

A FEASIBILITY STUDY
FOR THE
SEA ISLE CITY SCHOOL DISTRICT

BY
THE
EDUCATIONAL INFORMATION AND RESOURCE CENTER

MARCH 2007

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I. Introduction

The Educational Information and Resource Center (EIRC) was retained by the Sea Isle City municipal government to conduct a feasibility study to determine the implications, advantages and disadvantages of the continued operation of the Sea Isle City Elementary School and to review other possible operating scenarios for the school district.

EIRC, under the direction of executive director Dr. Charles Ivory, assembled an independent professional consultant team to complete the study. The EIRC consultant team members are Dr. Timothy Wade, a former superintendent of schools and current professor of education at Rider University, Dr. Virgil Johnson, a former assistant superintendent of curriculum and instruction and former New Jersey School Boards Association field representative, and Herbert Johnson, a former superintendent, business administrator and curriculum coordinator. The consultant team collectively brings over 90 years of educational experience to bear on this study. The consultant team previously completed numerous feasibility studies throughout New Jersey.

The EIRC consultant team initiated their study in December 2006, visiting the school and municipal buildings. The team interviewed school based personnel including the interim superintendent, interim business administrator, board of education members, the mayor of Sea Isle City and other school staff and community members.

The team collected and analyzed extensive data from the municipal government, the New Jersey Department of Education, the school district and some neighboring school districts.

II. Demographic Analysis

A. Population Trends in Sea Isle City School District

Located in Cape May County, Sea Isle City School District is an independent pre-kindergarten through grade 8 school district with one school; students in grades 9-12 are sent to Ocean City High School as a part of a send/receive relationship with the Ocean City Board of Education.

Sea Isle City contains a land area of approximately 2.5 square miles (an additional 0.3 square mile of water area exists) and, as of 2000, had 2,835 year round residents. The city borders Upper Township, Dennis Township, Middle Township and Avalon Borough. Sea Isle City's population has seen strong growth from 1940 to 1980 and moderate growth in the 1980's and 1990 is shown in Table 1. From 1940 to 1970, Sea Isle City's population increased from 773 to 1712 an increase of 121.5%. From 1970 to 1980, Sea Isle City's population increased from 1,712 to 2,644 an increase of 54.4%. From 1980 to 1990, the population increased from 2,644 to 2,692 an increase of 1.8%. The 2000 United States Census reported the population to be 2,835 persons, which is a 5.3% increase from the 1990 census. The 2005-estimated population is 2,951 persons. From 2005 to 2020 the population of Sea Isle City is projected to increase by 11.7%.

Interesting to note, the summer population for Sea Isle City was estimated at 35,820 persons in 2005 and is projected to be 40,433 persons by the year 2020 a 12 % increase.

Table 1
Historical Populations for Sea Isle City from 1940-2000
(Source: 2000 United States Census)

| Year | Sea Isle City Population | Percent Change |
|------|--------------------------|----------------|
| 1940 | 773 | - |
| 1950 | 993 | 28.4% |
| 1960 | 1,393 | 40.2% |
| 1970 | 1,712 | 22.9% |
| 1980 | 2,644 | 54.4% |
| 1990 | 2,692 | 1.8% |
| 2000 | 2,835 | 5.3% |

Projected Population

| Year | Sea Isle City Population | Percent Change |
|------|--------------------------|----------------|
| 2005 | 2,951 | 4.1% |
| 2010 | 3,066 | 3.9% |
| 2015 | 3,182 | 3.8% |
| 2020 | 3,297 | 3.6% |

Table 2 represents the rate of growth for New Jersey, Cape May County and Sea Isle City. From 1970 to 1980 there was significant growth in population in Sea Isle City compared to the State and Cape May County. In the period of 1980 to 2000, the rate of growth in Sea Isle City was slower than the growth in Cape May County and the State.

Table 2
Sea Isle City Population Compared to County and State

| Year | Sea Isle City Population | Percent Change | Cape May County Population | Percent Change | New Jersey Population | Percent Change |
|------|--------------------------|----------------|----------------------------|----------------|-----------------------|----------------|
| 1970 | 1,712 | 22.9% | 59,554 | 22.7% | 7,171,112 | 18.2% |
| 1980 | 2,644 | 54.4% | 82,266 | 38.1% | 7,365,011 | 2.7% |
| 1990 | 2,692 | 1.8% | 95,089 | 15.6% | 7,730,188 | 4.95% |
| 2000 | 2,835 | 5.3% | 102,236 | 7.51% | 8,414,350 | 8.85% |

Table 3 illustrates selected demographic characteristics of Sea Isle City. The age distributions reflect a smaller percentage of the population of 18 and under of 16.4% and a higher percentage of senior citizens (65+) of 27.1% in Sea Isle City. The median age in Sea Isle City is 51.3 years.

Sea Isle City has a small minority population (about 2%). Sea Isle City also shows a high percentage of high school graduates (85.2 %) and college graduates (28.3%). The median household income is \$45,708 and the median family income is \$62,847, per capita income was \$28,754 with about 7.6% of the population below the poverty line.

Table 3
Demographic Characteristics – Sea Isle City
 (Source: 2000 United States Census)

| | |
|---------------------------------|----------|
| Sea Isle City | 2000 |
| Race Origin | |
| White | 97.9% |
| Black/African American | 0.3% |
| American Indian/Alaskan Native | 0.4% |
| Asian | 0.4% |
| Pacific Islander | 0.0% |
| Other Race | 0.1% |
| Two or more Races | 1.0% |
| Total | 100.0% |
| | |
| Age | |
| 0-4 | 3.3% |
| 5-18 | 13.1% |
| 19-39 | 18.7% |
| 40-65 | 37.9% |
| 65 and older | 27.1% |
| Median Age | 51.3 |
| | |
| Educational Attainment | |
| High School graduates or higher | 85.2% |
| Bachelor's degree or higher | 28.3% |
| Median Household Income (1999) | \$45,708 |
| Median Family Income (1999) | \$62,847 |
| | |
| Housing units | |
| Total Number | 6,622 |
| Owner Occupied | 1,370 |
| Seasonal, Occasional Use | 4,864 |

Table 4 illustrates that the population decreased for persons less than 40 years of age in Sea Isle City. The populations of persons in the childbearing age group dropped by 8.6% while the overall population of Sea Isle City increased by 5%. In the period from 1990 to 2000, the number of school age children decreased by 13 persons and the 0 to 4 years age group decreased by 54 persons. This is an important trend since school enrollment is populated from the 5-18 years group and future school enrollment comes from the 0 to 4 years group. In addition, there was an increase of 9% for persons in the 40 to 64 age group and an increase of 3% for the 65+ year old group. Data for the 2005 year is not available at this time.

Table 4
Population by Age Group
(Source 2000 United States Census)

| | Age | 1990 | Percent | 2000 | Percent | Change | Percent |
|-------------|----------------------|------|---------|------|---------|--------|---------|
| Pre School | Birth to 4 years | 148 | 5.5% | 94 | 3.3% | -54 | -36.5% |
| School Age | 5 years to 18 years | 383 | 14.2% | 370 | 13.1% | -13 | -3.4% |
| Young Adult | 19 years to 39 years | 735 | 27.3% | 529 | 18.7% | -206 | -28% |
| Adults | 40 years to 64 years | 777 | 28.9% | 1074 | 37.9% | +297 | 38.2% |
| Seniors | 65 years and older | 649 | 24.1% | 768 | 27.1% | +119 | 18.3% |
| Total | | 2692 | | 2835 | | +143 | 5.3% |

Consistent with the decrease in persons in the childbearing age group the number of births reported from Sea Isle City residents has decreased since the year 2000, after remaining stable from 1991 to 1998. Demographic data for the childbearing population for 2005 is not available but if the trend continues to decrease; it is likely that the birth rate will also decrease. As the birth rate decreases, the future school age population may also decrease. This trend indicates that the school age population will continue to decrease.

Table 5
Live Births based on mailing address of Sea Isle City
 (NJ Department of Health)

| 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 36 | 23 | 29 | 26 | 25 | 24 | 22 | 25 | 22 | 15 | 18 | 15 | 13 | 8 | 7 |

The Sea Isle City Elementary School is the only school in the Sea Isle City School District, and it serves students in grades pre-kindergarten through eight. High school students attend Ocean City High School. Data provided by the school district shows 2006-2007 school year enrollments to be 93 students. Pre Kindergarten and Kindergarten is a full-time program. The Sea Isle City School accepts tuition students, which currently number 8 in September 2006 up from 2 in June of 2006.

B. Explanation of the Cohort Survival Ratio

For this study, historical district-wide enrollments were taken from the October 15th Application for State School Aid to project enrollments for the next five years using the Cohort Survival Ratio method. The October *Application for State School Aide* (ASSA) is used to maintain a level of consistency and to eliminate possible variations in enrollment throughout the year. The Cohort Survival Ratio method is the most commonly used quantitative method to project public school enrollments and it is the method recommended by the New Jersey Department of Education. The New Jersey Department of Education worksheet to support the projections can be found at the end of this report.

In this method, a survival ratio is computed for each grade that essentially compares the number of students in a particular grade to the number of students in the previous grade during the previous year. Similar calculations are made for survivors from births five years earlier to kindergarten (see Table 5). Each grade level transition in each year of historical enrollments is also used. If, for example, a school district had 100 second grade students and the following year had 95 students in third grade; the survival ratio would be 0.95. Because the survival ratios fluctuate from year to year, it is appropriate to calculate an average survival ratio. This value is then used to calculate future grade enrollments five years into the future.

Use of this method assumes that what has happened in the past will happen in the future. Changes in public policy, approval of large housing developments, unusual in-migration or out-migration of students are examples of factors which can disrupt the use the Cohort Survival Ratio method of enrollment projections and which make adjustments necessary. No such factors are found in Sea Isle City. The number of building permits over a six-year average (2000-2006) is 210 permits per year. The number of permits has steadily increased since 1995 mainly due to replacement of older homes with newer homes. This

has little impact on the school enrollment projections because the newer homes are primarily vacation homes whose residents do not live in Sea Isle City year round.

Table 6
Enrollment History
Sea Isle City School
Grades K-8
2001-02 to 2006-07

| Grade Year | K | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | Sub Total | Pre K | Spec Ed | Total |
|------------|----|----|----|----|----|----|----|----|----|-----------|-------|---------|-------|
| 2001-02 | 11 | 12 | 13 | 22 | 12 | 15 | 14 | 21 | 19 | 139 | 12 | 34 | 185 |
| 2002-03 | 11 | 7 | 9 | 11 | 16 | 14 | 14 | 14 | 22 | 118 | 7 | 29 | 154 |
| 2003-04 | 7 | 9 | 9 | 11 | 17 | 14 | 17 | 14 | 26 | 124 | 8 | 0 | 132 |
| 2004-05 | 8 | 6 | 10 | 7 | 10 | 16 | 14 | 17 | 13 | 101 | 6 | 0 | 107 |
| 2005-06 | 7 | 6 | 8 | 8 | 4 | 11 | 14 | 14 | 13 | 85 | 11 | 1 | 97 |
| 2006-07 | 10 | 8 | 6 | 9 | 9 | 4 | 7 | 14 | 16 | 83 | 10 | 0 | 93 |

C. Enrollment Projections

Enrollment projections found in Table 7 were calculated for the Sea Isle City School District using cohort-survival ratios based on the last six years of historical enrollment data. These values were used to project enrollments for each grade from the 2007-2008 school years through the 2011-2012 school years.

While effort has been made to ensure accurate projections, in a school district with smaller grade sizes, small movements of students into or out of the district has the tendency to alter the values of the survival ratios. This increased variability in the computed survival ratios for districts with smaller grade sizes can result in less reliable results when projecting enrollments. The Sea Isle City Board of Education should consider this when using the projections to plan for school district future needs. The projections indicate a decline in enrollment to 61 students in 2012. All grade levels after 2008 are projected to be at or below 10 students. The projections use totals from 2006 that include 8 tuition students.

Projected K-8 enrollment using cohort-survival ratios based on enrollment data from the past **six** years is shown in Table 7.

Table 7
Cohort Survival Enrollment Projections

| Grade Year | K | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | Sub Total | Pre K | Spec Ed | Total |
|------------|---|---|---|---|---|---|---|---|----|-----------|-------|---------|-------|
| 2007-08 | 7 | 8 | 9 | 6 | 9 | 9 | 4 | 7 | 16 | 75 | 6 | 0 | 81 |
| 2008-09 | 6 | 6 | 9 | 8 | 6 | 9 | 9 | 4 | 8 | 65 | 4 | 0 | 69 |
| 2009-10 | 3 | 5 | 6 | 9 | 8 | 6 | 8 | 9 | 4 | 58 | 7 | 0 | 65 |
| 2010-11 | 3 | 3 | 5 | 6 | 9 | 8 | 5 | 8 | 10 | 57 | 7 | 0 | 64 |
| 2011-2012 | 5 | 3 | 3 | 5 | 6 | 9 | 8 | 5 | 10 | 54 | 7 | 0 | 61 |

III. Educational Programs

While the focus of this study is on the continued operation of the Sea Isle City Elementary School, the study will also consider the ramifications of closing the school. The State of New Jersey requires that school districts seeking to close their facility must demonstrate that all affected districts can continue to provide students with an appropriate educational program. Specifically, N.J.A.C. 6:3-7.2(a)12 requires “a proposed educational plan for the withdrawing constituent...including the effects of such dissolution upon the educational program of the remaining regional district.”

A. Overview of School

The Sea Isle City School District is composed of 93 Pre K to Grade 8 students. The school is located in one building and is currently being administered by the Educational Information and Resource Center, a multi-purpose educational resource and public non profit organization, which is located in Sewell, New Jersey. On site, the school is administered by a full time Superintendent of Schools and a part-time School Business Administrator.

Consistent with monitoring approval, Sea Isle City Public School has a five-year curriculum review plan, a technology plan, Multi-Year Equity Plans, comprehensive maintenance plans, special education plans/policies, and a number of other planning tools and instruments that align to various New Jersey Department of Education models and/or expectations.

The district has met the standards to receive Level 1 (highest) monitoring approval by the New Jersey Department of Education in 2004. This periodic evaluation process looks at

58 indicators with nine (9) main elements covering student performance, staff certification, special programs, grants, facilities, and finance.

B. Proposed Educational Plan

The focus of this study was to determine first the viability of the continued operation of the Sea Isle City Elementary School and secondly to look at other possible scenarios for educating the Sea Isle City children. After talking with numerous stakeholders in Sea Isle City two alternate educational scenarios were developed. The first is to send all students to Ocean City Schools and the second is to send all Sea Isle City students to Middle Township Public Schools. The selection of these two scenarios serves to provide an educational and financial comparison of Sea Isle City options and does not prevent consideration of other options.

As part of the evaluation, the consultants met individually with the following:

1. Dr. Warren Benedetto, Interim Superintendent of the Sea Isle City School District
2. Mr. Earl Vasallo, Interim Business Administrator, Sea Isle City School District
3. Parents and Staff (both certified and non-certified) of Sea Isle City Elementary School
4. Mr. Walter Landgraf, Business Administrator, Middle Township School District
5. Dr. Theresa DeFranco, Director of Curriculum, Middle Township School District
6. Mr. Walter Whitaker, Director of Curriculum and Technology, Ocean City School District.

C. Assessment Data

1) No Child Left Behind (NCLB) Report

Meeting the mandates of the *No Child Left Behind (NCLB) Act* is no small accomplishment. More than 544 New Jersey schools, 22.7% of the state's 2,398 public and charter schools, have been identified as "Schools in Need of Improvement" (SINI) under this federal act.

The federal *No Child Left Behind Act of 2001* requires public accountability reports at the school, district, and state levels that include student assessment data disaggregated into subgroups, information on "highly qualified" teachers, attendance and drop/out graduation rates, and the status of adequate yearly progress.

For the 2005-06 school year, the Sea Isle City School District received a current AYP (adequate yearly progress) report of “Yes” by the New Jersey Department of Education Office of Title I Program, Planning and Accountability in their Preliminary School Improvement Status Report. In order to achieve ‘Yes’ with regard to their AYP, school students must meet both the proficiency targets and a 95 percent participation rate in mathematics and language arts for each test administered at the school and for each of ten subgroups. AYP results are based on year-to-year comparisons of schools’ scores in the HSPA (High School Proficiency Assessment), GEPA (Grade Eight Proficiency Assessment), and NJASK4 (New Jersey Assessment of Skills and Knowledge, Grades Three and Four) tests. These tests are administered in the spring of each year.

The current report also indicates that during the 2004-05 and 2005-06 school years, none of the schools were in a status of “needing improvement.” The results of the aforementioned assessments for the 2004-05 and 2005-06 school years (the latest data available) are discussed in the following sections.

2) Selected Results of Eighth Grade GEPA State Assessments

a) Sea Isle City

As indicated in Table 8 following, in 2005-06, 69.2% of the 8th grade students at the Sea Isle City School scored at the proficient and advanced levels in Language Arts Literacy in the latest figures available. School districts within the same District Factor Group (DFG), those districts that have similar socio-economics in relation to the Sea Isle City School District, scored slightly less at the 62.4% level while 74.2% of all eighth grade students throughout the state scored at the proficient or advanced level during that year. Comparable scores for 2004-05 were 78.6% (Sea Isle City), 61.8% (DFG) and 64.4% (State).

Table 8
Sea Isle City School
Grade Eight Proficiency Assessment (GEPA)
Language Arts Literacy

| All Students | Year | Number Tested | Partial Proficiency | Proficient | Advanced |
|--------------|---------|---------------|---------------------|------------|----------|
| School | 2005-06 | 13 | 30.8% | 69.2% | 0% |
| | 2004-05 | 14 | 21.4% | 78.6% | 0% |
| District | 2005-06 | 13 | 30.8% | 69.2% | 0% |
| | 2004-05 | 14 | 21.4% | 78.6% | 0% |
| DFG | 2005-06 | 11,028 | 37.6% | 58.9% | 03.5% |
| | 2004-05 | 11,495 | 38.2% | 58.3% | 03.5% |
| State | 2005-06 | 106,447 | 25.7% | 65.7% | 08.5% |
| | 2004-05 | 107,410 | 27.7% | 64.3% | 08.0% |

In Table 9 below for the year 2005-06, 53.9% of the 8th grade students at the Sea Isle City School scored at the proficient or advanced level in Mathematics as compared to 52.0% of the students in comparable districts (DFG) and 64.5% of students in the state of New Jersey. Comparable scores for 2004-05 were 100% (Sea Isle City), 50% (DFG), and 62.4% (State).

Table 9
Sea Isle City School
Grade Eight Proficiency Assessment (GEPA)
Mathematics

| All Students | Year | Number Tested | Partial Proficiency | Proficient | Advanced |
|--------------|---------|---------------|---------------------|------------|----------|
| School | 2005-06 | 13 | 46.2% | 46.2% | 07.7% |
| | 2004-05 | 14 | 00.0% | 71.4% | 28.6% |
| District | 2005-06 | 13 | 46.2% | 46.2% | 07.7% |
| | 2004-05 | 14 | 00.0% | 71.4% | 28.6% |
| DFG | 2005-06 | 11,028 | 48.1% | 40.1% | 11.9% |
| | 2004-05 | 11,654 | 49.9% | 40.3% | 09.7% |
| State | 2005-06 | 107,530 | 25.7% | 43.6% | 20.9% |
| | 2004-05 | 108,519 | 27.7% | 43.7% | 18.7% |

Table 10 indicates the level of proficiency in Science at the eighth grade level. In Sea Isle City, 92.3% of the 2005-06 students scored at the proficient or advanced level as

compared to 69.6% of the students in similar socio-economic districts and 78.8% of the students in the state.

Comparable scores for 2004-05 were 92.9 (Sea Isle City), 66.9% (DFG), and 76.8% (State). In all three subject areas in 2005-06, the eighth grade students in the Sea Isle City School District scored higher than their peer group in comparable districts. Sea Isle City District scored lower, however in Language Arts and Mathematics when compared to state results; but the school scored higher in Science when compared to state results. In all three subject areas, Sea Isle City scored significantly higher in the 2004-05 school year.

Table 10
Sea Isle City School
Grade Eight Proficiency Assessment (GEPA)
Science

| All Students | Year | Number Tested | Partial Proficiency | Proficient | Advanced |
|--------------|---------|---------------|---------------------|------------|----------|
| School | 2005-06 | 13 | 07.7% | 84.6% | 07.7% |
| | 2004-05 | 14 | 07.1% | 50.0% | 42.9% |
| District | 2005-06 | 13 | 07.7% | 84.6% | 07.7% |
| | 2004-05 | 14 | 07.1% | 50.0% | 42.9% |
| DFG | 2005-06 | 11,212 | 30.4% | 59.2% | 10.4% |
| | 2004-05 | 11,653 | 33.1% | 55.1% | 11.8% |
| State | 2005-06 | 107,600 | 21.0% | 58.5% | 20.5% |
| | 2004-05 | 108,512 | 23.2% | 53.3% | 23.5% |

b) Ocean City School District

As indicated in Table 11 following, 85.2% of the 8th grade students in 2005-06 at Ocean City Intermediate School scored at the proficient and advanced level in Language Arts Literacy in the latest figures available. School districts within the same District Factor Group (DFG), those districts that have similar socio-economics in relation to the Ocean City School District, scored lower at the 77.3% level, while only 74.2% of all eighth grade students throughout the state scored at the proficient or advanced level. Comparable scores for 2004-05 were 82% (Ocean City), 75% (DFG), and 72.3% (State).

Table 11
Ocean City Intermediate School
Grade Eight Proficiency Assessment (GEPA)
Language Arts Literacy

| All Students | Year | Number Tested | Partial Proficiency | Proficient | Advanced |
|--------------|---------|---------------|---------------------|------------|----------|
| School | 2005-06 | 88 | 14.8% | 71.6% | 13.6% |
| | 2004-05 | 100 | 18.0% | 73.0% | 9.0% |
| District | 2005-06 | 88 | 14.8% | 71.6% | 13.6% |
| | 2004-05 | 100 | 18.0% | 73.0% | 09.0% |
| DFG | 2005-06 | 13,861 | 22.7% | 70.8% | 06.5% |
| | 2004-05 | 14,189 | 25.0% | 69.0% | 06.1% |
| State | 2005-06 | 106,447 | 25.7% | 65.7% | 08.5% |
| | 2004-05 | 107,410 | 27.7% | 64.3% | 08.0% |

In Table 12 below, 78.4% of the 8th grade students in 2005-06 at the Ocean City School scored at the proficient or advanced level in Mathematics as compared to 66.5% of the students in comparable districts (DFG) and 64.5% of students in the state of New Jersey. In 2004-05, comparable scores were 73% (Ocean City), 63.6 (DFG), and 62.4% (State).

Table 12
Ocean City School
Grade Eight Proficiency Assessment (GEPA)
Mathematics

| All Students | Year | Number Tested | Partial Proficiency | Proficient | Advanced |
|--------------|---------|---------------|---------------------|------------|----------|
| School | 2005-06 | 88 | 21.6% | 36.4% | 42.0% |
| | 2004-05 | 100 | 27.0% | 54.0% | 19.0% |
| District | 2005-06 | 88 | 21.6% | 36.4% | 42.0% |
| | 2004-05 | 100 | 27.0% | 54.0% | 19.0% |
| DFG | 2005-06 | 13,938 | 33.5% | 48.1% | 18.4% |
| | 2004-05 | 14,276 | 36.4% | 48.2% | 15.4% |
| State | 2005-06 | 107,530 | 35.5% | 43.6% | 20.9% |
| | 2004-05 | 108,519 | 37.6% | 43.7% | 18.7% |

Table 13 indicates the level of proficiency in Science at the eighth grade level. In Ocean City, in 2005-06, 93.2% of the students scored at the proficient or advanced level as compared to 83.4% of the students in similar socio-economic districts and 64.5% of the students in the state. Comparable scores for 2004-05 are 93.1 (Ocean City), 81.7 DFG), and 76.8% (State) In all three subject areas in both years, the eighth grade students in

Ocean City School scored higher than their peer group in comparable districts and higher to students at the eighth grade level throughout the state.

Table 13
Ocean City School
Grade Eight Proficiency Assessment (GEPA)
Science

| All Students | Year | Number Tested | Partial Proficiency | Proficient | Advanced |
|---------------------|-------------|----------------------|----------------------------|-------------------|-----------------|
| School | 2005-06 | 88 | 06.8% | 52.3% | 40.9% |
| | 2004-05 | 101 | 06.9% | 63.4% | 29.7% |
| District | 2005-06 | 88 | 06.8% | 52.3% | 40.9% |
| | 2004-05 | 101 | 06.9% | 63.4% | 29.7% |
| DFG | 2005-06 | 13,955 | 16.7% | 63.5% | 19.9% |
| | 2004-05 | 14,287 | 18.2% | 59.9% | 21.8% |
| State | 2005-06 | 107,600 | 21.0% | 43.6% | 20.9% |
| | 2004-05 | 108,512 | 23.2% | 53.3% | 23.5% |

c) Middle Township School District

As indicated in Table 14 following, 61.2% of the 8th grade 2005-06 students at the Middle Township Elementary School No. 4 scored at the proficient and advanced level in Language Arts Literacy in the latest figures available. School districts within the same District Factor Group (DFG) as Middle Township scored slightly higher at the 62.4% level. Eighth grade students throughout the state also scored somewhat higher at the 74.2% level. Comparable scores for 2004-5 are 62.2% (Middle Twp), 61.8% (DFG), and 72.3% (State).

Table 14
Middle Township Elementary No. 4 School
Grade Eight Proficiency Assessment (GEPA)
Language Arts Literacy

| All Students | Year | Number Tested | Partial Proficiency | Proficient | Advanced |
|---------------------|-------------|----------------------|----------------------------|-------------------|-----------------|
| School | 2005-06 | 214 | 38.8% | 57.0% | 04.2% |
| | 2004-05 | 209 | 17.8% | 59.3% | 02.9% |
| District | 2005-06 | 88 | 38.8% | 57.0% | 04.2% |
| | 2004-05 | 100 | 17.8% | 59.3% | 02.9% |
| DFG | 2005-06 | 11,028 | 37.6% | 58.9% | 03.5% |
| | 2004-05 | 11,495 | 38.2% | 58.3% | 03.5% |
| State | 2005-06 | 106,447 | 25.7% | 65.7% | 08.5% |
| | 2004-05 | 107,410 | 27.7% | 64.3% | 08.0% |

In Table 15 below, 61.6% of the 8th grade 2005-06 students at the Middle Township Elementary School No. 4 scored at the proficient or advanced level in Mathematics as compared to 52.0% of the students in comparable districts (DFG) and 64.5% of students in the state of New Jersey. Comparable scores for 2004-05 are 57.9% (Middle Twp), 50% (DFG), and 62.4% (State).

Table 15
Middle Township Elementary No. 4 School
Grade Eight Proficiency Assessment (GEPA)
Mathematics

| All Students | Year | Number Tested | Partial Proficiency | Proficient | Advanced |
|---------------------|-------------|----------------------|----------------------------|-------------------|-----------------|
| School | 2005-06 | 216 | 38.4% | 43.1% | 18.5% |
| | 2004-05 | 209 | 42.1% | 44.0% | 13.9% |
| District | 2005-06 | 216 | 38.4% | 43.1% | 18.5% |
| | 2004-05 | 209 | 42.1% | 44.0% | 13.9% |
| DFG | 2005-06 | 11,208 | 48.1% | 40.1% | 11.9% |
| | 2004-05 | 11,654 | 49.9% | 40.3% | 09.7% |
| State | 2005-06 | 107,530 | 35.5% | 43.6% | 20.9% |
| | 2004-05 | 108,519 | 37.6% | 43.7% | 18.7% |

Table 16 indicates the level of proficiency in Science at the eighth grade level. In Middle Township, 69.9% of the students scored at the proficient or advanced level as compared to 69.6% of the students in similar socio-economic districts and 79.0% of the students in the state. Comparable scores for 2004-05 are 72.4% (Middle Twp), 66.9% (DFG), and 76.8 (State). Eighth grade students in Middle Township scored essentially the same or somewhat higher as their peer group in comparable districts and lower when compared to students at the eighth grade level throughout the state.

Table 16
Middle Township Elementary No. 4 School
Grade Eight Proficiency Assessment (GEPA)
Science

| All Students | Year | Number Tested | Partial Proficiency | Proficient | Advanced |
|--------------|---------|---------------|---------------------|------------|----------|
| School | 2005-06 | 216 | 30.1% | 60.2% | 09.7% |
| | 2004-05 | 210 | 27.6% | 58.1% | 14.3% |
| District | 2005-06 | 216 | 30.1% | 60.2% | 09.7% |
| | 2004-05 | 210 | 27.6% | 58.1% | 14.3% |
| DFG | 2005-06 | 11,212 | 30.4% | 59.2% | 10.4% |
| | 2004-05 | 11,653 | 33.1% | 55.1% | 11.8% |
| State | 2005-06 | 107,600 | 21.0% | 58.5% | 20.5% |
| | 2004-05 | 108,512 | 23.2% | 53.3% | 23.5% |

3) Comparative Eighth Grade Assessment Results

Table 17
Grade Eight Proficiency Assessment Comparative Data
Language Arts

| School | Year | Partial Proficiency | Proficient | Advanced |
|-----------------|---------|---------------------|------------|----------|
| Sea Isle City | 2005-06 | 30.8% | 69.2% | 00.0% |
| | 2004-05 | 21.4% | 78.6% | 00.0% |
| Ocean City | 2005-06 | 14.8% | 71.6% | 13.6% |
| | 2004-05 | 18.0% | 73.0% | 09.0% |
| Middle Township | 2005-06 | 38.8% | 57.0% | 04.2% |
| | 2004-05 | 17.8% | 59.3% | 02.9% |

Table 18
Grade Eight Proficiency Assessment Comparative Data
Mathematics

| School | Year | Partial Proficiency | Proficient | Advanced |
|-----------------|---------|---------------------|------------|----------|
| Sea Isle City | 2005-06 | 46.2% | 46.2% | 07.7% |
| | 2004-05 | 00.0% | 71.4% | 28.6% |
| Ocean City | 2005-06 | 21.6% | 36.4% | 42.0% |
| | 2004-05 | 27.0% | 54.0% | 19.0% |
| Middle Township | 2005-06 | 38.4% | 43.1% | 18.5% |
| | 2004-05 | 42.1% | 44.0% | 13.9% |

Table 19
Grade Eight Proficiency Assessment Comparative Data
Science

| School | Year | Partial Proficiency | Proficient | Advanced |
|-----------------|---------|---------------------|------------|----------|
| Sea Isle City | 2005-06 | 07.7% | 84.6% | 07.7% |
| | 2004-05 | 07.1% | 50.0% | 42.9% |
| Ocean City | 2005-06 | 06.8% | 52.3% | 40.9% |
| | 2004-05 | 06.9% | 63.4% | 29.7% |
| Middle Township | 2005-06 | 30.1% | 60.2% | 09.7% |
| | 2004-05 | 27.6% | 58.1% | 14.3% |

As indicated in Tables 17, 18 and 19 above, Ocean City consistently scored higher in 2005-06 when compared to Sea Isle City and Middle Township in the Grade Eight Proficiency Assessment (GEPA). Sea Isle City, however, in the 2004-05 school year scored higher in all three subject areas when compared to Ocean City and Middle Township.

It should be noted that Sea Isle City under the direction of the current superintendent, Dr. Warren Benedetto, has undertaken two major curricula initiatives. First, an in-depth study is underway to determine the reason for the drop in scores when comparing 2005-06 scores with 2004-05 scores. An objective of this study will be to determine if the decline was due to the curriculum or whether it was an anomaly. It should also be pointed out that in a small class, one or two students can cause of 5 to 10 percent drop or increase in scores. Secondly, a program of updating all curriculum guides to reflect the current needs of the Sea Isle City students and the Core Curriculum Content Standards is underway.

4) Selected Comparative Curricula – Ocean City & Middle Township

The following selected data is presented to offer two comparisons – the Ocean City School District Intermediate School curriculum (in the event Sea Isle decided to send K-8 students to Ocean City), and an overview of the Middle Township Middle and High School curriculum as an alternative to the Ocean City High School curriculum.

- a) The Ocean City Intermediate School Curriculum consists of: Language Arts Literacy, Mathematics, Science, Social Studies, Visual Arts, Computer Education, Family & Consumer Science, Health & Physical Education, Library, Performing Arts: Music, Woods, Technology Education, and World Languages: Spanish. Within this overview, General Mathematics and Algebra are offered. Geometry is offered on an as needed basis. Within the Science program, at the 6th grade, General Science is offered; at the 7th grade, Life Science, and at the 8th grade, Physical Science. In Social Studies, World Geography is offered at the 6th grade, Civics at the 7th grade, and World History to 1750 at the 8th grade. The following opportunities are offered to meet the individual needs of designated students: Special Education, including Resource Room and Self Contained, Basic Skills in Language Arts and Mathematics, English as a Second Language, and PACE (the Gifted Program) comprised of Rogate (Academic) and Cognetics (Creative). The Ocean City Intermediate School also offers a wide range of co-curricular activities including the National Honor Society, Performing Arts (Choir, Band, Orchestra, Jazz Ensemble), Cheerleading, Chess Club, Chorus, Computer Club, Hobby Club, Just Say No Club, Newspaper, Science Club, Student Council, Theatre Club, and Yearbook. Fall, Winter and Spring Athletics are also offered. They include in the Fall (Cross Country, Field Hockey, Soccer), Winter (Boys' Basketball, Girls' Basketball, and Volleyball), and Spring (Baseball, Softball, Boys' Track, and Girls' Track).
- b) The Middle Township High School Curriculum consists of a curricular program thoroughly aligned with the state's required Core Curriculum Content Standards (CCCS). A curriculum mapping model is also in place following the model developed by Heidi Hayes Jacobs. The school also has a program that allows students to complete college level courses in mathematics and language arts that are transferable. In conjunction with the college level courses a funding mechanism is being developed to help students pay for tuition who qualify for the courses but who cannot afford the tuition. In addition to courses expected to be found at the high school level, Middle Township offers courses in Aqua Culture both at the high school and middle school level. A course of study is also available in the Culinary Arts that is correlated with Atlantic Cape Community College. The high school is also starting a community service program for its students.

The above listed comparisons are not to be interpreted as recommendations or suggestions. Neither are they meant to suggest that Ocean City Intermediate School is superior to Sea Isle City nor are they meant to suggest that Middle Township High

School is superior to Ocean City. The comparisons are provided for curricular informational purposes only.

5) Facility with Respect to Curriculum

The Sea Isle City School District currently provides its educational program in one building. The Sea Isle City School is comprised of grades Pre-K to 8. Given the number of students it currently has enrolled, and based upon projections outlined in this report elsewhere, the building can accommodate the anticipated students for the foreseeable future. While part of the building has been determined to be unusable and scheduled to be closed down, the remaining part of the school is in a condition that will allow a "thorough and efficient" education to be provided to the students of Sea Isle City. A \$2.2 million maintenance plan has been developed. Given the age and condition of the building it is essential that the maintenance plan be given priority status.

IV. Financial Analysis

This study also analyzed the financial impact which would result from the continuation of operating the Sea Isle City Public School as currently configured and as if the Sea Isle City Public School entered into a non-operating status and developed complete sending relationships with one of the nearby communities. For the purpose of this study the school districts of Ocean City, Dennis Township, Middle Township, the chARTer High School and the Cape May County Vocational High School were considered. This does not preclude the school district entering into a sending relationship with another district if deemed appropriate.

This study has been calculated for full sending relationships to be in place on July 1, 2007 for the 2007-2008 school year. 2006-07 dollar values are used to eliminate variables such as inflation and the value of money over time. The analysis does not consider changes in the educational program, approach or philosophy. Staff changes are only the result of enrollment projection needs.

During the course of this study, these activities were completed:

- 1) Reviewed the Sea Isle City Public School District Comprehensive Annual Financial Report, which includes the Independent Auditor's Report on the general purpose financial statements for each of the three years ending June 30, 2004, 2005, and 2006.
- 2) Reviewed the completed state budget packets for Sea Isle City Public School District, which contains the adjusted budget for the operating year and the approved budget for the following year for the 2006-2007 school year.

- 3) Reviewed the negotiated agreement between the Sea Isle City Education Association and the Sea Isle City Board of Education in Cape May County for the years 2005-2008.
- 4) Met with Dr. Warren Benedetto, Interim Superintendent of Sea Isle City School District to review the history of the school district and obtain relevant data for the study.
- 5) Met with Earl Vassallo, Interim Business Administrator, to discuss the district budget and obtain relevant financial data pertinent to the study and to review the process being used.
- 6) Reviewed the Cape May County Abstract of Ratables for the years 2004-2006 to obtain information on the equalized values for each of the towns and townships involved in the study.
- 7) Reviewed the historical enrollment data and the projected enrollment numbers.
- 8) Accessed by internet, School Report Cards, Long Range Facilities Plans, and State Aid Information for Sea Isle City School District.
- 9) Met with several Sea Isle City School stakeholders including the Sea Isle City mayor, members of the Board of Education, certified and non-certified staff members, a taxpayer's association member, and the president of the district PTA.
- 10) Discussed the student tuition rates with the business administrators of Dennis Township, Middle Township, Ocean City, Stone Harbor and Avalon school districts.

A. Methodology

The basis for analyzing the financial impact of the proposed sending scenarios was to model the existing pattern of revenues and expenditures in the Sea Isle City School District based on the existing levels of educational programs and services provided in the 2006-2007 school year. Also included in the model are the audited expenditures, revenues, and enrollment figures for the past three years. The model is based on the actual enrollments and the projected enrollments for the next five years. The model takes into account fixed costs such as superintendent salaries, as well as those that vary with enrollment, such as classroom teacher salaries. Since no budget exists for the proposed Sea Isle City K-12 sending relationships, a base budget was developed by making adjustments to the current Sea Isle City School District budget.

Tax levies and rates were estimated for Sea Isle City under the status quo and pre K-12 Sending relationship. Financial impact was obtained by comparing the five year average tax levy and rate, comparing the pre K-12 Sending relationship to the average tax rate and levy estimated for the status quo scenario. **These estimated average tax levies and rates are calculated solely for the purpose of comparing the two scenarios and are not intended to reflect future tax levies or rates.** Again, all rates and levies are in 2006-07 dollars. Valuations and community income are static for this study.

B. Key Assumptions

The analysis of the financial impact relied on a comprehensive set of assumptions. Among the more salient are the following:

1. Each scenario's tax rate was estimated for the purposes of comparing alternative configurations only and not to approximate the actual future tax levy and rate.
2. Estimates of revenues, expenses, tax levies, and rates are based on numbers from the 2006-2007 Sea Isle City School District budget and represent 2006-2007 real dollar terms. This allows for easier comparison of the alternatives.
3. Estimates of future enrollments are based on the results expressed earlier in this report.
4. State aid for debt service will remain at the existing percentage rate.
5. Educational programs of the current and pre-K-12 sending relationship scenarios were assumed to be equivalent to those that received recent approval for the 2007-2008 school year. This educational plan includes a reduction in force that was included in the preparation of the analysis.
6. Any projected increase or decrease in certified staff after the 2007-08 school year will be calculated at a reasonable anticipated salary level equal to the median salary as determined from the Sea Isle City Schools negotiated agreement.
7. In developing the budgets some budget lines will be adjusted by using the enrollment ratios.
8. Equalized and assessed valuations will be based on the 2006 Cape May County table of ratables; equalized valuations and will be held at these values for the duration of the study.
9. Prior year surplus, or any additional surplus generated in any year, is not used in calculations of the tax levy or tax rate in the estimated budgets.

C. Review of Fixed Assets

The following table lists the fixed assets for the Sea Isle City School District. The current values for the land and buildings were supplied by the Sea Isle City municipal government.

Table 20
Fixed Asset Report

| | Cost | Depreciation | Current Value |
|------------------------------|----------------|----------------|----------------|
| Vehicle | \$50,649.00 | \$47,483.45 | \$3,165.55 |
| Machinery & Equip | \$170,720.72 | \$125,048.44 | \$45,672.28 |
| Land Improvements | \$14,240.00 | \$13,789.00 | \$451.00 |
| Buildings | \$1,811,475.00 | \$890,569.60 | \$886,200.00 |
| Land | \$3,640,000.00 | | \$3,640,000.00 |
| Totals | \$5,687,084.72 | \$1,076,890.49 | \$4,575,488.83 |

D. Review of Equalized Valuations

The Cape May County Abstract of Ratables for the years 2004-2006 provided the data for the analysis of equalized valuations of Sea Isle City, Ocean City, Dennis Township, and Middle Township. To establish consistency enrollment data from the 2006 State School Report Card was used to determine the valuation per pupil for each district. Equalized valuation per pupil is important when considering whether or not a school district should enter into a regionalized school district. Under the current funding formulas usually used in regionalized school districts the town/ township with the higher property valuation per pupil would provide a greater percentage of the tax levy to support the regional school district. In the case of Sea Isle City, high property valuation per pupil would cause higher amounts of support than any of the neighboring school districts in the event of the formation of a regional school district. For that reason the formation of a regional school district is not recommended at this time. **It should be noted that the New Jersey Legislature is currently reviewing the state school funding formula and changes in the formula may require that regionalization or consolidation be considered at a later time. Please also review the legal section of this report on non-operating school districts.**

Table 21
Comparison of Net Valuation Taxable

| Year | Sea Isle City | Dennis Township | Middle Township | Ocean City |
|--|-----------------|-----------------|-----------------|------------------|
| 2004 | \$2,595,507,337 | \$550,361,390 | \$1,428,723,893 | \$7,752,573,797 |
| 2005 | \$3,408,196,390 | \$640,834,059 | \$1,844,622,587 | \$9,418,590,716 |
| 2006 | \$4,280,717,328 | \$763,171,296 | \$2,413,453,930 | \$11,717,648,858 |
| Adjusted 2006 enrollment from the NJ State Report Card | 158 | 755 | 2,866 | 1,873 |
| Valuation per student | \$27,179,158 | \$1,010,823 | \$842,098 | \$6,256,086 |

Note: Ocean City enrollment adjusted to remove students received from Sea Isle City and Upper Township. Sea Isle City enrollment increased by students sent to Ocean City.

The table above also displays the rapid increase in property values in Sea Isle City, an equalized valuation increase of \$872,520,938 in the last year. The high property valuations allows Sea Isle City School District to maintain a relatively low school tax rate of \$0.092 in 2006 while per pupil spending is \$25,257 according to the 2006 New Jersey School Report Card.

E. Estimated Budgets and Tax Levies for Sea Isle City

The estimated budgets for Sea Isle City are based on a model developed from the three previous years of audited revenues and expenditures, the current approved budget and the

reorganization plan recently approved by the Board of Education. The impact on the budget models of enrollment projections is considered both at the elementary and high school levels. The high school enrollment projections impact the tuition payments only. Based on the recently approved Sea Isle City School District reorganization plan it is unlikely that any further enrollment decreases would cause additional reductions in the teaching staff with the possible exception of special education staff. As special education staffing and costs are determined by the needs of enrolled students and as this varies from year to year these costs are estimated based on current students. This allows for a fairer comparison of the options. For the purposes of this report no special education staff changes will be considered.

Table 22 as shown below contains the estimated average general fund budget for the next five years for each scenario. It is important to remember that these estimates are based on current values and do not contain adjustments for inflation or for other factors such as changes in the negotiated agreement. This allows for a more accurate comparison of the impact of each scenario but does not predict actual tax rates rather the rates are for comparison only. The ChARTer High School and the Cape May County Vocational Technical High School are not included in the following scenarios as both schools accept students based on specific criteria and would not accept all students from one district on a continuing basis. The Status Quo scenario assumes the continued operation of the Sea Isle City Schools as currently configured with the Pre K-8 students attending Sea Isle City School and the majority of the 9-12 students attending Ocean City High School. The remaining 9-12 students have chosen to attend either the ChARTer High School or the Cape May County Vocational Technical High School. The other scenarios include Sea Isle City sending all students to Ocean City, sending all students to Middle Township, and sending the Pre K-8 students to Dennis Township and the High School students to Middle Township.

The estimated Base Budget shown in Table 22 includes estimated costs for special education tuition including out of district placements, some student support services, transportation, business office services, insurance, legal fees and some maintenance of the Sea Isle City School. These costs are for comparison only based on current enrollments and anticipated expenditures. Changes in special education programs, special education placements, enrollments and building maintenance requirements and the future use of the Sea Isle City School could significantly affect the actual costs.

Table 22 shows that the status quo scenario is the most costly option of those addressed by the study. The average status quo budget ranges from \$1,144,982 to \$2,298,695 more than sending the students out of the district. Included in the estimates for Ocean City tuition is an annual tuition increase of 3.4% that is based on the potential impact of their declining enrollments based on current staffing patterns. The reduction in the number of Ocean City students per year per grade would not be sufficient justification to reduce staffing and thus would have an impact on per pupil costs and increase tuition rates. The tuition rates used in these calculations are based on each school district's maximum tuition calculations. Tuition rates may be negotiated to any rate equal or less than the actual audited cost of tuition.

The tax rates in each scenario show an increase from the current tax rate of \$0.092 to a high of \$0.118 for the status quo to a low of \$0.053 if the students were to attend Middle Township. As the Sea Isle City high school students already attend Ocean City High School the comparison to all students attending Ocean City is important as this is the most logical transition should Sea Isle City decide to enter into a complete sending relationship with another district. In this case the difference in the tax rate would be about \$0.032.

Table 22
Estimated Sea Isle City Budgets For Each Option

| | Status Quo | Send All Students to Ocean City | Send All Students to Middle Township | Sent Pk-8 Students to Dennis/ Send 9-12 Students to |
|---------------------------------------|-----------------|---------------------------------|--------------------------------------|---|
| Estimated Base Budget 5 yr average | \$4,605,821 | \$962,591 | \$962,591 | \$962,591 |
| Tuition 5 yr avg. | | \$2,498,248 | \$1,344,535 | \$1,409,010 |
| Estimated 5yr Avg General Fund budget | \$4,605,821 | \$3,460,839 | \$2,307,126 | \$2,371,601 |
| Estimated State Aid | \$428,979 | \$428,979 | \$428,979 | \$428,979 |
| Estimated tax levy | \$4,176,842 | \$3,031,860 | \$1,878,147 | \$1,942,622 |
| Difference from Status Quo | | -\$1,144,982 | -\$2,298,695 | -\$2,234,220 |
| Town valuation for taxes | \$3,553,547,937 | \$3,553,547,937 | \$3,553,547,937 | \$3,553,547,937 |
| Estimated Tax Rate | \$0.118 | \$0.086 | \$0.053 | \$0.067 |
| Averaged Assessed value of home | \$564,516.00 | \$564,516.00 | \$564,516.00 | \$564,516.00 |
| Average cost per home | \$666.13 | \$485.48 | \$299.19 | \$378.23 |

F. Comparison of Per Pupil Expenditures for each Scenario

The New Jersey School Report Card defines two types of cost per pupil as follows: "(1) Comparative Cost Per Pupil represents comparisons with districts of similar budget type. The components that comprise the comparative cost per pupil are as follows: classroom instructional costs; support services (attendance and social work, health services, guidance office, child study team, library and other educational media); administrative costs (general administration, school administration, business administration, and improvement of instruction); operations/maintenance of plant; food services, and extracurricular costs. The total of these expenditures is divided by the average daily enrollment to calculate a total comparative cost per pupil." (2) "Total Cost Per Pupil, in addition to all of the costs listed above for the comparative cost, includes costs for tuition expenditures; transportation; other current expenses (lease purchase interest, residential

costs, and judgments against schools); equipment; facilities/acquisition; and restricted expenses less nonpublic services and adult schools, as well as students sent out of district. The total of all these expenditures is divided by the average daily enrollment to calculate a total cost per pupil."

For the purpose of this report a simpler method of determining cost per pupil will be utilized. The total budget will be divided by the projected enrollment for each year and each scenario. As stated previously this allows for comparison of the scenarios but does not predict actual costs per pupil and is based on current dollars. The results of the comparisons are shown in the table below.

Table 23
Comparison of Estimated Cost per Pupil

| | Status Quo | Send All Students to Ocean City | Send All Students to Middle Township | Sent Pk-8 Students to Dennis/ Send 9-12 Students to Middle Township |
|-----------------------------------|-------------|---------------------------------|--------------------------------------|---|
| Average 5 yr Estimated Budget | \$4,605,821 | \$3,460,839 | \$2,307,126 | \$2,371,601 |
| Average 5yr Projected Enrollments | 118 | 118 | 118 | 118 |
| Average 5 yr Cost per Pupil | \$39,160.00 | \$29,425.04 | \$19,615.84 | \$20,164.03 |

G. Analysis of Debt Service

At the present time the Sea Isle City Public School does not have any long term bond debt. The Sea Isle City Public School district does have the normal long term debt for compensated absences payable. The balance of that debt on June 30, 2006 was \$217,914. The district Long Range Facilities Plan does list facility maintenance plans for the next five years totaling \$2,241,000. At this time it is anticipated that the district will spend approximately \$657,500 for system maintenance in 2007-08. The majority of this amount will be for roof replacement. The roof replacement costs of approximately \$600,000 will need to be placed on a separate referendum for approval by the public at a date other than the board election in April. Amounts approved in such a referendum would then become the district's long term debt.

H. Review of Consolidated Annual Financial Reports

The review of the Comprehensive Annual Financial Reports (CAFR) of the Sea Isle City School District for the years ending June 30, 2004, 2005 and 2006 did not report any deficiencies or recommendations. No material weaknesses or reportable conditions were found in either 2005 or 2006. The finding in 2004 of several instances where vendor certifications were not obtained for food service expenditures was cleared in 2005.

The Comprehensive Annual Financial Report for the year ending June 30, 2006 did show that the district had a large fund balance of \$1,057,971. The district has no long term debt other than the normal debt for compensated absences payable. The food service program operated at a loss of \$45,512 last year. Legal services and judgments against the district appear high for a district of this size. This could be the result of litigation and may not represent a trend. The capital reserve account has a balance of \$151,818.

I. Comparison of Ocean City Public Schools Tuition Rates

Throughout the report the 2006-2007 tuition rates and budget information was utilized in order to allow for appropriate comparison of the options. Table 24 contains the 2006-07 and the 2007-08 Ocean City tuition rates. These rates are un-audited at this time and are subject to revision. However the data is useful to show how tuition rates change from year to year. Large changes in tuition rates, especially in special education are generally caused by changes in enrollment. Tuition rates are audited annually and the actual cost of each program determined. Adjustments are then made to the subsequent tuition contract to reflect the actual costs. As stated previously a 3.4% overall increase in Ocean City's tuition rate was used in the calculations due to declining enrollment in regular education programs.

Table 24
Ocean City Tuition Rate Comparison

| Year | K | 1-5 | 6-8 | 9-12 | LLD | BD | MD | PT Pre Sch disabled |
|----------------|----------|----------|----------|----------|----------|----------|----------|---------------------|
| 2006-07 | \$14,200 | \$18,466 | \$18,687 | \$15,360 | \$20,628 | \$17,854 | \$17,116 | \$17,325 |
| 2007-08 | \$15,656 | \$20,213 | \$19,165 | \$15,115 | \$25,989 | \$14,473 | \$32,349 | \$24,201 |
| Percent Change | 10.25% | 9.46% | 2.56% | -1.60% | 25.99% | -18.94% | 89.00% | 39.69% |

V. Legal Considerations

The following paragraphs present potential legal concerns to any change in the current operating configuration of the Sea Isle City School District. The concerns expressed are not a legal opinion and the consultant team recommends that any questions concerning these issues be referred to the Board's legal representative. Some of the pertinent New Jersey Statutes may be found in Appendix A.

A. Staff Reductions- In the event of the establishment of a new send/receive relationship either with Ocean City or any other school district the current Sea Isle City tenured teachers would have certain rights. It appears that under 18A:28-6.1 the Sea Isle City tenured teachers would transfer their seniority and tenure to the receiving district. However this statute may not be applicable in this case and should be referred to a qualified legal source for confirmation of its validity before making a final decision. This could be a concern to the receiving district.

B. Non-Operating District- By entering into a complete (PK-12) send/ receive relationship with any school district Sea Isle City School District would become a non-operating school district. This could subject it to the provisions of recently passed Senate Bill S-19 which states that: "In addition to the current duties, an executive county superintendent of schools is charged with the duty to: promote administrative and operational efficiencies and cost savings within school districts while ensuring the provision of a thorough and efficient system of education; recommend to the commissioner the consolidation of certain districts' administrative services; recommend to the commissioner the elimination of laws determined to be unnecessary State education mandates, except mandates that fall under certain categories of laws; have the authority to eliminate non-operating districts located in the county; no later than three years following the effective date of the bill, develop a plan to consolidate school districts in the county and require the affected districts to hold a referendum on the plan; promote the coordination and regionalization of public and nonpublic pupil transportation services in the county; request the commissioner to order forensic audits of school districts upon a determination by the superintendent that such an audit is warranted; promote cooperative purchasing of textbooks and other instructional materials;" **As a send/receive relationship requires a five year commitment, a change to a non-operating school district could effectively eliminate any possibility for the Sea Isle City School District to continue to exist.**

C. Shared Services- S-19 further states that: "Under the article, a local school district could apply to the executive county superintendent of schools to have services including, but not limited to, transportation, personnel, purchasing, payroll, and accounting assumed by the office of the executive county superintendent. The executive county superintendent could assess a fee on the school district for any service he determines to provide. The executive county superintendent of schools could also utilize

county special services school districts, jointure commissions, and educational services commissions to provide services to local school districts."

D. Send Receive Relationships- The current send/receive relationship with Ocean City has potential concerns as declining enrollment in Ocean City Public Schools could be considered a significant factor under 18A:38-21, and Sea Isle City could be prevented from severing this relationship by the commissioner of education. As stated above in section B, entering into a total send/ receive relationship either with Ocean City or another district makes Sea Isle City a non-operating district subject to those concerns. Sea Isle City would not have any representation on the receiving Board of Education unless it meets the criteria listed in 18A:38-8.2.

E. Termination of Send/Receive Relationships- Termination of a sending/receiving relationship is a difficult process. Title 18A: 38-21 and 21.1 list the conditions that determine if a termination will be allowed. Among these conditions the sending district must show that the remaining students in the receiving district will not be "seriously affected educationally or financially" by the proposed termination. This might be difficult with Ocean City Public Schools' declining enrollment. The decision to approve or deny the termination of a sending/receiving relationship is made by the Commissioner of Education.

VI. Summary of Advantages and Disadvantages

A. Financially it is evident that Sea Isle City would benefit from entering a complete send/ receive relationship with another school district. If finances alone were the determining factor then Sea Isle City should enter a sending receiving relationship with Middle Township. However finances are not the only factor influencing Sea Isle City's decision. Sea Isle City and Ocean City have a long standing send/ receive relationship for high school students. Individuals interviewed as part of this study expressed a level of comfort and tradition with this relationship. Additionally, these two districts cooperate in many ways. Further it is always difficult to terminate any send/ receive relationship. Therefore it is the opinion of the consultant team that the Ocean City Public Schools should continue its relationship with Sea Isle City either in the Status Quo format or the complete PK-12 send/ receive relationship.

B. Declining enrollments are affecting both class size and cost per pupil in Sea Isle City and Ocean City. In the case of Ocean City, declining enrollments will increase the per pupil tuition Ocean City charges Sea Isle City. This is happening in other shore communities as well. Per pupil costs will continue to rise in these communities. The only way to contain per pupil costs would be to increase enrollment or to enter send/ receive relationships with other districts. Due to the high property values of Sea Isle City, under the current statutes, it would not be in Sea Isle City's best financial interest to become part of a regional district at this time.

C. Small class size - Over the past two decades, there have been numerous studies on the effect of class size with respect to the instructional program. Conclusions of the various studies have been diverse. In general, most studies recommend a class size of from 18 to 23. From an instructional standpoint, a small class has many positive aspects, i.e., more personalized one-on-one contact, more time for teaching and re-teaching within the time allotted, and less time with discipline and classroom administration to name a few. From an instructional standpoint, one can argue that no class is too small. In many gifted and remedial classes, one finds a one to five ratio of teacher to students. This ratio can also work effectively in the "regular" classroom if the school board is willing and able to fund such a ratio.

D. Entering into a complete send/ receive relationship with any community would greatly reduce the control the people of Sea Isle City and the Board of Education have over the programs and direction of their students. Based on current enrollments Sea Isle City would not have a representative on the Ocean City Board of Education as Sea Isle's enrollment would be less than 10% of the total enrollment. Additionally, recent legislation contains provisions to eliminate non-operating school districts within three years.

E. The State of New Jersey legislature is in the midst of a major effort to reform property taxes and school funding. The results of these efforts are yet to be determined. The uncertainty of the direction of the legislature in respect to non-operating, small schools, consolidation of school districts and state aid for schools all provide ample reason for Sea Isle City to continue to operate in the status quo configuration. However, as it sometimes takes extended periods of time for change, the Board of Education should consider at what point the cost per pupil and local tax rate exceed the town's ability to endure these costs and plan accordingly.

F. The Sea Isle City School Facility is in need of extensive repairs. The school district's Long Range Facilities Report lists \$2.2 million in needed repairs over the next five years. One re-locatable wing is scheduled to be closed next year. The removal of that wing provides Sea Isle City with the opportunity to consider converting the school into a community resource. Construction of a municipal/ school library/media center would increase the value of the school to the community and could save the community money paid to the county library system. Construction of a shared school/ municipal auditorium could also increase the value to the community and provide additional summer community resources.