial aspect.

Deputy Mayor Ritchie stated that Mr. Daly, the Township Manager, provided the Council with a resume of a former superintendent that was willing to look at the proposed budget. Ms. Ritchie made a motion to forward the proposed budget to the Dr. Frank M. Marlow, Municipal Consultant. Motion was seconded by Mr. Glicklich.

Mr. Vassanella stated that he agreed with Mr. Prasad and did not see the option of seeking an outside opinion as shirking Council responsibility. He stated that he sees this option as being more responsible.

Mr. McKenzie stated that he did not think it was necessary to hire an outside party to look at the proposed budget. He stated that what was true for one school district may not necessarily be true for another school district. Mr. Prasad responded that he was recognizing his own limitations in understanding the school budget and wanted outside assistance.

Mayor Levine asked the Clerk to poll the council on the motion to authorize the Township Manager to send the 2007-08 defeated budget materials to Mr. Marlow. Mr. Marlow would provide a thorough review of the budget to the Township Manager with the submission of a line by line listing of recommended reductions to the budget for a flat service fee of \$2,000.00.

The motion passed as follows:

<u>AYES</u>	<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Danile	Levine	McKenzie		Sumter
Eberle	Prasad	Ritchie		
Glicklich	Vassanella			

Following the poll, Mr. Daly recommended that the Auditor and Clerk work together to draft a resolution for the Council to view the following meeting. At that time the Council would make adjustments as necessary. Mr. Daly further recommended sharing said resolution with the school board before the meeting.

At the end of the discussion Mr. Vassanella made a motion to have the Manager invite Mr. Marlow, the consultant, to attend the next meeting of the Council on May 8, 2007 for an amount not to exceed an additional \$1,000, for the purposes of Council questions and clarification. Motion was seconded by Mr. Prasad. The motion failed as follows upon call of the roll:

<u>AYES</u>	<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Danile	Prasad	Eberle		Sumter
Levine	Vassanella	Glicklich		
		McKenzie		
		Ritchie		

ADJOURNMENT

Motion was made by Mr. Glicklich and seconded by Ms. Danile to adjourn the meeting at 10:23 p.m. The motion was carried unanimously upon voice vote.

Respectfully Submitted,

Ann Marie McCarthy, Township Clerk

Approved: *As Submitted.*

Date: *August 14, 2007*