A STUDY OF THE FEASIBILITY OF A NEW SENDING RECEIVING AGREEMENT BETWEEN THE HACKETTSTOWN SCHOOL DISTRICT AND THE GREAT MEADOWS REGIONAL SCHOOL DISTRICT PERTAINING TO 7th AND 8th GRADE

PREPARED BY:

EFFECTIVE EDUCATION SOLUTIONS, LLC.

DAVID C. HESPE

November 21, 2017

TABLE OF CONTENTS

TABLE OF TABLES

EXECUTIVE SUMMARY

School districts throughout the State of New Jersey are increasingly facing challenges due to factors outside of their control such as demographic changes in the community driving enrollments up or down, financial pressures due to a changing tax base or declining State aid, academic pressures to ensure that their children are prepared for college and careers, or programmatic pressures due to the special needs of students in poverty or English language learners.

Hackettstown and Great Meadows Regional are two districts in Warren County facing these serious challenges and seeking meaningful solutions. Hackettstown (HT) school district is a Grade K-12 School District grappling with enrollment, educational, financial and facilities issues. HT is experiencing increasing enrollments and the demographic study projects these increases continuing into the future. In this scenario, the facilities of the district which are already being pushed to capacity will be exceeded. Regardless of the capacity issue, the facilities are also in need of refurbishment due to age. Great Meadows (GM) Regional School District is a Grade PK-8 district adjacent to HT that is facing significant enrollment declines over the past decade that is straining the ability of the district to operate efficiently. Both HT and GM are also experiencing overstressed tax bases with tax burdens above the State average.

Although GM has taken many steps to operate efficiently (such as a remarkable level of shared services and a tuition based special education program) these steps will be insufficient to cope with the cost consequences of the enrollment declines. It is expected that all three of the district's schools will soon be under 200 students. It is difficult to operate schools under 400 efficiently since the fixed costs are spread out among fewer students. Although there are options open to the district to address these financial issues, they are difficult. The district could raise class sizes substantially, although this would be a temporary solution that will not address the underlying fixed cost issue and would likely impact educational quality. The district could consolidate schools and achieve savings through a school closure, although the communities may find this to be a difficult option.

The options available to HT are also difficult. Districts facing capacity and financial pressures will often raise class sizes but class sizes in HT are already well over 20 on average in K-8 and it is unlikely that they can be increased much beyond current levels without negative educational and school climate impacts. A facilities bond referendum is also under consideration but this would be costly and substantially increase debt in the community.

The districts have an existing sending-receiving relationship pursuant to which GM sends its high school students to Hackettstown High School. They would like to explore the feasibility of a new sending-receiving relationship involving the middle grades that will allow GM to operate more efficiently and receive much needed tuition revenues while allowing HT to alleviate concerns with facility capacity and educational adequacy.

GM has excess capacity in all of its schools and a reputation for providing a quality education. The net tuition received by the district through the proposed sending-receiving relationship will

provide much needed budgetary relief. This will be augmented through revenues realized through an expansion of its tuition based out of district special education programs.

The HT district will be able to alleviate the facility pressures for at least the short term (until the long term demographic trend lines and facility needs become clearer) through the proposed sending-receiving relationship. It will be able to offset some of the tuition through a reduction in force at the middle school. Anticipated increases in State aid in the future might also be helpful in defraying the net tuition costs.

Most importantly, all of the communities will also see the benefits of a middle school capable of providing a 21st Century curriculum that can compete with the best schools in the State. The district has indicated that under the proposal they will be able to add such opportunities as robotics, creative writing, S.T.E.M programs, math electives, additional world languages such as Mandarin, German and American Sign Language, culinary arts, performing arts, coding and programming, and additional fine arts electives such as ceramic and clay, painting, and drawing. Students from both GM and HT will also benefit through expanded co-curricular offerings and athletics. An expansion in athletics at the middle school level would be especially desirable in forming a bridge to high school interscholastic programs leading to a better student experience as well as higher participation rates. The co-mingling of the student populations prior to their jointly attending high school will also serve as a solid bridge both socially and academically.

As we evaluate the feasibility of the proposal, we must be mindful of the impact the new sending-receiving relationship for middle schoolers will have on the other schools in each district. The HT district will be impacted by the movement of the 4th graders from both elementary schools to the middle school which will now be an upper elementary school with Grades 4, 5, 6. The GM district will be impacted by the movement of the 6th graders from the Middle School to the Liberty School which will now educate Grades 4, 5 and 6. I have not identified any instructional issues, staffing issues or transportation issues that will present major obstacles to either district in this regard. Although, there will likely need to be some staff transfers, if done properly, this should create minimal disruptions given the geographic proximity of the schools.

The GM district will also be able to increase revenues and operate more efficiently by increasing its current programs that offer tuition based special education programs and services to high needs students throughout the county and region. The special services office for GM and HT has conducted a survey of school districts and has identified a need in the county for additional specialized special education programs. GM has a track record of delivering these programs in a cost effective manner which will generate net income for the district. It will also have capacity in the Liberty School to accommodate these additional programs.

This study concludes that, for the reasons indicted above, the new proposed sending-receiving relationship provides both districts with potential advantages and could present a viable solution to many of the challenges they are facing such as budgetary issues in GM and future capacity issues in HT. It is recommended that both districts form a working group at the board and administrative level to develop a plan for moving forward.

PART ONE: INTRODUCTION

A. Background

Hackettstown (HT) school district is a Grade K-12 School District grappling with enrollment, educational, financial, and facilities issues. Great Meadows (GM) Regional School District is a Grade PK-8 district adjacent to HT that is facing significant enrollment declines over the past decade stressing the ability of the district to operate efficiently and overstressing the tax base. Each district is looking for solutions and have commissioned this study to determine the feasibility of a new sending-receiving relationship involving the middle grades to address these challenges.

The demographic data clearly present the challenges before the Great Meadows and Hackettstown School Districts. The GM enrollment has decreased by nearly 26% since 2009. The demands of operating three schools in the face of these enrollment declines continues to stress its tax base. Its operating budget will continue to increase year to year as well as its local levy. State aid to the district, which makes up a substantial part of its budget, has declined this year and will likely do so in the future. GM also has substantial budgetary pressures due to projected facilities costs for maintenance and repair of its school buildings. This situation will require the district to cut staff and programs significantly while at the same time continuing to increase taxes, resulting in a serious impact on both educational quality and taxpayer overburden.

Hackettstown, according to its most recent demographic study, will be experiencing an increase in the number of students attending its schools. Its school buildings will be stretched to their functional capacity by these projected enrollment demands. The schools are aging and require investments to keep them up to date, educationally appropriate, safe and secure. Hackettstown will also increasingly need to serve a growing disadvantaged student body requiring additional educational programs and services. Its tax base is also stressed and it will be difficult for the community to continue to support annual levy increases. Hackettstown is severely under funded by the current State school aid formula, but it is difficult to envision large increases in the future given that the formula is virtually frozen and the State is facing its own fiscal challenges.

Current Grade Configuration

Great Meadows Regional (GM) currently has three schools. Central School is an early childhood school serving children in Grades K-2. It added a Preschool Disabled class of 20 students in the 16-17 school year. The Liberty School currently serves students in Grades 3-5 and Great Meadows Middle School serves students in Grades 6-8. Great Meadows currently has a sending-receiving relationship with Hackettstown (HT) where students from GM attend HT High School in Grades 9-12.

Hackettstown currently has four schools. The two elementary schools are Hatchery Hill which serves students in Grades K-4 and Willow Grove which serves students in Grades K-4. Hackettstown Middle School serves students in Grades 5-8 and Hackettstown High School serves students in Grades 9-12.

B. Description of the Proposal

Currently, GM sends its high school students to HT pursuant to a long-standing sending-receiving agreement. The districts are considering a second sending-receiving agreement that will have HT 7th and 8th graders attend GM Middle School (GMMS).

GM will continue to have three operating schools. Central School will become a PK-3 school and the Liberty School will serve Grades 4-6 including at least two new self-contained Special Education programs that it can offer to students from surrounding districts on a tuition basis.

GM Middle School will serve students in Grades 7-8 from both GM and HT under a new sending-receiving relationship. GM Grades 9-12 will continue to attend HT High Schools under the existing sending-receiving relationship.

The reconfiguration entails HT having its two elementary schools (Hatchery Hill and Willow Grove) that are currently K-4 become K-3 schools. HMS will then become a 4 to 6 grade school. In addition, over 200 HT students from 7th grade and 8th grade will attend GMMS pursuant to this new sending-receiving agreement. HT will continue to have four operating schools. HT 9th to 12th graders will continue to attend HT High School.

C. Questions to Be Addressed

This study will determine the educational, financial, and demographic implications of the proposal, and endeavor to answer the following questions:

1. What educational benefit will HT 7th and 8th Graders receive by attending the GMMS through a new sending-receiving agreement?
2. What impact will the new agreement have on the education of the GM 7th and 8th Graders?
3. How will the new agreement impact the finances of both districts?
4. How will the new agreement impact the facilities of both districts?
5. How will the new agreement impact the staffing of both districts?
6. What are important considerations for the districts educationally, financially and operationally as they enter into this agreement? How will the new agreement impact the other schools of the districts, given the need for grade reconfigurations throughout the districts?

PART TWO: COMMUNITY PROFILES

A. History and Demographics of the Communities

History

Hackettstown, Independence Township and Liberty Township are all municipalities in Warren County, New Jersey located in the easternmost region of the Lehigh Valley. They have a common history that dates back to colonial times.

Hackettstown was originally part of Independence Township and was incorporated as a separate town on March 9, 1853. Independence Township was originally part of Hardwick Township and was established as a town on November 11, 1782 (one of the state's initial group of 104 townships) by an Act of the New Jersey Legislature. Most of Independence Township became part of the newly created Warren County on November 20, 1824, with the remainder becoming part of Green Township in Sussex County. A section of Independence Township was also taken to form Allamuchy Township in April 4, 1873. Liberty Township was originally part of Hope Township and was incorporated as a township on March 25, 1926. (Snyder, 1969)

Demographics

An examination of community demographics through census data is very important to understanding the impact of the proposal and the rationale for moving forward.

The following chart presents demographic characteristics of the municipalities drawn from the 2000 Census, the 2011-2015 American Community Survey ("ACS"), and the 2010 Census. Please note that the data must be read with caution. While some Census data is based on the entire population (e.g., age, race, and total housing units), other data is based on a sampling methodology (e.g., median family income, educational attainment, poverty status, etc.). For smaller municipalities, ACS data represent a sample collected over a five-year time period, where the estimates represent the average characteristics between January 2011 and December 2015. This information does not represent a single point in time, and due to the small sample size, the sampling error is quite large. Finally, the Census Bureau does not consider Hispanic as a separate race but identifies the percentage of people having Hispanic origin. Hispanics in the Census population can be part of the White, Black, Asian, or any of the other race categories.

The Census data indicate that the population of Hackettstown declined substantially from 2000 to 2010 (including the percentage of children under 18) while the population in Liberty and Independence has increased slightly, but the school aged population has declined as the median age has increased. All of the communities have become more diverse over this period with a near doubling of the Hispanic population in Hackettstown to over 15% in 2010. The number of families below the poverty line has also increased in all three communities.

The ACS data after the 2010 census provides us with some additional information regarding the future demographics of the communities. Although the trend lines identified above are expected to continue into the future, the ACS indicates that the school aged population in Hackettstown is

expected to grow slightly due to a stabilization of the population and a decline in the median age from 2010 levels. This is consistent with the projections in the demographic studies and will be discussed at length in the following section.

Table 1: Demographics of the Communities

	Hackettstown		**Independence**		**Liberty**	
Census Category	**2000 Census**	**2010 Census**	**2000 Census**	**2010 Census**	**2000 Census**	**2010 Census**
Population	10,403	9,724	5,603	5662	2,765	2,942
Households	4,134	3,575	2,146	2234	980	1,047
Families	2,532	2,255	1,489	1,505	751	789.4
Housing Units	4,347	3,755	2,210	2,325	1,088	1,151
Households with Children Under 18	32.1%	31.4%	38.2%	32.4%	42.1%	37.9
Average Household Size	2.41	2.48	2.61	2.53	2.79	2.78
Median Age	35.4	37.3	36.8	41.0	37.6	41.8
*White %	90.25	85.08	94.98	93.43	97.4	95.65
*Black %	2.18	2.46	1.16	1.22	.36	1.02
*Asian %	2.91	4.97	1.73	2.23	.58	1.5
*Hispanic %	8.01	15.16	3.77	5.42	2.68	4.15
Median Household Income (ACS)	$51,995	$62,215	$67,247	$89,844	$62,535	$73,750
Families Below Poverty Line (ACS)	2.3%	4.4%	1.2%	1.6%	2.0%	0

(Source: Census Data)

(Source: Census/ACS data)

*Race is based on reported 1 Race

B. Overview of the Districts

1. District Descriptions

Hackettstown

Mission Statement:

> Building on tradition and success, the mission of the Hackettstown School District is to educate and inspire students through school, family, and community partnerships so that all become positive, contributing members of a global society, with a life-long commitment to learning. It is the expectation of this school district that all pupils achieve the New Jersey Core Curriculum Content Standards at all grade levels.

The Hackettstown School District serves students in kindergarten through twelfth grade. The district has four schools, two elementary schools, Hatchery Hill School and Willow Grove School, Hackettstown Middle School and Hackettstown High School. Students from the townships of Allamuchy, Independence, and Liberty attend the district's high school through sending/receiving relationships. For the 2001-02 school year, Hackettstown Middle School was recognized with the National Blue Ribbon Award from the United States Department of Education, the highest honor that a school can achieve.

Great Meadows Regional School District

Mission Statement:

> The Great Meadows Regional School District will provide quality educational opportunities that ensure the individual success of all students within a safe and supportive environment and to build lifelong learners who will meet society's challenges into and beyond the 21st century. To that end, it is anticipated that all students will achieve the New Jersey Core Curriculum Content Standards at all grade levels.

Great Meadows is a limited purpose regional school district serving students in Grades PK-8 from Liberty Township and Independence Township. The district has three schools: two elementary schools, Liberty School and Central School, and Great Meadows Middle School.

The board of education consists of nine members allocated pursuant to student enrollment, with six from Independence Township and three from Liberty Township. Members are elected on a staggered basis with one seat from Liberty and two from Independence before the voters each year. In addition, one member of the Great Meadows Board represents the board on the Hackettstown Board of Education regarding students being sent to Hackettstown High School.

2. School Demographics: Enrollment

In the tables below, we have provided student demographic information for all of the schools to provide a snapshot of the student body and changes over time. Table 2 provides information on the special populations being served by the schools in each district and evidences that HT is educating a somewhat different population than GM in terms of the need for special education programs, language barriers and absenteeism. Table 3 provides information on differences between the two districts in terms of race/ethnicity and students in poverty.

Table 2: Student Profiles- Percentage in Each Category for 2015-16 (%)

Area	SPED	LEP	Absent 10+ Days	English Main Language
GMCentral	16	4	NA	95
GMLiberty	20	3	17	95.3
GMMS	18	1	17	98.2
HTHH	25	8	25	90.5
HTWG	17	11	17	84.5
HTMS	21	6	22	94.4

(Source: NJDOE School Performance Reports)

This table indicates that the students at HT middle school are more likely to have an Individualized Education Plan, to be English language learners, and to be absent more than 10 days. GMMS will need to implement new strategies to ensure that the special needs of these students are being addressed. This issue will be discussed in detail later in the report.

Table 3 below breaks down the student body at each school by race and ethnicity and indicates how the demographics have changed since the SY2011-12 school year. GMMS is currently 89% White and that percentage has been relatively constant over time. HTMS is 66.9% White and that number has declined over time from 71.3% in SY11-12 with the number of Hispanic students growing significantly.

Table 3: Percentage Enrollment by Race/Ethnicity and Poverty (%)

District	Years	White	Black	Hispanic	Other	Economically Disadvantaged
GMCentral	15-16	85.1	1	10.4	3.5	9
	11-12	91.5	0	7.7	0.8	12
GMLiberty	15-16	91.5	0.4	7.2	1.2	10
	11-12	88.5	0.3	7.7	3.5	13
GMMS	15-16	89	0.4	6.7	4.3	9
	11-12	89.8	0.6	5.8	3.8	12
HTHH	15-16	58.6	3.4	35.6	2.4	37
	11-12	69.2	2	23.9	5.0	30
HTWG	15-16	57.2	3.5	25.4	13.8	26
	11-12	68.2	2.1	21.2	8.6	24
HTMS	15-16	66.9	3.9	22.8	6.4	29
	11-12	71.3	2.9	18.7	7.1	24

(Source: NJDOE School Performance Reports)

3. Comparative Wealth of the School Districts

The NJDOE uses certain information regarding a school district's property wealth and income to determine eligibility for State aid. A review of this data presented in the following table provide insights into the wealth of the respective communities and the ability to fund their schools. It is clear from this data that both GM and HT have similar resources available to them to support their schools.

Table 4: School District Financial Indicators for 2014-15

District	Tax Levy ($)	State Aid % of Budget	Equalized Valuation ($)	Pers. Income ($)	EVPP ($)	PIPP ($)	Wealth Ratio: EVPP (%)	Wealth Ratio: PIPP (%)
GM	12,919,163	31.58	816,765,383	288,660,945	698,986.21	247,035.47	0.81	1.06
HT	14,776,549	26.05	1,025,553,389	246,046,072	743,693.54	178,423.55	0.87	0.76

(Source: New Jersey Data Book(SM) Rutgers Center for Government Services, New Brunswick, N.J. http://search.njdatabook.rutgers.edu/action/IndicatorSearch#)

C. Future Enrollment Pressure in HT

In meetings with community leaders, questions have been raised regarding whether the enrollment growth trend line identified in the 2017 demographic study for HT is accurate. Community members cite to the census data to demonstrate that not only is the general population decreasing over time but the population under 18 is also decreasing. In order to further understand these concerns, this study examined the underlying Census and ACS Data but notes that the demographic study also utilized additional data sources such as birth and housing data to support its conclusions.

The population estimates from the ACS for Hackettstown are portrayed in the following chart.

Table 5: HT Population Estimates

Town	April 1, 2010		Population Estimate						
	Census	Estimated Base	2010	2011	2012	2013	2014	2015	2016
Hackettstown	9,724	9,718	9,727	9,673	9,615	9,549	9,553	9,593	9,549

(Source: Census and ACS Data)

Although the general population is decreasing, the actual number of school aged children appears to be increasing. The demographic study projected a slight growth in enrollments over the next five years. However, district actual enrollments reported as of October 15, 2017 for 7th and 8th Grade indicated that there were 219 HT students based on the ASSA counts which represents a substantial increase.

The demographic trend line among the school aged population is demonstrated clearly in the following table based on Census and ACS data. The number of children under 5 years of age has grown by 2.8% points over the period which represents significant growth and as these children reach school age, will present capacity challenges for the district. The Table also indicates that the median age of the population is declining with growth in the 20-34 age bracket, which is also indicative of young families.

Table 6: HT Population Age

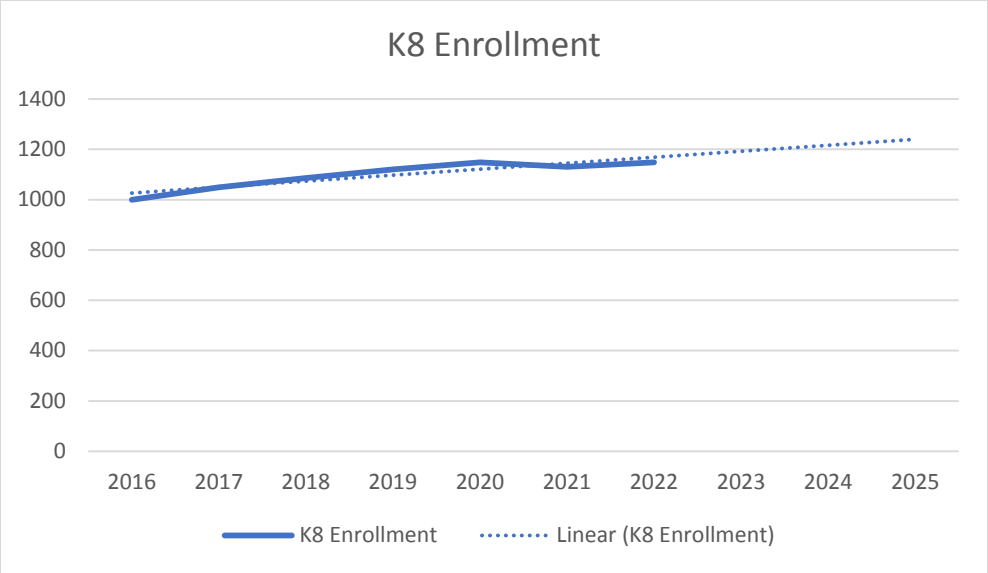
Hackettstown		
	2015 Estimates	**2010 Estimates**
Total population	9,579	9,704
Under 5 years	6.3%	3.5%
5 to 9 years	4.9%	6.2%
10 to 14 years	6.1%	8.0%
15 to 19 years	9.4%	11.5%
20 to 24 years	7.9%	6.7%
25 to 34 years	13.6%	11.6%
35 to 44 years	13.5%	14.6%
45 to 54 years	13.9%	16.1%
55 to 59 years	6.5%	4.8%
60 to 64 years	4.7%	3.7%
65 to 74 years	7.5%	5.4%
75 to 84 years	3.3%	5.7%
85 years and over	2.4%	2.3%
Median age (years)	35.8	36.6
18 years and over	78.6%	78.3%

(Source: ACS)

For these reasons, the most recent demographic study will be relied on in this report to answer the question of how the population growth in HT will impact the school district. The demographic study demonstrates a slow growing school enrollment from 1,948 in the current school year to 2,093 in the 2022 school year. Most of this growth will occur at the K-8 level with these grades growing from 1,086 in the current school year to 1,148 in 2022 (See Table 17 below).

The district has posed the question of the impact on enrollments if the trend lines established in the demographic studies continue into the future. Although the actual district enrollments beyond the years covered by the demographic study cannot be ascertained with any certainty, if we plot the current trend lines into the future, Table 1 indicates that we will see continued enrollment increases in Grades K to 8.

Table 7: HT K-8 Enrollment Increases Assuming Linear Trend Line



(Source: Demographic Study Enrollment Projections adjusted to allocate ungraded students to K-8)

The implications of these potential trend lines for the district will be significant. Current functional capacity of the elementary and middle schools will be reached in the 2022 school year and will be exceeded thereafter **assuming** the trend lines revealed in the demographic study continue. In this regard, PK to 8 functional capacity is 1,165.59, and in the 2022 school year enrollment is estimated at 1,148 (including ungraded students allocated to PK-8). **Assuming** the trend lines continue, PK to 8 enrollment will be above 1,200 by 2025.

Districts in this situation will often consider pursuing a bond referendum to build new capacity in the elementary and middle grades since overcrowding will directly impact students and the academic performance of the school.

A comparison of the school's capacity to actual and projected enrollments is provided later in the report.

PART THREE: THE CHALLENGES FACING THE COMMUNITIES

A. Financial and Educational Pressures on the Districts

Great Meadows

The three Great Meadows Schools are all projected to be at or below 200 students in total enrollment within 2 years. It is difficult to operate a school efficiently at very low enrollment levels. The NJDOE, in establishing costs factors for funding schools in New Jersey, used a model school enrollment number of 400 for elementary schools and 600 for middle schools (these numbers were developed by Professional Judgment Panels in order to generate the cost factors used in the School Funding Reform Act). Research has indicated that 450-700 students for elementary and 600-800 students for middle is the ideal enrollment for economic efficiency. In terms of academic performance, research on school size reflects that the optimum size is around 400, meaning the district is not obtaining any **educational** benefit of operating schools that are less than half this optimum size.

A rough estimate of the fiscal dilemma facing the district would be to compare the anticipated average school size of 200 with the optimal school size of 400. Those 200 missing students provide a marginal fiscal advantage to the district regarding administrative and operational costs. That marginal advantage is related to the administrative and operational overhead of the district which is necessary regardless of the ability to downsize instructional and support staff.

For example, the utility costs of the GM schools alone are considerable as indicated in Table 8 below.

Table 8: Utility Costs for GM Schools

School	Central	Liberty	GMMS
Utility Cost			
- Well/Waste	$10,000	$10,000	$ 10,000
- Electric	$50,000	$55,000	$110,000
- Natural Gas	$25,000	$20,000	$20,000
- Waste Removal	$ 4,000	$ 4,000	$ 4,000
Total	$89,000	$89,000	$144,000

(Source: Superintendent Presentation, April 25, 2017)

In the Table below, the administrative and operational per pupil (overhead) costs for the last two years as provided in the district's budget is presented. Multiplying the total overhead costs of $4,257 by the 200 students that each school is operationally less than the optimal level of 400 discussed above, the marginal disadvantage can be estimated at $851,400 per school.

Table 9: Marginal Cost

Per Pupil Cost Calculation	2016-17 Revised Budget	2017-18 Proposed Budget
Total Budgetary Comparative Per Pupil Cost	$17,145	$17,293
Enrollment	711	725
Total Administrative Costs	$1,925	$1,925
Total Operations and Maintenance of Plant	$2,200	$2,221
Total Equipment Costs	$43	$49
Legal Costs	$59	$62
Total	4,227	4,257

(Source: User Friendly Budget)

The taxpayers of GM are bearing the burden of continuing to operate such small schools. The NJDOE Taxpayer Guide reflects that GM currently spends in the highest third of its peer group and has class sizes among the lowest in its peer group. As enrollment pressures intensify in the coming years, so will continued pressure on the budget and tax base. In the following sections, the study will discuss the ability of the district to cope with these pressures by raising taxes, consolidating schools, increasing efficiency or reallocating funds within the budget, increasing State aid, and using surplus funds.

In the absence of these solutions, the only option remaining for the district is to accept more tuition based students through a sending-receiving relationship and tuition based special education programs.

Hackettstown

The HT district is facing very different pressures stemming from both increasing enrollments and the need to implement needed educational programs. The areas of finance and educational programs and services are inextricably tied together. The board of education in the development of the annual budget will implement the educational strategies of the district. When the district faces educational challenges, it must implement remedial measures and pay for them in one of three ways: reallocate dollars, become more efficient, or raise revenues.

Rising enrollments will put pressure on the tax base to fund new teachers and support services. It is clear that HT must continue to be aggressive in implementing new educational strategies to address the needs of its students who are increasingly coming from socio economically disadvantaged families. The district is currently pursuing a number of initiatives in its budget to improve programs and services and will need to continue implementing educational innovations in the future.

In addition, all three of HT school buildings will be approaching functional capacity and improvements will be necessary to ensure that the buildings are capable of delivering a quality educational program. These renovations will require a substantial dollar commitment from the community through a bond referendum. However, the analysis below demonstrates that the HT district's tax base is not well positioned to raise even small amounts of additional taxes to fund the needed programs and services and facility enhancements. These facility challenges will be discussed in greater detail below.

B. Strategies to Address the Budgetary Stress

Raising Taxes

The impact of these challenges on the local community and its taxpayers will be discussed in this section. This is especially relevant in Great Meadows, given litigation over the past decade involving perceived unfairness in the apportionment of costs of the regional school district driven by the growing property tax burden.

In the Tables below, the property tax burden of Liberty, Independence and Hackettstown are compared with each other and with the State average. Changes between 2015 and 2013 are also provided.

In examining the school tax rate, in 2015 each of the three communities had higher school tax rates than the State average with Independence being somewhat higher than Liberty and Hackettstown. However, if one looks at the Net Tax rate (combined County, Municipal and School Tax Rates minus the Property Tax Rebate), the result is a nearly equal tax burden across the communities with Hackettstown being slightly higher. Note that the Net Tax Rate for the three communities is much higher than the State average mainly due to the high costs of the county and school districts. A tax burden higher than the State average is not unusual in more rural counties in New Jersey. Since 2013, the school tax burden in Liberty has declined substantially while the school tax burden for Independence has increased substantially reflecting changes in enrollments and valuations over that time period. During that period, the school tax rate for Hackettstown has been mostly stable.

Table 10: Property Tax Burden (2015)

Municipality	County Government Tax Rate (%) 2015	Municipal Tax Rate (%) 2015	School Tax Rate (%) 2015	Rebate Tax Rate (%) 2015	Net Tax Rate (%) 2015
Liberty	0.73	0.33	1.77	-0.08	2.74
Independence	0.77	0.46	1.59	-0.07	2.75
Hackettstown	0.71	0.62	1.54	-0.06	2.8
State Avg.	.42	.67	1.23	-0.05	2.28

One last observation is the financial stress on individual property taxpayers which can be demonstrated by examining the property tax as a percentage of income as set forth in the last column of Table 11 below. The latest data available is from 2013, which indicates that all three towns have percentages well over the State average.

Table 11: Property Tax Burden (2013)

Municipality	County Government Tax Rate (%) 2013	Municipal Tax Rate (%) 2013	School Tax Rate (%) 2013	Rebate Tax Rate (%) 2013	Net Tax Rate (%) 2013	Property Tax as % Income 2013
Liberty	0.76	0.34	1.83	-0.09	2.85	7.02
Independence	0.75	0.42	1.45	-0.07	2.55	6.61
Hackettstown	0.69	0.63	1.55	-0.07	2.8	6.95
State Avg,	.41	.66	1.19	-0.05	2.21	5.77

(Source for Tables 9 and 10: New Jersey Data Book(SM) Rutgers Center for Government Services, New Brunswick, NJhttp://search.njdatabook.rutgers.edu/action/IndicatorSearch#)

The capacity of the tax base to absorb sustained increases is made more complicated by perceptions of unfairness regarding the apportionment of costs in the Great Meadows Regional School District.

In 1993, the Legislature amended N.J.S.A. 18A:13–23 to allow regional districts to choose among equalized valuation, per pupil enrollment, or a combination of the two through voter approval at an annual or special election as the method for allocating costs. The goal of this legislation was to "encourage the formation of regional school districts by allowing school districts considering regionalization greater freedom in determining how costs should be apportioned among the constituent districts." (See Statement to Assembly Substitute for A. 1822 and 1063, Feb. 8, 1993). In this regard, the Legislature indicated that having only one option for the cost apportionment based only on equalized valuation acted as "a disincentive to regionalization for certain districts which have high property values and a small pupil population, when considering joining with a municipality that has low property values and a large pupil population." (See Assembly Education Committee Statement to A. 1822, Oct. 1, 1992; Senate Education Committee Statement to Assembly Substitute for A. 1822 and 1063, Dec. 10, 1992).

Currently, all regional school districts in New Jersey apportion costs on the basis of equalized valuation, except the three most recently regionalized districts including Great Meadows Regional. Great Meadows uses a formula based only on enrollment. Table 12 below provides details of the apportionment of costs in the Great Meadows Regional School District between Liberty and Independence.

The constituent communities of the Great Meadows Regional District have disagreed on the contributions each makes to support the regional district and these disagreements have in the past resulted in litigation. In 2007, the Township of Liberty filed a petition to withdraw from the Regional School District. Independence opposed the withdrawal. Following a public hearing, the Statutory Board of Review (the Board) denied Liberty's application. The Appellate Division affirmed substantially for the reasons expressed by the Board.

The Board found not only that dissolution would cause Liberty to incur an excessive debt burden, but that the remaining school districts could not maintain efficient school systems without excessive costs. In reaching that decision, the Board relied upon the following: the need for Liberty to obtain temporary classrooms to accommodate additional sixth through eighth grade students and administrative staff; the need for Liberty to hire additional administrative and support staff; the need for Liberty to purchase additional professional services, equipment, and supplies; and that Great Meadows Regional would be underutilized after dissolution.

The division of the property tax burden in the three municipalities is set forth in Table 12 and Table 13 below. Although valuations in all three municipalities has declined from 2010 to 2016, only Independence saw a sharp decline in its valuations. However, its share of the total costs of the regional district actually increased from 62% in 2010 to 64% in 2016 based on increases in enrollments. It should be noted that the apportionment of costs between Liberty and Independence appears to be equalizing over time. In 2016 the data reflects a balance between enrollments, valuations and apportionment for both districts. One of the reasons both communities were able to overcome the many obstacles to regionalization in the first place was due to the congruence between total valuations and total enrollments. See http://www.njleg.state.nj.us/legislativepub/Pubhear/032698dt.PDF

Table 12: Comparisons of the Municipalities

Municipality	2016 Net Total Taxable Valuations $	Percentage of Total Taxable Valuations 2016	Enrollment as a Percentage of Total 2016	2010 Net Total Taxable Valuations $	Percentage of Total Taxable Valuation 2010	Enrollment as a Percentage of Total 2010
Hackettstown	1,032,561,310	100%	100%	1,102,655,875	100%	100%
Independence	500,251,100	65%	65%	697,339,078	72%	62%
Liberty	268,852,000	35%	35%	272,304,759	28%	38%

(Source: NJDCA, Property Tax Information)

Table 13: School Tax Levy

Municipality	Total School Levy 2016 $	Percent of Total District Levy 2016	Total School Levy 2010 $	Percent of Total District Levy 2010
Hackettstown	16,411,291	100%	14,830,339	100%
Independence	9,095,701	64%	7,675,911	62%
Liberty	5,121,110	36%	4,701,282	38%

(Source: NJDCA, Property Tax Information)

All of the impacted communities have tax burdens that greatly exceed the State average which will make it increasingly difficult to rely on the property taxpayers to address the cost of the low school size and enrollments in GM and the educational and facility enhancements in HT. It should also be noted that the impact of the Highlands Act which restricts development in these communities will also constrain growth of the tax base making it more difficult for the communities to support the increasing costs of the schools. (See the "Highlands Water Protection and Planning Act" N.J.S.A. 13:20-1 et seq.)

The impact of the statutory tax levy cap on the ability of the districts to raise significant new dollars to support the schools. School districts in N.J. are subject to a 2% cap on annual increases in the local levy used to support the operational budget with the availability of certain exceptions for such things as enrollment increases and extraordinary costs absent a special question approved by the voters allowing for expenditures above the cap amount. If a district does not use one of these exceptions in the current year it can use them in the future as “banked cap.”

The analysis above demonstrates that the districts may find it increasingly difficult to raise taxes to fund the needed programs and services and facility enhancements, and our analysis will next determine if there are other options available to the district to pay for the costs of these new programs and services.

Ability to Reallocate or Implement Cost Savings

In order to determine if the district is able to reallocate funds within its budget or create efficiencies, the study will next review the Taxpayers Guide to Education Spending published annually by the NJDOE.

The tables below provide relevant information from the Taxpayers Guide for both Hackettstown and Great Meadows regional. Clearly, the challenges identified above that form the genesis for this proposal are reflected in the Taxpayer Guide information in terms of per-pupil expenditure comparisons with their respective peer groups (which the NJDOE assigns based on grade configuration and size). GM is in the highest third of budget per pupil and classroom expenditures per pupil in regards to its peer group (greatest dollars per pupil). In comparison, HT is in the lowest third in relation to both budget per pupil and classroom expenditures per pupil (least dollars per pupil). Of concern is that the share of dollars going to the classroom is decreasing over time for both districts, indicating increased pressure on the budgets.

HT	Budget/PP $	Rank	Classroom/PP $	Rank	% Classroom
SY17	14,069	22/71	8,315	21/71	59.1
SY16	13,515	21/71	7,930	20/71	58.7
SY15	13,256	20/69	7,628	16/69	57.5

Table 14: HT Comparative Spending

(Source: Taxpayers Guide, http://www.state.nj.us/education/guide/2017/)

GM	Budget/PP $	Rank	Classroom/PP $	Rank	% Classroom
SY17	16,997	42/66	10,946	50/66	64.4
SY16	15,984	44/66	10,070	47/66	63
SY15	14,616	ND	9,235	ND	63.2

Table 15: GM Comparative Spending

(Source: Taxpayers Guide, http://www.state.nj.us/education/guide/2017/)

In addition, the Taxpayers Guide to Education Spending for 2017 reveals that GM has a much higher student/teacher ratio (GM=13.1) and student/administrator ratios (GM=236.3) as compared with their peer group average (GM= 6/66T and 8/66A). HT on the other hand has a much lower student/teacher ratio (HT=12) and student/administrator (HT=137.4) ratio as compared with its peer group (HT= 40/71T and 44/71A).

It is clear from this analysis that the GM budgetary spending is high against its peer group but its class sizes are also high, indicating that its budget is being strained by the cost of operations. Districts in these circumstances often resort to a Reduction in Force to reduce costs, but we note in these circumstances this solution might raise class sizes to problematic levels. For example, in order to cut the budget by 2% each year, the district would need to eliminate 3 to 4 teachers each year.

An interview was conducted with the business administrators of the two districts and they indicate that the districts have taken a number of aggressive cost cutting and shared services actions to run more efficiently. For example, in the area of shared services the districts are pursuing the sharing of multiple positions (Superintendent, Director of Curriculum, Director of Special Service, Administrative Assistants, Director of Facilities) and other opportunities such as joint newspaper notices, shared internet employment postings, joint purchasing of supplies, and utilization of equipment, saving over $150,000 annually.

Use of Surplus Funds

School districts in New Jersey often are able to fund new programs or to offset unexpected revenue declines through the appropriation of surplus funds. GM is carrying an unrestricted surplus of $338,053 (estimated as of 6/30/18), or 1.7% of its 2017-18 operating budget. This amount is minimally necessary to meet future obligations and cannot be used to offset declines in revenues or to fund new programs. The district appropriated fund balance to its operating budget last year and is expected to do so again in the coming year.

HT is carrying a surplus of $320,031 (estimated as of 6/30/18) or 1.1% of its 2017-18 operating budget. This amount is minimally necessary to meet future obligations and cannot be used to offset declines in revenues or to fund new programs. The district has appropriated fund balance to its operating budget last year and is expected to do so again in the coming year.

It is clear from the above analysis that the districts cannot rely on surplus funds to defray the costs of budgetary pressures.

State Aid

Both HT and GM are highly dependent on State aid. HT State aid for 2018 is $5.4 million out of a total budget of $30.2 million or 18%. GM State aid totals 5.9 million out of a total budget of 20.1 million, or some 29%. Both districts are currently being substantially underfunded (HT by 14.2% and GM by 7.7%) in regard to what they would be entitled to if the State school funding law (School Funding Reform Act-SFRA) was fully funded by the State (as indicated in the March 2017 State Aid Notices). If the underfunding of the formula continues into the future as

the State grapples with its own severely unbalanced budget, it will complicate budgeting decisions for both districts.

It is likely that GM will experience declining State aid in the future as a result of its declining enrollments and increasing wealth. This was underscored in the current year when, for the first time in many years, the State modified its hold harmless funding to allow the formula to pass along aid decreases to local districts resulting in a loss to GM of .55%. It is clear from this analysis that GM will not be able to rely on an increase in State aid to alleviate its budgetary pressures. On the contrary, its budgetary situation will be made more difficult in the future as it experiences aid reductions. In contrast, HT, due to its increasing enrollment, saw a 5.27% increase in its State aid this year and these increases could continue to some extent in the future if the formula is more fully funded. This might present a viable source of revenue to fund the tuition costs estimated under the new sending-receiving agreement.

C. Options Being Reviewed by GM

The GM district has explored five options:

Option 1- Continue to use three facilities but optimize enrollments through a grade reconfiguration. This option, although the least disruptive, also will not solve the fiscal dilemma facing the district since the same cost drivers will continue to stress the budget into the future.

Option 2- Consolidate elementary enrollments at the Central School and turn the Liberty School into a special education school. This option is only a partial solution and involves a great deal of risk in that it is unclear how much tuition revenue will be produced through the new special education programs while the district will still have the costs of operating three school buildings. A stand alone special education school may also present Least Restrictive Environment issues. Finally, consolidating the elementary grades in the Central School in Independence will also present both political (why should Liberty lose its school) and financial issues (transportation, programmatic costs) without a substantial budgetary savings.

Option 3- Close one elementary school. The district could achieve substantial savings by closing one of its elementary schools and consolidating all grades in the other two buildings. Given that the Central School and Middle School form one campus and both have greater capacity than the Liberty School, the greatest financial advantage would be from closing the Liberty School.

The district would achieve savings through both operational savings (utilities, building and grounds, maintenance, etc.) and through school level staffing (principal, nurse, media center, custodian, etc.).

The savings are estimated in Table 16 below but do not include the costs of "mothballing" the school if the property is not disposed of.

Table 16: Estimated Cost Savings from School Closure Assuming Staff Reductions

Budget Area	**Line Item**	Amount $	Comments
Operations (from UFB)			
	Operations/Maintenance of Plant	466,843*	($1,400,531 divided by 3 schools)
	Equipment	11,741*	($35,223 divided by 3 schools)
Staffing Estimates			
	Principal	150,000	Includes benefits
	Secretary	50,000	Includes benefits
	Nurse	85,000	Includes benefits
	Librarian	85,000	Includes benefits
	Custodian	0	Included in Maintenance above
Total		$848,584	

(*User Friendly Budget- Proposed 17-18)

Although the closure of one school will bring cost savings and much greater efficiency to the school district, the path toward school closure is very complicated as a political and practical matter especially in a regional district where one of the constituent municipalities will lose its geographic school. Regardless, this option potentially provides a reasonable solution to the challenges that the districts will face in the future and it is recommended that the school board seriously consider this option. Given the difficulty in reopening a former school building that is no longer being used for school purposes, it is recommended that the district wait five years prior to disposing of the building and property in order to further understand the long-term demographic trends.

Option 4- This option has elements of both Options 1 and 2 combined with a new sending-receiving relationship with Hackettstown regarding the middle grades. This is the option being reviewed by this feasibility study.

Option 5- Do nothing. This will require the district to cut staff and programs leading to student achievement challenges and staff morale issues while at the same time increasing taxes until taxpayer overburden reaches intolerable levels. At that point, which may not be very distant, the district will be forced to implement more drastic options than those now available to it.

D. Available Options for HT

The HT district also has a number of options available to it to address educational, facilities and budgetary concerns:

Option 1- Expand building capacity and pursue projects needed to ensure buildings are educationally appropriate, safe and secure. This will require the district to seek voter approval of a substantial bond referendum.

Option 2- Alleviate facility and programmatic concerns by reconfiguring grades to send students out of district. This is the option being reviewed by this feasibility study.

Option 3- Do nothing. This option will not address the issues confronting the district and may very well result in options otherwise being available to the district being taken off of the table. For example, GM may, for a lack of other options, choose to close one of its schools and reconfigure grade levels in order to address its own challenges.

Option 2 presents a potentially viable path for alleviating the short term pressures on the district and lessening the need for a sizeable facilities project until the long term demographic trends become more apparent.

E. Conclusion

Given the future pressures on the budget, the Great Meadows school district must find ways to reduce costs. Accepting students from out of district on a tuition basis is the best way to accomplish this given that the district has already implemented a number of best practices in budgeting and is left with much more difficult decisions to alleviate the pressure on the tax base. Accepting 7th and 8th graders from Hackettstown and developing specialized special education programs would provide substantial tuition income and the student enrollments necessary to operate in an efficient manner.

For HT, this proposed sending-receiving relationship presents a viable strategy to alleviate the enrollment and financial pressures in the district while providing solid new educational opportunities for its 7^{th} and 8^{th} graders.

PART FOUR: ANALYSIS OF THE PROPOSAL

A. Enrollment Impact: Historical and Under Proposal

A review of the enrollment data from the districts demographic studies will provide the context for understanding the impact of the proposal on the schools of both districts. In the Tables below, the enrollments for each district are disaggregated by grade level as currently configured and then as proposed.

Table 17 demonstrates the enrollment and resulting financial challenges facing GM very clearly. The Central School enrollments will decline from 306 in SY06 to 197 in SY22. Liberty School enrollments will decline from 309 in SY06 to 176 in SY22. GMMS will enrollments will decline from 343 in SY06 to 176 in SY22. Districtwide enrollments will decline by over one-third from 989 in SY06 to 622 in SY22. In the face of these declines, it is difficult to identify a strategy that will allow the district to afford to operate three schools all of which will be at or below 200 students.

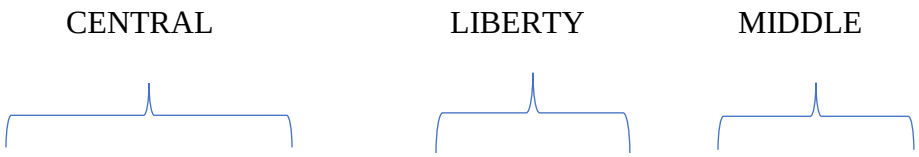
Table 19 demonstrates that HT will be facing very different pressures. The HT elementary schools (Hatchery and Willow Grove) enrollments will increase from 504 in SY06 to 608 in SY22. HTMS enrollments will grow from 400 in SY06 to 486 in SY22. In Grades K-8, total enrollments will increase from 904 in SY06 to 1094 in SY22. These increasing enrollments will stress programs and services and may require facility additions and repairs.

Table 18 demonstrates that the proposed configuration will bring much needed efficiency to all of the GM schools. The Central School enrollments would be projected at 257 in SY22 with Liberty School projected to be 174 in SY22 (plus additional tuition based out of district placements in its new self-contained special education programs which should take it over 200 students.) GMMS will now, under the proposal, serve 363 total HT and GM students in SY22.

Table 20 demonstrates that HT PK-8 will see significant relief from growing enrollment pressures due to the proposal. The HT elementary schools (Hatchery and Willow Grove) enrollments will instead of reaching a projected 608 in SY22 will now only reach 475. HTMS enrollments will be projected at 374 in SY22 instead of the 486 currently projected under the status quo model.

Although the following tables are based on the demographic study projections, we note that the October 15, 2017 enrollments for 7th and 8th Grade were provided by the districts just prior to completion of this report. The districts indicated that there were 176 GM students and 219 HT students based on actual ASSA enrollments for a total of 395. These actual enrollments are somewhat larger than the SY18 demographic study projections utilized in the following tables and indicate continuing enrollment growth.

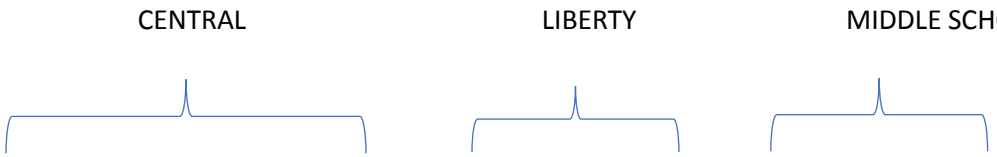
Table 17: Great Meadows Regional Enrollments- Historical and Projected: Status Quo



	Ungraded PK-8	PK	K	1	2	Total PK-2	3	4	5	Total 3-5	6	7	8	Total 6-8	Total PK-8 Incl. Ungraded
SY06	31	ND	96 (1/2)	108	102	306	106	103	100	309	106	138	99	343	989
SY12	101	ND	69	80	83	232	98	84	88	270	83	102	85	270	873
SY16	91	ND	60	57	67	184	55	70	84	209	73	79	82	234	718
SY17	83	22	65	61	63	211	64	52	68	184	74	78	79	231	709
SY18	79	23	55	64	63	205	61	62	49	172	67	73	78	218	674
SY19	75	24	58	54	66	202	61	60	58	179	48	67	73	188	644
SY20	72	21	59	57	55	192	64	59	56	179	58	48	66	172	615
SY21	69	22	51	58	59	190	54	62	56	172	55	57	48	160	590
SY22*	73	23	58	53	63	197	60	55	61	176	58	58	60	176	622

ND- No Data
(Source: Demographic Study and NJDOE Enrollment Data)
*Includes Net Development Impact from Demographic Study

Table 18: Great Meadows K-8 Enrollments- Historical and Projected: Proposed Reorganization



	Ungraded PK-8	PK	K	1	2	3	Total PK-3	4	5	6	Total 4-6	7	8	Total 7-8	Total PK-8
SY 06	31	ND	96 (1/2 day)	108	102	106	412	103	100	106	309	GM:138 H:119	GM:99 H:86	GM:237 H:205 T:442	GM: 989 H: 205 T:1194
SY 12	101	ND	69	80	83	98	330	84	88	83	255	GM:102 H:101	GM:85 H:125	GM: 187 H:226 T:413	GM:873 H:226 T:1099
SY 16	91	ND	60	57	67	55	239	70	84	73	227	GM:79 H:102	GM:82 H:93	GM:161 H:195 T:356	GM:718 H:195 T:913
SY 17	83	22	65	61	63	64	275	52	68	74	194	GM:78 H:98	GM:79 H:98	GM:157 H:196 T:353	GM: 709 H:196 T:905
SY 18	79	23	55	64	63	61	266	62	49	67	178	GM:73 H:103	GM:78 H:98	GM:151 H:201 T:352	GM: 674 H:201 T:875
SY 19	75	24	58	54	66	61	263	60	58	48	166	GM:67 H:120	GM:73 H:104	GM:140 H:224 T:364	GM: 644 H:224 T:868
SY 20	72	21	59	57	55	64	256	59	56	58	173	GM:48 H:98	GM:66 H:121	GM:114 H:219 T:333	GM: 615 H:219 T:834
SY 21	69	22	51	58	59	54	244	62	56	55	173	GM:57 H:118	GM:48 H:99	GM:105 H:217 T:322	GM:590 H:217 T:807
SY 22	73	23	58	53	63	60	257	55	61	58	174	GM:58 H:126	GM:60 H:119	GM:118 H:245 T:363	GM:622 H:245 T:867

*Includes Net Development Impact from Demographic Study
ND- No Data
(Source: Demographic Study and NJDOE Enrollment Data)

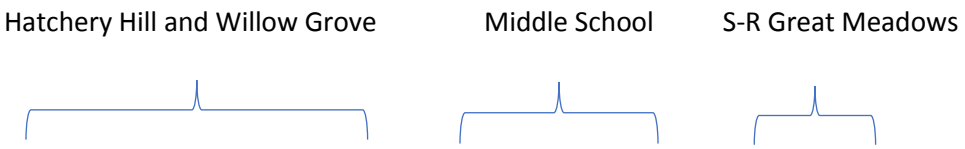
Table 19: Hackettstown K-8 Enrollments- Historical and Projected: Status Quo

Hatchery Hill and Willow Grove | Middle School

	Ungraded PK-12	PK	K	1	2	3	4	Total PK-4	5	6	7	8	Total 5-8	*Total PK-8 Incl. Ungraded
SY06	31.5	6 (half day)	98	100	116	85	99	504	108	87	119	86	400	931
SY12	16	ND	99	115	83	96	85	478	95	86	101	125	407	899
SY16	18	4	128	118	121	102	114	587	104	99	102	93	398	1000
SY17	58	19	119	118	121	115	95	587	115	102	98	98	413	1049
SY18	59	18	131	120	118	122	114	623	94	118	103	98	413	1086
SY19	60	19	122	132	120	119	122	634	114	97	120	104	435	1120
SY20	61	14	129	123	132	122	119	639	121	117	98	121	457	1148
SY21	63	16	93	130	123	134	121	617	118	124	118	99	459	1130
SY22**	63	16	111	94	130	124	133	608	120	121	126	119	486	1148

*Assumes 85% of Ungraded PK-12 students are allocated to PK-8
**Includes Net Development Impact from Demographic Study
ND- No Data
(Source: Demographic Study and NJDOE Enrollment Data)

Table 20: Hackettstown K-8 Enrollments Over Time: Reorganization Proposal



	Ungraded PK-12	PK	K	1	2	3	Total K-3	4	5	6	Total 4-6	7	8	Total 7-8	*Total PK-8 Incl. Ungraded
SY06	31.5	6 (.5 day)	98	100	116	85	405	99	108	87	294	119	86	205	931
SY12	16	ND	99	115	83	96	393	85	95	86	266	101	125	226	899
SY16	18	4	128	118	121	102	473	114	104	99	317	102	93	195	1000
SY17	58	19	119	118	121	115	492	95	115	102	312	98	98	196	1049
SY18	59	18	131	120	118	122	509	114	94	118	326	103	98	201	1086
SY19	60	19	122	132	120	119	512	122	114	97	333	120	104	224	1120
SY20	61	14	129	123	132	122	520	119	121	117	357	98	121	219	1148
SY21	63	16	93	130	123	134	496	121	118	124	363	118	99	217	1130
SY22*	63	16	111	94	130	124	475	133	120	121	374	126	119	245	1148

*Assumes 85% of Ungraded PK-12 students are allocated to PK-8
**Includes Net Development Impact from Demographic Study
ND- No Data
(Source: Demographic Study and NJDOE Enrollment Data)

B. Educational Impact

1. Introduction.

The purpose of this section is to assess the educational impact that the proposal will have on the education of students in the two districts. We will determine how the addition of all 7th and 8th Graders from HT under a new sending-receiving relationship will impact both GMMS students and HT students. The central question is whether the new sending-receiving relationship will have a significant positive or negative impact on the students and schools involved. The analysis in this section was informed by a review of the curriculum, the co-curricular opportunities at each school, the performance and achievement data, the demographic data, the school schedules, the grading policies and the organization of the instructional day. The information presented in this section was obtained from State reports, interviews with school personnel in each of the districts and visitations to GMMS.

2. Impact on the Middle Schools

Assessment Results

The Statewide Testing program utilizes the PARCC Subject Area Tests. Student scores are divided into five categories: Not Meeting; Partially Meeting; Approaching; Meeting; and Exceeding Expectations. The table below presents the percentage of students Meeting and Exceeding Expectations for All Students and then for DFG. The data is also disaggregated for Economically Disadvantaged Students (EDS).

In addition, due to the impact of suppression rules (that protect privacy rights of small groups of students), in a number of areas it is difficult to draw insights from the disaggregated PARCC data.

Both HT and GM outperform the State average in all subjects in the Spring 2016 administration of PARCC, as indicated in Table 21 below.

Table 21: PARCC Scores Over Time (Percent Levels 4 and 5)

	GM 15	GM 16	GM 17	HT 15	HT 16	HT 17	State 16
ELA 7	63	82	86	66	66	72	56
Math 7	33	48	55	50	50	38	39
ELA 8	31	67	78	73	67	75	55
Math 8	12.5	39	45	42	35	41	26

(Source: NJDOE)

However, GM does outperform HT across the board but direct comparisons should be done cautiously given the larger disadvantaged population in HT and the impact of that population on the PARCC scores, as indicated in Table 22 below.

Table 22: PARCC Spring 2016 (Percent Levels 4 and 5) Economically Disadvantaged

	HT All Students	HT Econ. Dis.	GM All Students	GM Econ. Dis.
ELA 8	66	44	67	ND
Math 8	35	7	39	ND
ELA 7	66	50	82	ND
Math 7	50	25	48	ND

ND- No Data: Data suppressed by NJDOE to protect student privacy
(Source: NJDOE)

Growth in PARCC Scores

Another method for gauging student performance in districts with different demographics is to look at student achievement growth from year to year. The true quality of a school focuses on the degree to which the school is able to take every child from where they are academically and to support them in their growth toward college and career readiness. This report will use comparative data for each school to determine any educational impact based on growth in student performance.

The GM district shows strong growth in the middle grade scores from the SY15 administration through the SY 16 administration and into the SY 17 administration. Growth in scores means that the districts have been successful in implementing curriculum and instruction aligned with the New Jersey Learning Standards and providing appropriate interventions for struggling students. Table 21 indicates that the HT middle grades showed mixed results in regards to growth with ELA 7 and ELA 8 showing progress but Math 7 and Math 8 being flat.

Student Growth Percentile

The State calculates a Student Growth Percentile to show how students progressed from grade level to grade level when compared to students Statewide with similar test scores over time. Student Growth Percentile Methodology (SGP) creates a measure of how students progressed in grades 4 through 8 in Language Arts Literacy and in grades 4 through 7 in Math when compared to other students with a similar test score history. Low Growth is defined as a Student Growth Percentile of less than 35, Typical Growth between 35-65 and High Growth is a score higher than 65. Table 23 demonstrates that GM has strong growth while HT has more typical growth.

Table 23: GMMS and HTMS PARCC SGP Data

Student Growth	School Median	State Median
GM ELA	63	50
GM Math	70	50
HT ELA	49	50
HT Math	53	50

(Source: NJDOE Performance Reports)

Achievement Gap

In terms of the achievement gap, the State compares an individual school's Scale Score Gap (25th Percentile versus 75th Percentile) against the Statewide gap to determine if the school's achievement gap is narrower or broader than the State as a whole. As indicated in Table 24 below, HT had narrower achievement gaps than the state average in all subjects. GM was below the State average in three areas and above the State average in one (ELA 8).

Table 24: NJDOE Calculated Achievement Gap

Subject/Grade	GM SY15	HT SY15	State Gap
ELA 7	34	46	52
ELA 8	58	43	54
Math 7	36	36	39
Math 8	30	42	44

(Source: School Performance Reports for 2014-15 providing 25th versus 75th percentile. Note-School Performance reports for 2015-16 do not contain these calculations).

The assessment data reviewed above demonstrates that both student populations taken as a whole are performing well on State assessments and that HT students will be entering a high performing middle school.

School Readiness and Climate Indicators

The NJDOE School Performance Reports establish a number of indicators that demonstrate student progress toward being prepared for college and careers. The table below presents comparative College and Career Readiness/School Climate indicators collected in the State School Performance Reports for 2015-16.

Table 25: Comparison of School Climate and College and Career Readiness Indicators

Criteria	**GMMS**	**HTMS**	**State Average**
Instructional Time	5h55m	5h20m	
Length of School Day	6h40m	6h25m	
Suspension Rate*	.4	7.4	
Teacher/Student Ratio	9	10	
Teacher/Admin. Ratio	141	204	
Faculty Attendance	96	94	
Participation in Art and Music Courses	100	99	68
Absenteeism over 10 days	17	22	

(Source: School Performance Reports)

* Note that any analysis of the comparative suspension rate data should be tempered by the fact that HT data includes the high school while GM does not.

Students from HT attending GMMS will experience more instructional time and a longer school day as well as lower class sizes and more administration per pupil. These school climate indicators will be very important to support struggling HT students. However, GMMS should consider adding additional supports for the higher absenteeism rates for HT students as discussed in greater detail below.

School Day and Schedule

GMMS uses a modified block schedule with double periods in Math and Language Arts. This will be valuable for the HTMS students who are struggling academically allowing additional opportunities to support them in the classroom during the school day.

Table 26: HTMS Grades 7- 8 Daily Schedule

Doors Open 8:10
Homeroom 8:15-8:20

Per. 1	Per. 2	Per. 3	Per. 4	Per. 5	Lunch	Per.6	Per. 7	Per. 8
8:23-9:03	9:06-9:46	9:49-10:29	10:32-1:12	11:15-11:55	11:58-12:28	12:33-1:13	1:16-1:56	2:00-2:40

Table 27: GMMS Grades 6-8 Daily Schedule

Doors Open 7:50
Homeroom: 7:50-8:00

Per. 1	Per. 2	Per. 3	Per. 4	Per. 5	Per. 6	Per. 7	Per. 8	Per. 9	Per. 10
8:02-8:39	8:41-9:18	9:20-9:57	9:59-10:36	10:38-11:15	11:17-11:54	11:56-12:33	12:35-1:12	1:14-1:51	1:53-2:30

6th Grade lunch- 11:17-11:54
7th Grade lunch- 11:56-12:33
8th Grade lunch- 10:38-11:15

The GMMS schedule will also allow for a smoother transition to high school. In this regard, middle schools are intended to serve as a bridge from the self-contained environment of elementary school to the subject specific environment at high school. Teacher teaming and academic blocks (language art/social studies, math/science) are very common structures in middle school, particularly in the 6th and 7th grade with students transitioning to a more subject specific, 6-teacher schedule as they approach the transition to high school.

Absenteeism

The HTMS students are absent more often than GMMS students and the district will need to put in place additional support for these students. The best way to do this is to track absenteeism more closely and intervene aggressively to support students and families. Training for staff and

the addition of a second Guidance Counsellor at GMMS, as is being considered by the district, are a good initial step.

Table 28: GMMS and HTMS Chronic Absenteeism

	2014-2015 Student Percentage	2015-2016 Student Percentage	2016-2017 Student Percentage
GMMS	4.3%	4.6%	4.3%
HMS	4%	3.7%	4.1%

(Source: NJDOE data)

School Safety and Security

An important condition for student success is a safe and secure school environment conducive to learning. The State of New Jersey requires school districts to report on an annual basis the number of incidents of violence and vandalism. The incidents are categorized into four areas: Violence, Vandalism, Weapons, and Substance Abuse. Schools with high numbers of incidents can be considered unsafe under the No Child Left Behind Act. The annual Violence and Vandalism report that is required to be filed annually with the State of New Jersey will provide insights into the learning environment for both PGHS and WHS students (See Table 29 below).

Table 29: Violence and Vandalism Reports

District	Enrollment	Violence	Vandalism	Weapons	Substances	HIB	Total
GM	718	6	0	0	0	20	26
HT	1,922	4	1	0	5	12	22
State	1,372,755	8,261	1,423	1,000	3,010	5,995	19,181

(Source: NJDOE data)

Breaking down the data, GM has one incident per 120 students (not including HIB), while HT has one incident per 192 students (not including HIB). To put these numbers into perspective, the Statewide numbers indicate 1 incident for every 104 students (not including HIB). Based upon the low number of incidents in both districts compared to the State average, neither would be considered to be unsafe. However, both districts exceed the State average regarding reported incidents of HIB and this should be a priority issue for both districts moving forward.

School Climate and Culture

Middle schools strive to create a student-centered environment with more personal connection and social development while at the same time emphasizing the rigor and challenge of academics. Providing middle schoolers with a sense of belonging is a critical component in the

middle school philosophy. Middle schools provide children who are navigating between elementary and high school a safe environment with caring teachers. During these critical years, educators must be prepared to not only lift them academically but to support them in their emotional, social, and intellectual growth. Given the unique characteristics of this age group and the importance of these transitional years in reaching high school graduation goals, there are multiple advantages to structuring middle schools for students that include the following elements:

- o provide students a transitional school experience between elementary and high school;
- o create a school community that is student-centered;
- o provide instruction in math and science from content area experts;
- o provide increased opportunities for interdisciplinary instruction and team planning and teaching.

The proposal will allow the district to accomplish all of these goals if properly planned and implemented.

Finally, both districts will also need to be mindful of the impact of the new sending-receiving relationship on school identity and culture. The new student body will be majority HT students which will fundamentally change how the GM community sees the school. The school will need to take steps to create a new shared identity and this should begin in the current school year by planning joint activities between the 6th and 5th graders.

Class Size

HT class sizes for grades 7 and 8 is 22.26. Great Meadows indicates that its average class size in the middle school is 17. (Note that the GM Board of Education has established a class size policy with a desired class size of 16-26.) In this regard, class sizes are educationally acceptable for both schools (near to the State average for middle grades) but GM is far below. According to the National Center on Education Statistics (NCES) in 2011-2012, the average class size for elementary grades in New Jersey was 19 (U.S. Average was 21.6) and was 24.6 for departmentalized Middle School grades (U.S. Average was 25.5). (See https://nces.ed.gov/surveys/sass/tables/sass1112_2013314_t1s_007.asp) International benchmarks provide an average class size in elementary grades of 21.4 and in middle schools/lower secondary schools of 23.9. (Rampell, 2009).

The class size ratios currently at GMMS will benefit HT students by giving them the individualized attention that will be crucial as they pursue a rigorous academic curriculum.

School Size

Both GMMS and HMMS will have total student populations after the proposed reorganization of under 400 which would reflect a small school size supported by the research reviewed below as promoting student achievement.

In a study of sixth- and eighth-grade students in Chicago, Lee and Loeb (2000) found that smaller school size positively influenced student achievement. They found that smaller school

size will have a positive impact on teacher attitudes and motivations and because of that effect will result in higher student achievement. They recommended a school size of no more than 400 students.

Loeb believed that students will learn more in small schools since teachers will take personal responsibility for achievement due to higher levels of collective responsibility. This collective responsibility is due to the smaller organizational size facilitating greater personalized social interactions. In small schools teachers will interact more often with students and know them better and will thereby take personal responsibility for their success.

Mertens et al (2001) confirmed this indirect benefit from smaller school size. They found that middle schools with fewer than 750 students will have better instructional practices, more parent involvement, and more common planning time for teachers all of which are associated with higher student achievement.

Goodlad studied the characteristics of successful schools and indicated that the data does not support large schools and that schools could be improved by reorganization of large schools into smaller ones. He indicated that elementary schools should not be larger than 300 students, and junior and senior high schools should have no more than 500-600 students. (Goodlad, 1984)

School Transitions

Transitions from one school to another often pose challenges for students and families both academically and socially. This reorganization plan will maintain the current 4 transitions for GM (lower elementary to upper elementary to middle to high school) but will add an additional transition in HT. HT has currently three transitions (elementary to middle to high school.) It will now have four transitions from lower elementary to upper elementary to middle to high school.

In most parts of the country, students will make at least two transitions, elementary to middle and middle to high school. These transitions are important since student achievement often lags the year after the transition to a new school. For example, research suggests that after the transition to high school, students' grade point averages and attendance often decline (Barone et al., 1991; Reyes et al, 1994).

Alspaugh (1998) found that a double transition (where the student moves from elementary to middle and then from middle to high school) resulted in a greater achievement loss and higher dropout rates than did a single transition (from a K-to-8 school to high school).

This transition tends to be more difficult for those who did not perform well in the middle grades. Student achievement issues resulting from transitions can be attributed to lower levels of engagement which interfere with social networks, self-confidence and support systems (Barone et al, 1991; Hertzog et al, 1996). "New high school students find themselves in a larger, less personal and more competitive setting. Grades become more important than relationships; teachers and peers become more diverse; and curricular and extracurricular activities become more demanding" (Feldlaufer et al, 1988).

The research suggests that transitional programs that include counseling, school visits, and special summer courses can be used to help students adjust to the new school environment. The HT and GM school districts should prepare a plan and budget for these supports in order to lessen the impact of this new transition.

However, it is important to observe that having 7th and 8th graders attend the same school prior to being combined at the high school level may also positively impact student achievement. Research indicates that middle grade students in high school earned better grades if they attended the same high school as their middle grade classmates. (Schiller, 1999). This is attributed to a sense of place and belonging where students can increase self-esteem, participation and reduce anonymity. Increased collaboration across grade levels of students and teachers will also lead to this sense of belonging.

In conclusion, the proposal will add an additional transition for HT students but that transition will bring both challenges in terms of the need for additional supports as well as opportunities in the form of a better bridge to high school for students from both districts.

Diversity

One additional positive impact of the proposed sending-receiving relationship and grade reconfiguration will be increased diversity in the schools. GMMS will go from being almost entirely White (89%) to a more diverse environment (74%) White with the addition of HT students. HTMS is currently 67% White.

The positive impact of diversity on educational outcomes has been widely established. Orfield and Frankenberg (2011) indicated that:

> The National Academy of Education, a group of 100 of the nation's leading scholars, recently reviewed the massive body of research on school integration and found compelling evidence of its educational value. When desegregation is properly implemented, it is not an alternative to education reform or a barrier to educational change, but is, rather, an important education reform in itself. Desegregation increases learning, raises rates of graduation, and helps students from all backgrounds learn to understand, live, and work together in a diverse community, in a nation where half of the children born this year are not white and where all will live in a society of great diversity. (Page 35).

These benefits include improvements in critical thinking skills with all students becoming better problem solvers and communicators. Black and Latino student academic achievement is "generally higher in desegregated schools compared with black and Latino students in segregated minority schools." The authors concluded that "Racially integrated schools enhance students' learning, expand their future opportunities, and benefits society at large." (Orfield and Frankenber, 2011 at 35.)

GMMS Will Be Serving a Student Body with Greater Educational Needs.

The next part of this report will discuss whether the increased numbers of special education students, students from poverty, and English Language Learners at GMMS will present challenges for the school and districts.

i. Special Learners

The schools have comparable (high) numbers of students classified as in need of SPED services (HMS-21; GMMS-18) in comparison to the State average and have developed a continuum of programs and related services to address the needs of this population.

The School Performance Reports indicate that special education students have historically attended HT elementary and middle schools in a higher percentage than those attending GM elementary and middle schools. The issue that presents itself under the proposal involves the ability of GM to identify and provide services for this larger population of students in need of special education services. Below we will examine the processes, programs and services currently in place at GMMS including intervention and referral systems to determine the need for additional programs and services once the new sending-receiving relationship is in place.

In GMMS, the I&RS/504 committee meets each month of the school year. The I&RS committee is a group of professional educators who convene at the request of either a family or staff member for the purpose of determining if special accommodations are needed to help the student be successful in passing all academic subjects. Each committee is composed of one of the student's teachers from the grade level team, Guidance Counsellor, the School Nurse, the Substance Awareness Coordinator, a CST representative and administrative representative. Parents are invited to participate in the committee's deliberations. The IRS Team assists staff with developing strategies, modifications, and/or accommodations that will supplement the school's teaming philosophy and promote increased success for at risk students.

In terms of specialized programs, currently, HT offers students in the middle grades including Grades 7th to 8th, MS ASD, LLD and POR/ICRS. GMMS currently offers in the middle grades LLD, BD and POR/ICRS. The district has indicated that GMMS, with the addition of the HT 7th to 8th graders, would offer LLD, BD and POR/ICRS. The students served by the GMMS autistic program are in 5th and 6th grade and this program will move to the upper elementary school.

GMMS is currently effectively implementing the necessary tiered interventions and the goal is to build additional capacity and training in order to scale up these strategies to serve the additional HT students.

ii. English Language Learners

The number of students who are English Language Learners will increase slightly at GMMS based on existing differences in populations among the districts in terms of English being the primary language with GMMS having a 1% LEP population and HTMS having a 6% LEP population.

The programs and services currently in place to support these students at GMMS will need to be expanded to serve approximately 13 additional students once the new sending-receiving relationship is in place. The GM and HT districts should jointly plan for the needs of this relatively small population.

Students from Poverty.

Both districts are experiencing a rise in the percentage of students who are from socio-economically disadvantaged backgrounds. This reflects the growing number of families in poverty in the communities as derived from census data and discussed in the demographic study.

However, the percentage of students in poverty is three times higher in HTMS than in GMMS. The increase in the number of children in poverty at GMMS in the future due to the new sending-receiving relationship will require GMMS to establish new programs and services for this growing at-risk population. Appendix A presents possible interventions such as early childhood programs, after school programs, additional support services, or high impact tutoring that the district may consider in the future to better serve these students. In this regard, the Hackettstown District currently uses Title I funds to assist disadvantaged students through the Academic Support Program.

In addition, both GMMS and HTMS offer students who are academically at risk the opportunity to participate in extended day programs. These programs are funded through Federal grants provided under NCLB that offer specific targeted resources to students who are academically at risk including after school tutoring.

Both HT and GM districts should jointly plan for the needs of this population.

Impact on Gifted and Talented Educational (GATE) Programs

The PACE program (Partnering to Accomplish Challenging Explorations) at HTMS and the GATE program at GMMS have similar goals and strategies, identify similar numbers of students, and should not present a problem in the reorganization. Both programs provide identified gifted students with an "environment that inspires learning, fosters creativity, models respectful community and encourages self-reflection. Students who have been accepted into the program possess outstanding academic potential, understand process, apply learning quickly, and want to use their talents to address interests, issues, and concerns of substance. While in PACE, students research, develop, and present individual and group projects based on personal interests. They also have the opportunity to demonstrate exceptional abilities in addressing real world issues and problems."

Table 30: Gifted and Talented Enrollments

	2014-2015 Student Count	2015-2016 Student Count	2016-2017 Student Count
GMMS	52	48	43
HMS	ND	41	TBD

(Source: GM/HT School Districts)

Impact on Curriculum.

The districts share a curriculum department and have, therefore, implemented similar curriculum strategies to implement the New Jersey Learning Standards. Common curriculum strategies in the districts will allow for a smoother transition for HT students as they transition to GMMS. However, it will be important for both districts to jointly develop a plan for the professional development of middle school teachers to ensure the alignment of the curriculum with instructional strategies and to ensure that any curriculum gaps are identified and strategies developed to address them.

In addition, one area of the middle school curriculum is worthy of a deeper analysis. The study of algebra is the gatekeeper to college preparedness especially in the STEM fields. Students who take algebra by the eighth or ninth grade are far more likely to take calculus in high school and pursue higher education than those who do not (Cooney and Bottoms, 2002). Furthermore, taking algebra seems to produce achievement gains for low-achieving students to the same extent as for high-achieving students (Gamoran and Hannigan, 2000; Epstein and MacIver, 1992).

HT and GM middle schools have approximately the same number of middle school students taking Algebra 1 and have aligned the curriculum in this regard. This should allow for a smoother alignment of math expectations between the two schools.

Table 31: Algebra I Course Counts

	2014-2015 Student Count	2015-2016 Student Count	2016-2017 Student Count
GMMS	25	24	21
HMS	22	20	25

(Source: GM/HT School Districts)

Impact on Co-Curriculars and Athletics

In this section we will assess the co-curricular and athletic activities available at both middle schools.

GMMS Clubs- Great Meadows Middle School offers the following clubs for students:

- Nasa Build It Club- STEM based club which introduces students to problem solving, design and engineering principles for students in grade 6 in which they design, build and test satellites, launching and propulsion, aerodynamics, simple land rovers and light/heat entrapment devices.
- Engineering Design It Club- STEM based club which expands on concepts and skills learned in the NASA Build It Club. This club is geared for 7th and 8th grade students who participated in NASA Build It.
- Golf Club
- Intramural Basketball for boys and girls
- Homework Club for guided assistance
- Student Leadership Corp- student lead character education and community service oriented club
- Student Council which focuses on student government in collaboration with Hackettstown Middle School and High School
- Coding Club- Introduces students to simple programing/coding which may incorporate the use of drones and Spark Bots
- Drama Club- Organizes and performs annual middle school performing arts show
- Heart and Sole- Reflection and character education club which incorporates running for female students

GMMS Athletics- GMMS currently offer club athletics in Cross Country and Boys/Girls Volleyball paid through a grant from the municipality.

HTMS Clubs- HTMS currently has the following clubs:

- Art-Ragious,
- Best Buds,
- Builder's Club,
- Fantasy Football,
- Fun with Films,
- HMS Live,
- Keyoga,
- Kindle Club,
- MakerSpace,
- P.A.W.S,
- Poetry Club,
- Robotics, Scribblers,
- S.T.A.R. Fitness,

HTMS Athletics- HTMS currently has the following club athletics: Basketball, Cross Country, and Volleyball.

Although GMMS currently offers a wide range of student enrichment activities, it plans to use the opportunity presented by this proposal to increase co-curricular activities. These additional co-curricular activities will now be available to HT students, representing significant educational opportunities not otherwise available to them.

Recognizing that athletics are an important part of producing well rounded students in establishing a common school identity and culture, GMMS will be adding a number of school athletic programs that will provide additional opportunities (track, basketball, baseball) for students to engage and will also align with the high school programs to foster a joint tradition and ease the transition to freshmen year. More athletic programs in middle school can form a bridge to high school interscholastic programs leading to a better student experience and higher participation rates. Participation in athletics at the middle school level provides many benefits such as promoting good citizenship, healthy life styles and experiences with diverse populations.

Guidance and Student Support

The districts have indicated that they will be considering the need for an additional Guidance Counsellor at GMMS (a total of 2) serving the combined 7th and 8th graders at GMMS to assist with the transition to the new school and provide support to all students.

In addition, the districts have planned for extra professional development to support the transition to middle school model. In this regard, the districts have in the past developed and implemented five joint professional development calendar days.

The districts should be commended for identifying the need for additional support for students and families.

Technology

The area of technology also presents HT 7th and 8th graders with additional educational opportunities including in the areas of enrichment and remediation. GMMS has created a learning environment that is fully integrated with instructional technology and provides rich experiences for students. GMMS has implemented a 1:1 Chromebook initiative. In addition, the middle school offers a Technology Education program which introduces students to a variety of concepts and skills to prepare students for life in the 21st Century. The technology education program includes units on digital citizenship, underwater Lego robotics, coding and engineering. The program incorporates a wide variety of STEAM/STEM driven activities including a maker space design area in which students design and build. It also challenges students' abilities to synthesize engineering, coding and problem solving. As students progress through the grade levels, the course will become more challenging and introduce more advanced concepts in programing and design.

Twenty-one of the twenty-nine classrooms at GMMS have an interactive board for teacher instruction and student use and additional peripheral devices including projectors, scanners, digital cameras and camcorders are also available. GMMS also provides both a school and guest wireless network for use with the mobile laptop carts. The Art room at the middle school has been set up with an image editing lab consisting of four computers with Adobe editing software and Bamboo electronic pen devices. The middle school also contains a television studio.

The proposed budget for the combined middle school will need to include resources to provide HT students with the 1:1 technology. As the educational impact of the proposed reorganization is considered, close attention should be paid to the use of technology in the two middle schools and whether a digital divide will surface based on the use and availability of technology in the homes and respective communities.

3. Conclusion: Educational Impacts

HT students will experience a better educational situation than currently available to them. They will have lower class sizes, a longer school day with more instructional time, more technology, a class schedule better aligned with the rigors of high school, and more co-curricular and athletic opportunities.

Students from both GM and HT will benefit through expanded academic offerings. The district has indicated that under the proposal they will be able to add such opportunities as robotics, creative writing, S.T.E.M programs, math electives, additional world languages such as Mandarin, German and American Sign Language, culinary arts, performing arts, coding and programming, and additional fine arts electives such as ceramic and clay, painting, and drawing.

The proposal will present a positive educational benefit for all students by allowing administrators and teachers to better align curriculum and instructional strengths with the expectations of high school and providing a positive school climate by bringing 7^{th} and 8^{th} graders from both districts together during the formative years of middle school prior to their attending high school together. GM students will also benefit from a more diverse middle school setting.

Finally, the proposed reorganization will bring the schools into better alignment with the characteristics of successful middle schools. There is a lot of research on the characteristics of middle schools that work. For example, SREB cites to the following considerations:

- A challenging curriculum aligned to what students must know, understand and be able to do to succeed in high school;
- A positive school culture where all students matter and can achieve at high levels;
- A system of extra help and time recognizing that students learn in different ways and at different rates;
- Instructional practices that engage every student and that focuses on teachers working together across the curriculum;
- Support from parents;
- Qualified teachers;

- Use of data;
- Use of technology for learning;
- Strong principals who are effective instructional leaders.

The proposed sending-receiving relationship envisioned by the districts will also make it easier to put in place those characteristics of successful middle schools.

In sum, all of the communities will see the benefits of a middle school capable of providing a 21st Century Curriculum that can compete with the best schools in the State.

C. Personnel Impacts

1. Staffing Analysis

In examining the impact of the proposed new sending-receiving relationship, a number of issues regarding staffing must be addressed. In order to do this, we must determine the impact of the proposal on teaching staff in the GM and HT school districts. The tables below simulate the impact of the proposal on teaching, support and clerical staff currently serving 7th and 8th graders in GMMS and HTMS. This simulation is based on existing practices and will likely change as policy decisions are made by the respective boards of education in the future. However. It will be useful in providing guidance to the districts regarding the considerations that will need to be followed at that time

Table 32: HTMS Grade 7-8 Staffing Impact

	Number (School)	**Number Allocated to 7-8**	**Reduction Professional Staff**	**Reduction Non-Teaching Staff**	**Comment**
Principal	1	.5	0	0	Schoolwide
Vice Principal	1	.5	1	0	Schoolwide
Secretary/Adm. Asst.	1	.5	0	0	Schoolwide
Guidance Counselor	1	.5	0.5	0	Schoolwide
Cafeteria	.58	.29	0	0	Schoolwide
Nurse	1	.5	0	0	Schoolwide
Librarian	.5	.25	0	0	Schoolwide
Bus./Technology	.5	.25	.25	0	
Special Education	9	4	4	0	
Teaching Aid	7.93	3.4	0	3.4	
Custodian	2	1	0	0	Schoolwide
BSI	2	1	1	0	
Band	1	.5	.5	0	
Phys. Ed.	2	1	1	0	
Spanish	2	1	1	0	
Art	1	.5	.5	0	
Music	1	.5	.5	0	
Grade 7	4	4	4	0	
Grade 8	4	4	4	0	
Total	**42.51**	**24.19**	**18.25**	**3.4**	

Table 33: GMMS Grades 7-8 Staffing Impact

Position	Current Staff (FTE)	Allocated to 7/8	Additional Teaching Staff Positions Needed at GMMS	Additional Non-Teaching Staff Positions Needed at GMMS
Principal	1	0.5		
V. Principal	1	0.5		
Secretary	1	1		
Guidance Counselor	1	0.5	.5	
Cafeteria Aide	.58	.29		
Nurse	1	0.5		
Librarian	0.5	0.25		
Bus/Tech	0.5	0.25	0 .25	
Special Ed	9	4	4	
Instructional Aide	7.93	3.4		3.4
Custodian	2	1		
BSI	2	1	1	
Band	1	0.5	0.5	
PE	2	1	1	
Spanish	2	1	1	
Art	1	.5	.5	
Music	1	0.5	.5	
Grade 7	4	4	4	
Grade 8	4	4	4	
Totals	47.5	27.75	17.25	3.4

The analysis above simulates the impact of the proposal on both HTMS staff and GMMS staffing needs. HTMS will need one less administrator, 17.25 fewer teaching staff and 3.4 fewer non-teaching staff. GMMS will need to add a significant number of staff. In the following section we will discuss the considerations for the HT district as it engages in right sizing its staffing and the impact on the GM school district.

2. Transfers and Reduction in Force

The reduction of teaching staff in the Hackettstown district due to the new sending-receiving relationship will be controlled by the provisions of NJSA 18A:28-6.1 which protects tenured teaching staff at the sending school in the event of such a new agreement. The statute reads as follows:

> 18A:28-6.1. Tenure upon discontinuance of school
>
> Whenever, heretofore or hereafter, any board of education in any school district in this state shall discontinue any high school, junior high school, elementary school or any one or more of the grades from kindergarten through grade 12 in the district and shall, by agreement with another board of education, send the pupils in such schools or grades to such other district, all teaching staff members who are assigned for a majority of their time in such school, grade or grades and who have tenure of office at the time such schools or grades are discontinued shall be employed by the board of education of such other district in the same or nearest equivalent position; provided that any such teaching staff member may elect to remain in the employ of the former district in any position to which he may be entitled by virtue of his tenure and seniority rights by giving notice of said election to the boards of education in each of the school districts at least three months prior to the date on which such school, grade, or grades are to be discontinued. Teaching staff members so employed in such other district shall have their rights to tenure, seniority, pension and accumulated leave of absence, accorded under the laws of this state, recognized and preserved by the board of education of that district. Any periods of prior employment in such sending district shall count toward the acquisition of tenure in the other district to the same extent as if all such prior employment had been in such other district.

The statute provides that tenured teaching staff members who teach a majority of their time in 7th or 8th Grade in Hackettstown will have the following protections:

a. Transfer pursuant to their tenure/seniority rights to another position in Hackettstown that they are certified for.
b. Become employed by the Great Meadows School District in the "same or nearest equivalent position." In this event, they will be covered under the GM CBA and the teacher's tenure, seniority, pension, and accumulated leave of absence will be preserved in the GM district.
c. Impacted staff will have time in sending district count toward tenure rights in the receiving district.
d. Impacted teaching staff have until 3 months prior to the effective date of the new agreement to notify the district of their decision.

This study will not be able to determine the impact on individual staff members and that analysis will need to be done during the spring prior to the effective date of the new sending-receiving relationship based on the teaching roster **at that time** including tenured versus non-tenured status, certifications held by individual teachers, and seniority rights. The district must also be mindful of the provisions of the applicable Collective Bargaining Agreement in the event of a Reduction in Force or transfer.

3. Impact on Salary Guide

The staffing decisions above will directly impact the compensation of teachers transferring from HT to GM pursuant to the applicable GM salary guide. Table 33 provides a comparison of salaries in the HT Salary Guide compared to the GM guide. Please note that there are two salaries listed on the GM side. One represents a simple step to step comparison regardless of experience. The other takes into account years of experience for revised step placement. As the variance column in Table 34 suggests, teachers from HT will be compensated at a higher level regardless of whether they are placed on the guide step for step or by years of experience. These higher salaries will need to be taken into account as estimates are developed in the following section.

Table 34: Comparison of HT and GM Salary Guide for Middle School

HT					GM					Variance*	Variance**
7th					7th						
Exp	**Level**	**Step**	**Salary**		**Exp**	**Level**	**Step**	**Salary***	**Salary****		
19	BA15	16	76,690		19	BA15	16	65,625	72,225	(11,065)	(4,465)
16	MA	16	81,390		16	MA	16	67,925	67,925	(13,465)	(13,465)
15	MA	16	81,390		15	MA	16	67,925	67,925	(13,465)	(13,465)
15	BA15	16	76,690		15	BA15	16	65,625	65,625	(11,065)	(11,065)
8th					8th						
9	MA	13	77,505		9	MA	13	65,925	62,225	(11,580)	(15,280)
4	MA	5	67,185		4	MA	5	58,925	57,870	(8,260)	(9,315)
14	MA	15	80,095		14	MA	15	67,925	67,925	(12,170)	(12,170)
18	MA	16	81,390		18	MA	16	67,925	72,225	(13,465)	(9,165)

(*) Based On Guide Placement Step For Step

(**) Step Based On Years Experience

D. Facilities Impact

1. Suitability of GMMS

This study involved a tour of the GMMS building and it was found to be a modern building (constructed in 1998) and well maintained. The school was originally designed to serve as a departmentalized upper middle school and is nicely suited to serving a 7th and 8th Grade population. In this regard, the school had a number of specialized classrooms including science and technology and had over 600 lockers for student use. There are sufficient classrooms and spaces to accommodate an expanded student body (350 plus students) based on the following specific observations:

- Regular Classrooms- There are more than sufficient regular classrooms to support the core subjects at the current class size of 17. It should be noted that Board Policy places a cap on class size for the various grade levels at 16-26;
- Specialized Classrooms: There are five specialized classrooms;
- Gymnasium: There is a large gymnasium that has room dividers and a full stage;
- Special Ed. Classrooms: 6;
- Tutoring Spaces: 2;
- Computer Labs: 2;
- OT/PT Area- None currently, but there are spaces in the CST Office or an existing classroom that can be easily converted;
- Social Worker/Family Engagement: 2 conference rooms are available for this purpose;
- Guidance: 1 office;
- Media Center: The library/media center is large and inviting with an expansive ceiling and has been newly remodeled;
- Athletic Fields- The school is adjacent to 4 ball fields ringed by a macadam running lane;
- Food Service: The school has a cafeteria that is modern and can hold up to 150 students at a time comfortably. The school would need 2-3 lunch periods to serve the 350 students.

We find that GMMS facilities will be suitable for the expanded student body.

2. Functional Capacity

The GMMS is a modern school facility that is suitable to accommodate curriculum, programs and co-curricular activities needed for students to enter high school on track for graduation ready for college and careers.

The ability of GMMS to accommodate additional students is an important component in assessing the impact of the new sending-receiving relationship. Building suitability is determined through its functional capacity which will determine if there is sufficient space to educate the number of children that will be expected to attend the school under the alternatives presented in 1.1 above. Exceeding the functional capacity of a building can lead to overcrowding of classes, cause disruption to the bell schedule, and negatively impact the learning environment.

The New Jersey Department of Education defines functional capacity as the "number of students that can be housed in a building in order to have sufficient space for the building to be educationally adequate for the delivery of programs and services necessary for student achievement of the Core Curriculum Content Standards. Functional capacity is determined by dividing the adjusted gross square footage of a school facility by the minimum area allowance per FTE student for the grade level students contained therein."

In determining functional capacity, the department will rely on one of two methodologies. The District Practices methodology considers how the building is utilized by the school district and its targeted student-teacher ratios. This method does not take into account square footage allowances per student, which is the FES methodology. Capacity determined using FES methodology is often lower than when using District Practices methodology, but is used by the State for funding purposes.

The Educational Practices methodology model looks at how the district is actually using spaces within the school building and is, therefore, greatly impacted by class sizes. In fact, class size represents one of the major reasons for differences between capacity calculations using the FES and District Practices model. The district will be able to exceed its FES functional capacity by using spaces more aggressively but it is unlikely that it will be able to do so in the face of steady growth in enrollment. A discussion of class size is set forth later in this report.

The functional capacity of each school is set forth in the New Jersey Department of Education Long-Range Facilities Plan Final Determination letters. Although these letters were issued some ten years ago, they are still informative so long as neither district has conducted a major facilities project since then to add capacity.

The following table shows the existing functional educational capacity for the elementary and middle schools of both GM and HT as calculated by the NJDOE in comparison to both the actual enrollment in 2016-17 and the enrollment if additional students were to attend the school through the Sending Receiving relationship pursuant. Using the building capacities from the district's approved LRFP, the gap between the capacity of the school and the seats needed to accommodate current and projected students is calculated. Both GM and HT elementary have sufficient capacity to house both current students and projected students under the proposal. GMMS has sufficient capacity to house both current students and projected students under the proposal.

Under the status quo projections, HTMS does not have sufficient capacity to house students in SY22 (it begins to exceed functional capacity of the school beginning in SY19 but it does have sufficient capacity to house current students and projected students under the proposal.

Table 35: Building Capacity

School	Functional Capacity	SY18 Enr.*	Diff.	SY22 Enr.*	Diff.	SY18 Reconfiguration Enr. **	Diff.
GM Elementary	655.72	430	225.72	421	234.72	505	150.72
GM Middle	480.14	244	236	200	280.14	370	110.14
HT Elementary Schools	746.53	651	95.53	638	108.53	531	215.53
HT Middle	419.06	435	(15.94)	510	(90.94)	343	76.06

*From Demographic Study
**From Feasibility Study Estimates based on Demographic Study
Includes estimated Ungraded students allocated to applicable grades
Source: NJDOE Determination Letters, LRFP, Full text of the letters are available at the NJ Department of Education Division of Facilities Planning web site.

The above capacity analysis for HT was based on projections through 2022. However, as indicated earlier in this report, if an assumption is made that current enrollment trend lines will continue into the future, the impact on capacity will be significant in the out years. Current functional capacity of the middle school will be reached in the 2018 and the deficit will increase to over 90 unhoused students in the 2022 school year. In this regard, K-8 Functional Capacity is 1,165.59 and in 2022 school year enrollment is estimated at 1,148 in K-8. However, assuming these trend lines continue past 2022, K-8 enrollment might very well be above 1,200 by 2025.

E. Budgetary Impact

1. Estimated Tuition Costs

Traditionally school districts involved in a sending-receiving relationship work on a two year cycle for payments. At the beginning of the year the receiving district establishes an estimated tuition cost and once the final audit is completed the NJDOE establishes actual tuition costs. The sending district then reconciles with the receiving district the actual tuition costs and the actual student attendance.

The tuition amount is established pursuant to NJAC 6A:23A-17.1 which requires the calculation of an "actual cost per student" for determining the tuition rate, which "means the local cost per student in average daily enrollment, based upon audited expenditures for that year…". "The receiving district board of education shall include in its calculation all expenditures for each purpose except Federal and State special revenue fund expenditures and those specifically excluded…" in the regulations such as Legal Fees and principal on debt. The receiving district board of education must have the "actual cost per student" approved by the Commissioner of Education.

Below we will **model** both the tuition amount and an estimate of the actual additional costs to GM for serving the additional HT students based on expenditures in the User Friendly Budget and Taxpayer Guides for GM. In modeling these calculations, we note that there are many policy decisions that will need to be made by the districts following submission of this report in relation to such things as class sizes, staffing, electives and technology that will substantially impact these estimates. In this regard, the study is not intended to recreate the "actual costs" pursuant to the formal tuition setting process set forth above. Finally, also note that the study uses budget estimates for 2017-18 and these numbers will need to be adjusted to reflect inflationary pressures up to the date of actual implementation.

Finally, we note that the tuition amount to be charged to HT and the additional cost to GM will be different since the HT 7 and 8th graders will be moving to an already existing school. In this regard, the actual additional costs for GM will be less than the tuition payment calculation since certain existing staff and resources will not be required to accommodate the new students. For example, school administration, librarian, nurse, maintenance, and energy costs should not be impacted by the proposal but some of these costs could still be included in the tuition calculation. Similarly, the net cost/savings to HT in sending student to GMMS will need to factor in the savings in the area of instruction and support no longer needed at HTMS for these students. However, other costs will need to be continued to be funded by HT such as for Child Study Teams and transportation.

2. Additional Costs to GM

The actual additional costs to GM for the education of the 7th and 8th grade students from HT will be mostly attributable to staff salaries and compensation. The following chart reflects the existing staff at HTMS and those positions that will be required at GMMS if the additional HT

7th and 8th graders attend. Note that staff will serve both special education students and regular education students.

Table 36: GMMS Staffing Requirements Under Proposal

Position	Current Staff (FTE)	Allocated to 7/8	Additional Teaching Staff Positions Needed at GMMS	Additional Non-Teaching Staff Positions Needed at GMMS
Principal	1	0.5		
V. Principal	1	0.5		
Secretary	1	1		
Guidance Counselor	1	0.5	.5	
Cafeteria Aide	.58	.29		
Nurse	1	0.5		
Librarian	0.5	0.25		
Bus/Tech	0.5	0.25	.25	
Special Ed	9	4	4	
Instructional Aide	7.93	3.4		3.4
Custodian	2	1		
BSI	2	1	1	
Band	1	0.5	.5	
PE	2	1	1	
Spanish	2	1	1	
Art	1	.5	.5	
Music	1	.5	.5	
Grade 7	4	4	4	
Grade 8	4	4	4	
TOTALS	47.5	27.75	17.25	3.4

Approximate Staffing Costs

Teaching Staff: 17.25 x $85,000 (average estimated salary plus benefits)	$1,466,250
Teacher Aides: 3.4 x $25,000 (estimated average salary per aid no benefits)	$ 85,000
Total Staffing:	$1,551,250

Section 4 below will discuss the full net costs to GM including instructional and operational costs (See Table 37) in addition to the staffing analysis done above. However, before that discussion, to add needed context to the tuition calculation, the report will discuss the mechanics of the tuition modeling being used.

3. HT Tuition Payment

As indicated above, the tuition amount is established pursuant to NJAC 6A:23A-17.1 which requires the calculation of an "actual cost per student" minus certain exclusions. Those exclusions include: Transportation to and from school that is paid by the resident district board of education; employee retirement and social security contributions for TPAF members that are fully funded by the State; principal on lease-purchase agreements; tuition; community services; resource rooms, which are permitted as a separate charge over and above tuition for general education classes; accredited adult education programs and nonaccredited adult and evening programs; and extraordinary services provided to special education students for which a district board of education may bill directly. The tuition calculation may include a building use charge based on the interest charges incurred by the district that are not reimbursed by the State.

The HT tuition payment to GM under the sending-receiving agreement can be estimated by first determining the base budget for the 7th and 8th graders currently attending GMMS and then adding to that base number the additional costs for educating the new HT students.

GMMS current costs for its 7th and 8th graders will equal two-thirds of the current middle school budget (currently serving 6, 7 and 8 grade). The total school budget for the 2017-18 school year is $4,763,684 and two-thirds of that number is $3,144,031. To that number we will add the projected cost of educating the additional HT students as set forth in Table 37 or $1,738,542.

The total GMMS budget under the proposal will be $4,882,573 or $12,360* per pupil based on a total of 395 students (GM 176 and HT 219 based on actual 2017-18 ASSA enrollments reported by the districts.) The HT share will be calculated by multiplying the per pupil cost by the 219 HT students for SY18 yielding an estimated tuition amount of $2,706,840.

Note that high needs special education placements are not included since those costs will be billed separately and should approximate current HT costs.

* For reference purposes note that the Total Budgetary Comparative Per Pupil Cost for 17-18 for HT is $14,317 and for GM is $17,293.

4. Net Financial Impact on GM

The net financial impact on GM will equal the estimated tuition amount calculated above of $2,706,840 minus the additional costs associated with the HT students attending GMMS calculated in Table 37 below of $1,740,042 resulting in a net revenue of $966,798. To this amount should be added the net revenue from the additional out of district special education programs discussed in Section F below.

Table 37: GMMS Total Costs for HT Students

Expenditure Category	Total Amount	Percentage Allocated to 7/8 Grade*	Amount Allocated
Staff (from Table 36)			
Additional Teaching Staff from Table 36- 17.25 x 85,000 (salary and benefits)	$1,466,250	100%	$1,466,250
Additional Teacher Aides- 3.4 x 25,000	$ 85,000	100%	$ 85,000
Subtotal Staff	$1,551,250		$1,551,250
Nonstaff			
Regular Programs-Instruction	$120,583	66%	$ 79,585
Basic Skills/Remedial- Instruction	$ 1,239	66%	$ 818
Bilingual Education-Instruction	$ 1,200	66%	$ 792
Curricular activities- Instruction	$ 2,700	66%	$ 1,782
Health Services	$ 12,155	66%	$ 8,022
Support Services- Students	$ 6,285	66%	$ 4,148
Library and educational media	$ 13,636	66%	$ 9,000
Inst. Staff Training services	$ 3,500	66%	$ 2,310
Support services- General Admin.	$ 19,250	66%	$ 12,705
Support services- School Admin.	$ 15,875	66%	$ 10,478
Student Transportation Services (Field Trips, etc.)	$ 8,000	66%	$ 5,280
Employee Benefits (Tuition Reimbursement)	$ 10,000	66%	$ 6,600
Building and Grounds	$ 68,442	10%	$ 6,844
Operation and maintenance of plant	$ 221,786	10%	$ 22,178
1:1 Chromebook Initiative (219 students times $250 over 3 years)	$ 18,250	100%	$ 18,250
Sub Total Non-staff	$ 504,651		$ 188,792
Total	$2,055,901		$1,740,042

(Source: Detailed Expense Budget for 17-18 for GMMS)

Note: GMMS currently houses 6, 7 and 8th Grade. Therefore, the multiplier for instructional expenses is .66 (two thirds). However, in regards to Building and Grounds expenses and Operation and Maintenance of Plant expenses a multiplier of 10% will be used to reflect the limitation on pass through of these expenses. Also note that this number includes regular special education but excludes related services and extraordinary special education costs. It also excludes the cost of transportation.

5. Net Financial Impact on HT

The total costs to HT will equal the tuition estimates calculated above plus the estimated costs for transportation. Hackettstown will need to pay tuition to GM in the estimated amount of $2,706,840. As discussed in the Transportation Section below, HT will incur an additional cost for the transportation of students from HT to GMMS. The distance is only 5 miles from HTMS

to GMMS and an estimate using the current State In Lieu of Transportation amount of $885 multiplied times the 219 estimated students provides a good estimate of total transportation costs of $193,815. The total gross costs to HT can, therefore, be estimated at $2,900,655. However, HT will be able to reduce costs due to the need for less staff and instructional resources at HTMS due to the departure of the 7 and 8th graders. We estimate these savings below at $1,902,270 annually calculated as follows:

As indicated in Table 32 above, HT will be able to reduce staffing at HTMS attributable to the movement out of district of the 7th and 8th graders by an estimated 1.0 administrator, 17.25 teaching staff, and 3.4 non-teaching staff as well as reductions in substitutes and instructional resources.

Administrative Staff ($130,000 x 1)	$ 130,000
Instructional Staff ($85,000 x 17.25)	$1,466,250
Non-instructional Staff (3.4 x $25,000)	$ 85,000
Substitutes/Instructional Resources	$ 79,500
Non-staff operational costs	$ 141,520*
Total Reductions	$1,902,270

*Estimated from Table 37 non-staff operational costs

The net annual cost to HT can therefore be estimated at $998,385 ($2,900,655 tuition and transportation minus $1,902,270 in reductions).

However, the reconfiguration could also serve to potentially save the district substantial funds in the avoidance of a major facility project to accommodate future unhoused students. If current trend lines continue, HTMS will be at capacity in 2018 and have approximately 90 unhoused students by 2022. If current trend lines continue past that date, the capacity issue will become increasingly severe. For example, absent a change in educational practice such as substantially increasing class size, the district may need to add classrooms, restrooms, etc. to existing K-8 schools as well as refurbish its existing facilities. A bond issue of approximately $20,000,000 to complete these projects is not out of the question. The debt service alone on bonds payable over 20 years will be approximately $1,250,000 per year. This figure does not include operational costs such as utilities and maintenance. Therefore, given these assumptions, the net impact to HT of the proposal when factoring in these new facilities costs would actually be much lower.

In addition, as discussed in the educational impact section above, HT students would benefit educationally from the new sending-receiving relationship.

6. Transportation

Transportation will become an issue in two ways. First, GM will need to establish new routes for the grade reconfigurations at its three schools although this should not present a major problem since all students are being transported at the current time. The primary issue will concern the movement of the HT 7th and 8th Graders to GMMS. These HT students are not currently being transported. This will be more of a cost issue for HT than a logistical one since the distance between the two middle schools is approximately 5 miles that can be traversed in

approximately 12 minutes. This should not present a transportation hardship for either the students or the district in modifying existing routes.

Finally, I have reviewed the GMMS access and drop off areas and did not observe any significant issues with accommodating the additional HT buses.

F. Using Liberty Elementary School to Offer Specialized Tuition Based Programs

The GM district is proposing to establish at the Liberty School a number of self-contained programs serving special education students throughout the county on a tuition basis. According to staff, Great Meadows is currently offering such programs to serve children with high needs in an inclusive setting in response to parent expectations. The district wants to expand on this success by developing an MD program, higher level BD program, Autistic program and programs for physically disabled students while offering music therapy, art therapy, advanced OT/PT services and life skills program. The Liberty Elementary school facility has the spaces to offer such programs and also contains instructional facilities that could present enhancements to these programs, for example, a television studio that is currently being used by the students to broadcast a morning show with announcements and weather throughout the school.

The special services office for GM and HT has conducted a survey of school districts in Warren County to determine the need for out of district placement options and has received responses from seven school districts. The survey responses indicated a need for BD, MD and ASD classes in the elementary and middle grades. In this way, GM has demonstrated that there is a need in the county for additional special education programs to serve students with high needs.

Adding additional special education programs to the Liberty School will further the efficient use of that school facility as there exists excess capacity. GM has a track record of delivering these programs in a cost effective manner, thereby, generating net income for the district. It will also be able to better serve some students whose IEPs are currently be fulfilled out of district but with additional programs could be served in district which would also be more cost effective.

We cannot estimate additional income at this time without knowing the specific programs to be offered, the cost of those programs and the tuition amount. However, the additional income may approximate what has been seen in the past for the existing out of district tuition based programs. In this regard, GM brought in total gross tuition attributable to these programs of $244,031 in 17-18.

Another option that is being discussed is to consolidate all elementary grade students at the Central School and dedicate the Liberty School solely to serving students with high need special education placements that cannot be fulfilled in a neighborhood school setting. Most of these students will be from out of district on a tuition basis.

This option is not likely to be viable and may make the situation worse:

- The district will still need to incur the costs associated with maintaining 3 schools.
- The needs in the region for out of district placements is limited and unlikely to provide the additional students that would be necessary just to defray the fixed costs of operating the school not including programmatic costs.
- The district indicated that one of the major draws of its current specialized program is that it is being offered in an inclusive setting (a school with both special education and regular education students). A more isolated, less inclusive setting might lead to fewer not more students being placed in a GM program.

G. Impact of Grade Configurations on Elementary Schools

This section will discuss the impact of the grade reconfigurations on the elementary schools in HT and GM that will be necessary to account for the impact of the new 7-8 Sending Receiving relationship.

The HT district will be impacted by the movement of the 4th graders from both elementary schools to the middle school which will become an upper elementary school with Grades 4, 5, and 6. I have not identified any instructional issues, staffing issues or transportation issues that will present significant obstacles to the district in this regard, although there will need to be some staff transfers, these should create minimal disruptions given the geographic proximity of the schools. All students are walkers so there will be no transportation issues.

The GM district will be impacted by the movement of the 6th graders from the Middle School to the Liberty School which will now educate Grades 4, 5 and 6 and the movement of 3rd graders from the Liberty School to Central School which would now encompass grades PK-3. I have not identified any instructional issues, staffing issues or transportation issues that will present significant obstacles to the district in this regard. The schools will continue to include only elementary grades. Although, there will need to be some staff transfers this will create minimal disruptions given the geographic proximity of the schools. All students are being bussed, so there should not be any substantial impact on transportation costs.

In planning for the staff transfers, the school districts should be mindful of the provisions of the applicable Collective Bargaining Agreement.

In preparing this study, interviews were conducted with the elementary level principals in the districts and they have indicated that the impact of the reconfiguration on the elementary schools will not present any significant problems. On the contrary, they cite to the benefits of alleviating pressure on schools that are overcrowded or underutilized.

Regarding the issue of the optimum school grade configuration to support student learning, the research is not conclusive, especially in regard to the elementary grades. Although a few studies have raised the possibility that grade configuration could have an effect on student outcomes, the research here is too preliminary to guide decision-making. (See for example, Hough, 1995, and Offenberg, 2001). Regardless, of the grade configuration of the school, the research suggests that schools should be focused on serving the social and academic needs of children and preparing for transitions. Both of these issues were discussed extensively earlier in this study.

PART FIVE: RECOMMENDATIONS

The Hackettstown School District and Great Meadows School District are facing a number of challenges in terms of changing enrollments that are impacting and will continue to impact the educational programs, finances and facilities of the districts into the future. The districts have identified one possible solution involving a new sending-receiving relationship between the districts where the 7th and 8th graders from Hackettstown will attend Great Meadows Middle School.

GM is operating its schools at increasingly inefficient levels given the long term trend line of declining enrollments. This inefficiency is driving up costs per pupil and impacting the tax base. It must choose between closing a school, increasing revenues through tuition based programs such as the sending-receiving relationship being studied here, or raising taxes to perhaps unsustainable levels. GM has excess capacity in all of its schools and a reputation for providing a quality education. These assets will make it a desirable receiving district. The net tuition received by the district through the proposed sending-receiving relationship will provide much needed budgetary relief. This will be augmented through revenues realized through an expansion of its out of district special education programs.

HT is also facing a number of challenges that can be addressed through the new relationship. Enrollments are increasing in the district and the demographic study projects enrollments continuing to increase into the future. In this scenario, the facilities of the district which are already being pushed to capacity, will now be exceeded. Regardless of the capacity issue, the facilities are also in need of refurbishment due to age. The district will be able to alleviate these pressures for at least the short term, until the long term demographic trend lines and facility needs become clearer, through the proposed sending-receiving relationship. HT students would also receive the benefit of a strong educational program infused in technology at GMMS.

Students from both GM and HT will also benefit through expanded co-curricular offerings and athletics. The co-mingling of the populations prior to their jointly attending high school will also serve as a solid bridge, both socially and academically.

For the reasons indicted above, this new relationship provides both districts with potential advantages and could present a viable solution to many of the challenges they are facing.

It is recommended that both districts form a working group at the board and administrative level to develop a plan for moving forward that provides the policy and operational framework for a further understanding of the educational, financial and facilities impact of the proposal on the communities.

REFERENCES

Alspaugh, J. (1998) Achievement Loss Associated with the Transition to Middle School and High School. Journal of Educational Research, v92 n1 p20-25 Sep-Oct 1998.

Ander, Guryan, and Ludwig (2016). Improving Academic Outcomes for Disadvantaged Students: Scaling Up Individualized Tutorials, https://www.brookings.edu/wp-content/uploads/2016/07/Full-Paper-1.pdf. Accessed August 1, 2017.

Barone, C., Aguirre-Deandreis, A. I., & Trickett, E. J. (1991). Mean-ends problem-solving skills, life stress, and social support as mediators of adjustment in the normative transition to high school. American Journal of Community Psychology, 19(2).

Cooney, S. & Bottoms, G. (2002). Middle Grades to High School: Mending a Weak Link, http://publications.sreb.org/2002/02V08_Middle_Grades_To_HS.pdf. Accessed August 1, 2017

DeAngelis, T. (2012). Helping at-risk students succeed: A psychologist-designed program that supports learning among at-risk kids gains nationwide momentum, http://www.apa.org/monitor/2012/02/at-risk-students.aspx. Accessed August 1, 2017.

Epstein, J.L., & MacIver, D.J. (1992). Opportunities to learn. Effects on eighth graders of curriculum offerings and instructional approaches. (ERIC Document Reproduction Service No.ED 351 419).

Gamoran, A. and Hannigan, E. (2000) Algebra for Everyone? Benefits of College-Preparatory Mathematics for Students with Diverse Abilities in Early Secondary School, Educational Evaluation and Policy Analysis, 22 (3).

Goodlad, J. (1984). A Place Called School, McGraw-Hill, New York, N.Y.

Hertzog et al, 1996). Hertzog, C. J., Morgan, P. L., Diamond, P. A., & Walker, M. J. (1996). Transition to high school: A look at student perceptions. Becoming, 7(2), 6-8.

Hough, D. (1995). The Elemiddle School: A Model for Middle Grades Reform. Principal, v74 n3 p6-9 Jan 1995.

Lee and Loeb (2000). School Size in Chicago Elementary Schools: Effects on Teachers' Attitudes and Students' Achievement, American Educational Research Journal, Spring 2000, Vol. 37, No. 1, pp. 3-31

Mertens et al (2001) Mertens, S., Flowers, N., & Mulhall, P. (1998). The Middle Start Initiative, phase I: a longitudinal analysis of Michigan middle-level schools. Urbana, IL: University of Illinois. (See also http://www.middlestart.org/research.htm)

Offenberg, R. (2001) The Efficacy of Philadelphia's K-to-8 Schools Compared to Middle Grades Schools. Middle School Journal, v32 n4 p23-29 Mar 2001.

Orfield and Frankenber (2011). Diversity and Educational Gains: a plan for a changing county and its schools, Civil Rights Project, https://www.civilrightsproject.ucla.edu/research/k-12-

education/integration-and-diversity/diversity-and-education-gains-a-plan-for-a-changing-county-and-its-schools. Accessed August 1, 2017.

Rampell, C. (2009). Class Size Around the World, https://economix.blogs.nytimes.com/2009/09/11/class-size-around-the-world/ Accessed August 1, 2017.

Reyes, O., Gillock, K., & Kobus, K. (1994). A longitudinal study of school adjustment in urban, minority adolescents: Effects of a high school transition program. American Journal of Community Psychology, 22(3).

Snyder, J. (1969). The Story of New Jersey's Civil Boundaries: 1606-1968. Reprinted by New Jersey Geological Survey, 2004, page 215-218, http://www.state.nj.us/dep/njgs/enviroed/oldpubs/bulletin67.pdf, page 215-218, accessed August 1, 2017.

APPENDIX A

Early Childhood Programs- Early Childhood Education investments focusing on children from disadvantaged backgrounds have had a track record of success in New Jersey. (See Studies at http://www.nj.gov/education/ece/research/studies.htm). PGCP has established a strategic priority to expand its early childhood program. All three and four year old children in the community should be able to attend high quality early childhood programs free of charge.

After School Programs- An afterschool program targeted to struggling students, for example providing them with tutoring, would go a long way to overcoming the effect of poverty without impacting facility capacity. (But see discussion on high impact tutoring below.)

Additional Support Services- Additional supports can be provided to these students. For example, best practices nationally point to classroom instruction and intervention; supporting children through family and personal crisis such as divorce, homelessness or unemployment; connecting families to schools and school activities including parenting classes, more frequent parent meetings, involving families in homework projects, and enrichment activities; and identifying community resources including links to mental health and behavioral services. (See for example: DeAngelis, T. (2012) Helping at-risk students succeed: A psychologist-designed program that supports learning among at-risk kids gains nationwide momentum. Available at http://www.apa.org/monitor/2012/02/at-risk-students.aspx.)

High Impact Tutoring- Research demonstrates that individualized tutoring (one tutor to every two struggling students) is successful and will lead to gains in student test scores and course grades. This type of intensive tutoring program would be required for students who are two grades or more behind grade level. These students would be assigned to receive individualized tutorials each day taking place during a full class period. The research indicates that it is best to deliver the tutoring during the course of the school day since attendance rates may be lower in after-school programs and students may be less focused and engaged at that time. This type of individualized tutoring program will assist students to catch up to grade level and reengage with regular classroom instruction. (See Ander, Guryan, and Ludwig (2016) Improving Academic Outcomes for Disadvantaged Students: Scaling Up Individualized Tutorials. Available at https://www.brookings.edu/wp-content/uploads/2016/07/Full-Paper-1.pdf.)