

CAPE MAY COUNTY SCHOOL DISTRICTS

**POTENTIAL IMPACT FROM THE
LOSS OF ADJUSTMENT AID**

MAY 24th, 2017

PRESENTATION TO THE SENATOR JEFF VAN DREW - 5/24/2017

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Representing All of the Cape May County School Districts:

Avalon	Cape May City	CMC Special Services
CMC Technical	Cape May Point	Dennis Township
Lower Cape May Regional	Lower Township	Middle Township
North Wildwood	Ocean City	Sea Isle City
Stone Harbor	Upper Township	West Cape May
West Wildwood	Wildwood City	Wildwood Crest
Woodbine		

SUMMARY

- Total 2017-2018 Adjustment Aid for Cape May County:

\$25,222,213

- Loss of all Adjustment Aid would result in:
 - Significantly increased class sizes
 - The elimination of programs, which would negatively impact student learning and outcomes.
 - The projected reduction of over 300 teachers and other staff members.
- The total loss of Adjustment Aid for Cape May County after redistribution: If the State Aid formula were fully funded and the parameter adjustments requested by the Legislature, Cape May County loses:

\$970,261

(Cape May County is the only county in the state that would see a reduction in overall adjustment aid within those metrics.)

Cape May County Overview:

- Highest unemployment rate in the state.
- Highest percentage of Senior Citizen population in the State.
- Median Household Income is one of the lowest in NJ.
- Nearly 40% of the students in Cape May County participate in the Free & Reduced lunch program with a number of districts over 50%.
- State Aid provides about 25% of the General Fund for the schools in Cape May County
- Of the Total State Aid received in the county, 38% is from Adjustment Aid, which is the highest percentage in the state.
- Since the commencement of the School Funding Formula, the cost of educating students has increased, while Categorical Aid has been essentially frozen.

School District Impacts:

- **Lower Cape May Regional** – The district receives \$6.5 million in Adjustment Aid, which represents nearly 20% of the entire school district budget. If Adjustment Aid were eliminated, the District would have no choice but to disassemble many programs and services. At a minimum this means the privatization of the cafeteria and support staff, elimination of 35-40 teaching positions, four administrative positions, and many extra-curricular and Athletic positions. We would also go to the voters to increase the tax levy. The impact on the instructional program would be catastrophic. Many programs would become out of compliance. This would undoubtedly put the district in a position requiring State intervention. Phasing in this funding cut over a 3 or 5 year period would have a similar impact with delayed but inevitable agony.
- **Dennis Township** – The \$3.9 million received in Adjustment represents 64% of its State Aid and over 24% of the entire school district budget. If this were eliminated we would be very close to having to close the district. It would definitely result in significant cuts in staff, programs, and services. This would bring very large class sizes and reduced or eliminated programs such as Art, Music, Gifted & Talented, Technology, and Child Study Team services to name a few, assuming we could stay open.
- **Wildwood City** – Nearly 20% of the budget or over \$3.5 million is from Adjustment Aid. The loss of this aid would result in eliminating courtesy busing for Pre-school and Kindergarten students, and after school and summer programs at the elementary school would be unsustainable. Class sizes would increase significantly as a result of a staff reduction of approximately 40 teachers out of a total of 98, leaving the district at a further disadvantage in delivering a “Thorough and Efficient” education. The district is ranked in the top five for highest ratio of student aged poverty in the state and currently has two schools in Focus status (under RAC’s – Regional Achievement Centers) with the NJDOE to improve student outcomes. The already challenging goals set forth by the state, would be impossible under these circumstances.
- **Middle Township** – The District receives \$3.8 million in Adjustment Aid and its loss would see larger class sizes, loss of programs, and the closure of a school building due to a reduction of approximately 55 staff members.

- **Lower Township** - The loss of \$2.0 million Adjustment Aid would result in staff reductions of approximately sixteen teachers, one to two administrators, several security officers and several custodians. Transportation would be privatized. These reductions would be in addition to the elimination of academic tutoring, day-care, clubs, and the restructuring of the art and music programs.
- **Upper Township** – The loss of \$2.6 million in Adjustment Aid would result in all courtesy busing being eliminated and along with drastic staff reductions resulting in larger class sizes in the K-5 grades.
- **Cape May City** – Adjustment Aid represents 49% of Cape May City’s state Aid. The loss of nearly \$275,000 in Adjustment Aid would result in a reduction of staff, increased class sizes, which would compromise programs. We would also have to eliminate after-school clubs. In addition, we would raise the tax levy.
- **Cape May County Vocational** – If the District were to lose over \$950,000 in Adjustment Aid, it would result in increased class sizes due to reductions in staff including teachers, guidance counselors and athletics, and we would also need eliminate instructional and support programs.
- **North Wildwood** – Nearly \$400,000 is received as Adjustment Aid, and if it were to be removed from the budget, the District would have to increase class sizes due to reductions in staff, in addition to having to eliminate programs.
- **Ocean City** – With \$27,000 in Adjustment Aid, the District would look to reduce staff and programs that deal with academics and extracurricular activities.
- **Wildwood Crest Boro** – Eliminating nearly \$250,000 would bring about reductions in staff, increased class sizes and result in the elimination of the pre-school program.
- **Woodbine Boro** – Losing \$750,000 in Adjustment Aid would mean the District would look at increasing the tax levy by \$0.43. If those funds weren’t forthcoming, the District would severely cut its programs and staff.

Requests/Recommendations:

- **Please do not proceed with any of the proposed funding plans until a full analysis of school funding and all of its nuances are researched.**
- Eliminate State Aid to non-operating school districts

Education Law Center Recommendations:

- Eliminate the \$1 million proposed by the Governor for a non-existent voucher program;
- Eliminate the extra \$41 million in hold harmless aid to charter schools, and reallocate the aid to school districts spending below their adequacy, or “Thorough and Efficient” (T&E), budget under the SFRA formula;
- Eliminate and reallocate through the formula the \$28 million in host district aid, which is being provided because the State is requiring districts to pay charters at a higher per pupil rate than the law established, and return to the proper per pupil rate for charters;
- Increase SFRA formula aid by an additional \$75 million targeted to below T&E districts;
- Provide \$25 million in preschool education aid to jumpstart expansion of the high quality Abbott program under the SFRA formula.

In addition, lawmakers must resist calls to reduce adjustment aid in districts spending below their T&E budget, unless such reductions are offset by State-mandated increases in local revenue.

Thank you on behalf of the School Districts in Cape May County for your continued advocacy for our students.

APPENDICES

Demographic Information by County

Cape May County has the highest unemployment and the oldest population in the State.

In addition, the Median Household income is one of the lowest in the State.

County	2016 Population Estimate	2015 Median Age	2015 Est. Median Household Income	March 2017 Unemployment Rates
ATLANTIC	270,991	40.6	\$54,461	7.1%
BERGEN	939,151	41.5	\$85,806	3.5%
BURLINGTON	449,284	41.0	\$78,621	3.6%
CAMDEN	510,150	38.3	\$62,185	4.6%
CAPE MAY	94,430	48.3	\$57,637	12.1%
CUMBERLAND	153,797	36.9	\$49,984	6.6%
ESSEX	796,914	36.9	\$53,976	5.2%
GLOUCESTER	292,330	39.6	\$76,727	4.3%
HUDSON	677,983	34.7	\$59,741	3.9%
HUNTERDON	124,676	45.0	\$105,444	3.3%
MERCER	371,023	38.4	\$72,804	3.7%
MIDDLESEX	837,073	37.7	\$79,593	3.7%
MONMOUTH	625,846	42.3	\$85,242	3.9%
MORRIS	498,423	42.0	\$100,214	3.4%
OCEAN	592,497	42.8	\$61,994	4.6%
PASSAIC	507,945	36.5	\$59,739	5.4%
SALEM	63,436	41.8	\$61,831	5.6%
SOMERSET	333,751	40.8	\$100,667	3.5%
SUSSEX	142,522	43.4	\$86,565	4.3%
UNION	555,630	38.1	\$69,594	4.5%
WARREN	106,617	42.6	\$70,471	4.1%
Total	8,944,469	39.4	\$72,093	4.2%

**Source: United States Census Bureau & NJ Dept. of Labor
& NJDOE 2016-2017 Enrollment District Reported Data**

Cape May County School District Statistics

Overall, Cape May County schools receive 32% of their revenue from State Aid vs. the state average of 43%

18.5% of the students in Cape May County are Special Ed students while several districts are above 20%

Nearly 40% of the students in Cape May County are part of the Free & Reduced lunch program. While the overall percentage of Free & Reduced statistic is comparable to the state average, a number of Cape May County school districts are above 50%.

District	% State Revenue	% Local Revenue	% Federal Revenue	% Tuition Revenue	% Other Revenue	% Spec Ed	% Free & Reduced
AVALON BORO	12.0%	65.6%	0.7%	9.7%	12.0%	16.3%	0.0%
CAPE MAY CITY	24.8%	41.4%	32.9%	1.0%	0.0%	16.8%	55.1%
CAPE MAY CO SPECIAL SERV	12.0%	33.3%	2.3%	52.5%	0.0%	93.1%	20.6%
CAPE MAY CO VOCATIONAL	17.4%	49.0%	2.0%	31.6%	0.0%	14.6%	30.3%
DENNIS TWP	44.9%	52.5%	2.2%	0.5%	0.0%	21.2%	28.5%
LOWER CAPE MAY REGIONAL	37.6%	59.1%	2.7%	0.7%	0.0%	27.7%	48.5%
LOWER TWP	43.1%	53.0%	3.8%	0.1%	0.0%	16.9%	57.1%
MIDDLE TWP	38.9%	52.6%	3.1%	5.3%	0.1%	18.5%	41.9%
NORTH WILDWOOD CITY	18.8%	69.4%	3.7%	8.1%	0.0%	16.7%	53.4%
OCEAN CITY	20.6%	51.4%	2.0%	26.0%	0.0%	9.9%	22.0%
STONE HARBOR BORO	10.5%	73.8%	0.9%	14.8%	0.0%	2.9%	0.0%
UPPER TWP	33.6%	61.9%	2.0%	2.5%	0.0%	11.8%	13.8%
WEST CAPE MAY BORO	39.3%	57.7%	2.1%	0.8%	0.1%	3.6%	28.6%
WILDWOOD CITY	35.3%	50.3%	7.5%	6.9%	0.0%	21.3%	79.3%
WILDWOOD CREST BORO	17.2%	80.4%	2.3%	0.0%	0.1%	14.2%	36.4%
WOODBINE BORO	66.0%	27.8%	4.5%	0.3%	1.4%	20.5%	41.3%
Total Cape May County	31.8%	54.5%	3.3%	10.2%	0.2%	18.5%	38.9%
STATE SUMMARY	43.1%	53.7%	3.1%	0.0%	0.0%	15.0%	39.2%

Source: Taxpayer's Guide to Education Spending 2017 - Vital Statistics
& New Jersey Department of Education 2016-2017 Enrollment District Reported Data

2017-2018 State Aid by County

Of the total State Aid Received for the 2017-2018 school year for Cape May County, 38% is from Adjustment Aid, the highest percentage in the State.

County	2017-18 Total K-12 State Aid	Adjustment Aid	% Adj Aid to Total State Aid	Total State Aid per Student	Total Adj Aid per Student
ATLANTIC	288,811,808	25,658,798	8.9%	6,637	590
BERGEN	213,205,753	6,138,449	2.9%	1,596	46
BURLINGTON	391,103,993	39,632,734	10.1%	5,654	573
CAMDEN	698,964,110	57,886,819	8.3%	9,203	762
CAPE MAY	66,482,714	25,222,213	37.9%	5,284	2,004
CUMBERLAND	344,157,712	47,204,287	13.7%	12,865	1,765
ESSEX	1,210,945,791	69,310,930	5.7%	10,446	598
GLOUCESTER	284,467,005	5,922,902	2.1%	5,974	124
HUDSON	903,442,292	121,510,402	13.4%	11,175	1,503
HUNTERDON	47,408,471	3,238,392	6.8%	2,434	166
MERCER	353,544,962	20,649,203	5.8%	6,274	366
MIDDLESEX	561,894,250	437,067	0.1%	4,525	4
MONMOUTH	408,057,467	61,533,452	15.1%	4,173	629
MORRIS	149,955,118	5,008,960	3.3%	1,983	66
OCEAN	307,891,880	40,565,356	13.2%	4,424	583
PASSAIC	738,874,644	501,033	0.1%	9,128	6
SALEM	89,158,084	3,512,573	3.9%	8,175	322
SOMERSET	110,996,820	936,919	0.8%	2,114	18
SUSSEX	111,703,264	19,960,644	17.9%	5,446	973
UNION	646,835,572	119,122	0.0%	6,917	1
WARREN	103,435,623	11,073,741	10.7%	6,290	673
Total	8,031,337,333	566,023,996	7.0%	6,067	428

Source: New Jersey Department of Education
2017-18 Projected State School Aid Excluding Debt Service

2017-2018 State Aid by District in Cape May County

State Aid provides about 25% of the General Fund for the schools in Cape May County

Adjustment Aid represents 20%+ of the General Fund for Dennis Twp, Lower Cape May Regional and Wildwood City.

If State Aid or Adjustment Aid is significantly reduced, most of the Districts will need to eliminate staff and school programs.

District	2017-18 Total General Fund Appropriation	2017-18 Total State Aid	% State Aid of Gen'l Fund Approp.	Total Adjust. Aid	% Adjustment Aid of Gen'l Fund Approp.	% Adjustment Aid of Total State Aid
Cape May County Operating Districts						
AVALON BORO	3,769,543	73,609	2.0%	-	0.0%	0.0%
CAPE MAY CITY	3,789,268	555,373	14.7%	273,558	7.2%	49.3%
CAPE MAY CO VO-TECH	15,563,755	1,396,049	9.0%	952,562	6.1%	68.2%
DENNIS TWP	16,263,413	6,167,055	37.9%	3,918,560	24.1%	63.5%
LOWER CAPE MAY REG.	32,844,323	9,982,676	30.4%	6,528,949	19.9%	65.4%
LOWER TWP	27,884,736	10,177,147	36.5%	2,030,412	7.3%	20.0%
MIDDLE TWP	42,930,155	13,590,070	31.7%	3,844,377	9.0%	28.3%
NORTH WILDWOOD CITY	8,780,536	672,524	7.7%	396,411	4.5%	58.9%
OCEAN CITY	42,173,240	3,787,076	9.0%	27,650	0.1%	0.7%
STONE HARBOR BORO	3,172,823	53,971	1.7%	6,924	0.2%	12.8%
UPPER TWP	36,587,488	10,189,044	27.8%	2,640,282	7.2%	25.9%
WEST CAPE MAY BORO	1,897,495	630,246	33.2%	-	0.0%	0.0%
WILDWOOD CITY	19,068,689	5,211,073	27.3%	3,525,216	18.5%	67.6%
WILDWOOD CREST BORO	9,420,813	701,649	7.4%	249,420	2.6%	35.5%
WOODBINE BORO	4,780,655	2,972,035	62.2%	756,649	15.8%	25.5%
Total Cape May County	268,926,932	66,159,597	24.6%	25,150,970	9.4%	38.0%

Cape May County - Non-Operating Districts						
CAPE MAY POINT		27,009		24,770		91.7%
SEA ISLE CITY		255,774		46,473		18.2%
WEST WILDWOOD		40,334		-		0.0%
Total Non-Operating		323,117		71,243		22.0%

**Source: New Jersey Department of Education & District 17-18 User Friendly Budgets
2017-18 Projected State School Aid Excluding Debt
Service**

2017-2018 School Funding - Estimated State Aid Comparison

If the State Aid formula was fully funded and the parameter adjustments requested by the Legislature were implemented, Cape May County would lose nearly \$1 million in State Aid.

We understand that this scenario where an additional \$1 billion in State Aid would be available is unrealistic, however, the formulas as they currently stand would negatively impact only Cape May County

County	Governor's FY18 Total K-12 State Aid	Estimated Legislature's Model FY18 Total K-12 Aid*	Diff from FY 18 Total K-12 State Aid	% Diff from FY 18 Total K-12 State Aid
ATLANTIC	288,989,033	319,173,265	30,184,232	10.4%
BERGEN	213,221,484	265,559,162	52,337,678	24.5%
BURLINGTON	391,113,203	426,530,650	35,417,447	9.1%
CAMDEN	699,187,327	752,828,850	53,641,523	7.7%
CAPE MAY	66,555,247	65,584,986	(970,261)	-1.5%
CUMBERLAND	344,205,636	367,438,798	23,233,162	6.7%
ESSEX	1,212,419,431	1,409,698,416	197,278,985	16.3%
GLOUCESTER	284,484,500	319,099,182	34,614,682	12.2%
HUDSON	903,446,229	992,060,968	88,614,739	9.8%
HUNTERDON	47,644,464	52,782,083	5,137,619	10.8%
MERCER	353,558,516	408,975,279	55,416,763	15.7%
MIDDLESEX	561,908,058	653,653,953	91,745,895	16.3%
MONMOUTH	408,100,163	444,265,696	36,165,533	8.9%
MORRIS	150,085,650	178,122,371	28,036,721	18.7%
OCEAN	307,961,399	328,415,009	20,453,610	6.6%
PASSAIC	738,874,644	879,011,159	140,136,515	19.0%
SALEM	89,214,731	97,502,331	8,287,600	9.3%
SOMERSET	111,003,629	131,066,826	20,063,197	18.1%
SUSSEX	111,856,882	119,607,386	7,750,504	6.9%
UNION	647,180,490	769,366,213	122,185,723	18.9%
WARREN	103,497,166	110,398,575	6,901,409	6.7%

Total	8,034,507,882	9,093,451,131	1,058,943,249	13.2%
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* Estimate of the fully funded state aid formula, based on the FY2017 Educational Adequacy Report with parameter adjustments requested by the Legislature. All dollar figure parameters have been grown by CPI in accordance with SFRA. Enrollment is based on October 2016 counts, and no attendance adjustment is applied.

Source: New Jersey Department of Education

2017-18 School Funding - Estimated K-12 State Formula Aid Comparison

Tax Impact on Cape May County Municipalities if Adjustment Aid Eliminated

If Adjustment Aid was eliminated and Districts increased the tax levy for the amount of lost Adjustment Aid, numerous municipalities would experience substantial increases in their property taxes.

Municipality	CURRENT SCHOOL TAX	INCREASED EFFECT ON TAX RATE	NEW SCHOOL TAX WOULD BECOME	TAX RATE % INCREASE	INCREMENTAL TAXES ON A \$250,000 HOME
CAPE MAY CITY	\$0.064	\$0.067	\$0.131	105%	\$168
CAPE MAY POINT	\$0.023	\$0.007	\$0.030	33%	\$19
DENNIS TWP	\$1.069	\$0.448	\$1.517	42%	\$1,119
LOWER TWP	\$0.458	\$0.180	\$0.638	39%	\$450
MIDDLE TWP	\$0.975	\$0.143	\$1.118	15%	\$357
NORTH WILDWOOD CITY	\$0.267	\$0.017	\$0.284	6%	\$43
OCEAN CITY	\$0.217	\$0.002	\$0.219	1%	\$6
SEA ISLE CITY	\$0.040	\$0.003	\$0.043	7%	\$8
STONE HARBOR BORO	\$0.055	\$0.002	\$0.057	4%	\$5
UPPER TWP	\$1.322	\$0.150	\$1.471	11%	\$374
WILDWOOD CITY	\$0.765	\$0.251	\$1.016	33%	\$628
WILDWOOD CREST BORO	\$0.300	\$0.013	\$0.313	4%	\$32
WOODBINE BORO	\$0.987	\$0.426	\$1.413	43%	\$1,064
AVALON BORO	\$0.041	\$0.002	\$0.044	5%	\$5
WEST CAPE MAY BORO	\$0.228	\$0.126	\$0.354	55%	\$315

Source: 2016 Abstract of Ratables - Cape May County

New Jersey Department of Education - 2017-18 Projected State School Aid Excluding Debt Service