

# **Explanation of Tuition calculation in a Send/Receive Relationship**

GM “sends” students to Hackettstown with funds from the GM budget. This is unlike a “Regional” such as Blairstown in North Warren. There the local taxpayers have two school districts on their tax bills, the local elementary (Blairstown) & the Regional HS (North Warren).

# Types of Tuition in a Send/Receive

- **General Education**

- Every Student that is “projected” to attend HHS in the next SY
- # of Students x Projected Annual Tuition Rate
- Paid to HHS over ten months (Sep – Jun)
- Final Tuition Rate certified by Trenton after completed audit. Two years after initial projection.

- **Resource Room**

- A subset of GE – narrow scope (11-213) HS expenses only
- Students that require additional IEP driven help
- Based on total hours of service projected/provided x hourly rate
- Paid to HHS over ten months (Sep – Jun)
- Action plan for IC reviewed by auditor

*This is the same for all send/receive relationships in the state of NJ*

# General Education

## Timeline example Specific to the (15-16 SY)

January 2015 – Enrollment, Tuition and Hourly Rates for Sept 2015 through June 2016 are projected, calculated and formulated into both Budgets.

September 2016 – Audit of Student records and Fiscal Reports from 15-16 SY takes place

December 2016 – Audited rates are prepared by auditing firm and submitted to Trenton by code.

January 2017 – Certified rates for 15-16 SY are Certified by Department of Education

January 2017 – Any variances (plus/minus) are factored into budgeting for what is now the 2017-18 Budget

- In short a number “projected” in January 2015 isn’t certified and reconciled until January 2017 (two years and two budget cycles later) Just as in every send/receive relationship in the state of NJ

**THIS PROCESS IS PART OF A CONTINUOUS CYCLE OF BUDGET & RECONCILIATION FOR EACH YEAR AND EACH BUDGET CYCLE**

# So what does that mean? Details Please.

General  
Education

- 15-16 a rate of **\$13,500** was projected & budgeted
- DOE Budget software established **\$13,857**
- Certified rate from Trenton in Jan 17 **(two years later)** was **\$12,930** after audit of 15\_16 Fiscal Year
- Projected 388 @ **\$13,500** for a total of \$5,236,000
- **Applied adjustment from PY 13\_14 of (\$127,000)**
- Paid in the 15\_16 SY 378 @ **\$13,500** \$5,108,844
- **Audited Actual 379.2 (+1.2)@ \$12,930** \$4,902,668
- Difference (\$206,176)

*This is the "cycle" for a Send/Receive Tuition relationship*

# Why didn't you anticipate the large swing in projected tuition and certified tuition, isn't somebody keeping an eye on things?

- Declining or even **static** GM enrollment figures when compared to **increasing Hackettstown figures** lowers the per pupil costs for GM when audited and certified 2 years later. Which means no matter how accurate GM is with our projections, other factors will impact the final number.

	12,500,000		
HTOWN	400		
<b>GM</b>	<b>385</b>		
ALM	125		
PER/Pupil	13,736		
Projection	<b>5,288,462</b>		
Adjust			

*For demonstration purposes only*

# Send/Receive Visual Overlay

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	
<b>2013</b> -14	CERT REC																									
<b>2014</b> -15								AUD					CERT REC													
<b>2015</b> -16	PROJ																				AUD					CERT REC
<b>2016</b> -17													PROJ													
<b>2017</b> -18																										PROJ
	<b>2015</b>												<b>2016</b>												<b>2017</b>	

# So what's all this talk about 1.9Million in overpayment? Really?

- That figure represents An aggregate or total amount, including a projection for this current year of each reconciliation from September 2013 through June 2017
- Details
  - 6/30/2014 \$199,594
  - 6/30/2015 \$585,131
  - 6/30/2016 \$602,466
  - 6/30/2017 \$602,466(\*)
- Total \$1,989,657

(\*) Projected in this current year

# Your numbers are trending up...not down...explain.

- Here are the same numbers broken down....

		General Education	Resource Room	Net Total for Budget Year
	6/30/2014	\$ (254,312)	\$ 54,718	\$ (199,594)
This bump is mainly due to 2 years of retro payments not made due to unsettled contract in H'Town. If funds are not paid they aren't factored into per pupil costs	→ 6/30/2015	\$ (632,842)	\$ 47,711	\$ (585,131)
	6/30/2016	\$ (206,176)	\$ (396,290)	\$ (602,466)
	6/30/2017*	\$ (206,176)	\$ (396,290)	\$ (602,466)
				\$ (1,989,657)

So other than the **Resource Room** it is trending down...what's the issue with that calculation?



# Resource Room

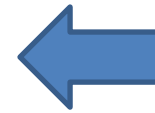
- **New Student Information Software** that among other services is designed to capture/record hours. (15-16) in H'Town (16-17) in GM.
- **Shared Director of S.S. along with Head of Guidance** after quite a bit of turnover in admin instrumental in evaluating identifying hours for GM students with new software in 15-16 and current (16-17) budget. Their by hand and manual review of all IEP's and reconciliation of hours provided this insight and was crucial.
- It is still a "projection" of hours that students will require that is not confirmed until after audit is certified 2 years after initial forecast.
- **17-18 Budget figure for RR** has been reduced to \$210,00 (\$486,070 from 16-17 budget figure) to the benefit of the taxpayers.
- Also a favorable "age out" of cohorts needing these services has been realized.

# OK so when or how does it shake out?

Money returned to the benefits of taxpayers so far:



*Current 16-17 RR  
Reconciliation. Expedited  
repayment discussed with  
County Office & Auditors*



## Baseline Remaining Reconciliation Schedule



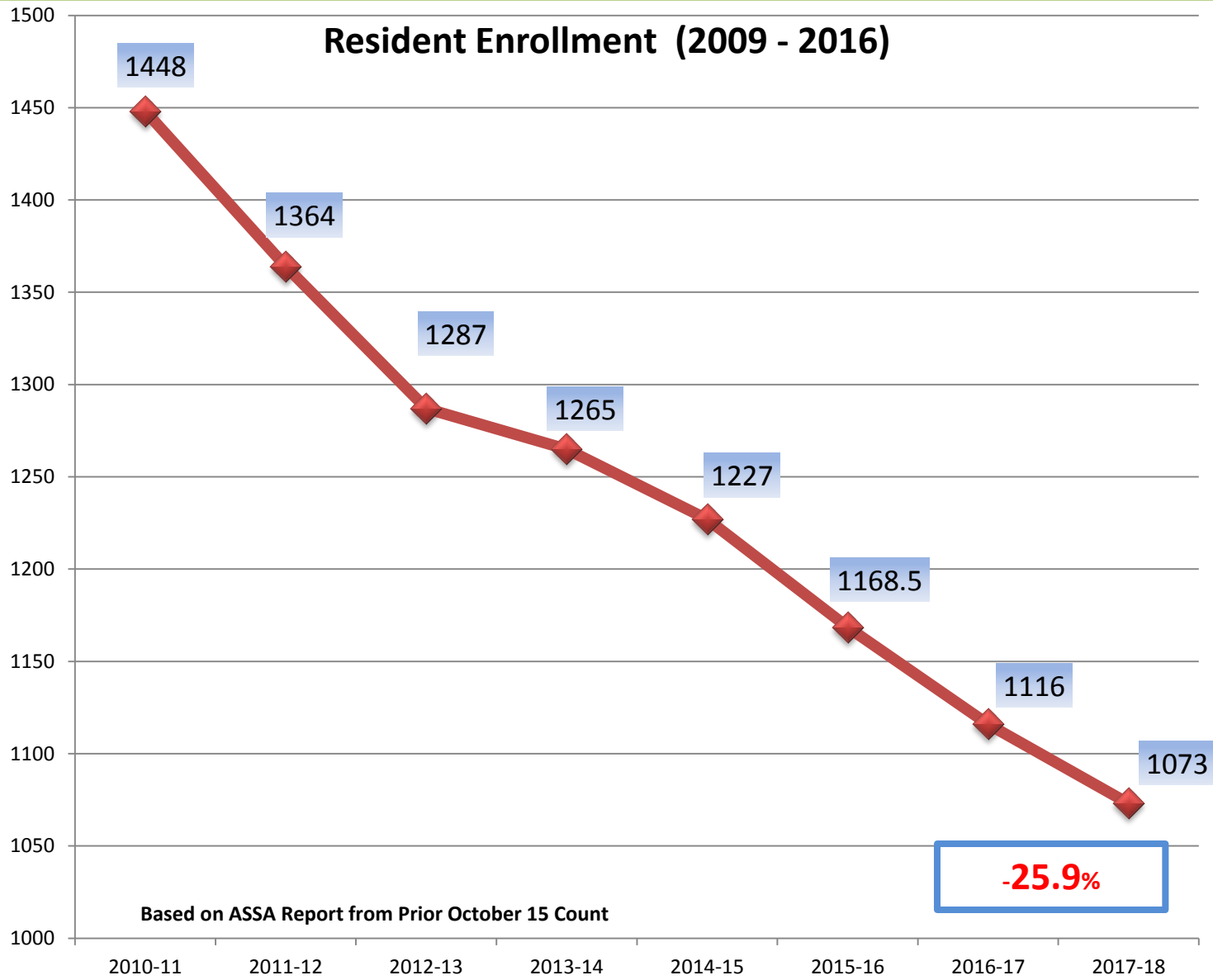
*This represents a minimum schedule and may be accelerated without penalty to the additional benefit of the taxpayers*

# So in conclusion...

- In order for there **not to be a reconciliation figure** of any kind at the end of an audited certified budget cycle all of the following and more must take place...
  - ✓ Projected GM HS enrollment must not change by even a single student for a year...
  - ✓ No additional GM HS students are to be classified for an entire school year...
  - ✓ No additional students are to be unclassified for an entire year.....
  - ✓ Every single hour of budgeted RR for GM students must be used and additional services cannot be added to the benefit of a student...
  - ✓ The HS enrollment for ***two other districts besides GM*** must remain exact and static for a year...
  - ✓ Another school district must spend exactly the amount budgeted for programs in it's HS without exception, including changes to staff, programs, increases in technology and any budgetary reductions they feel necessary, and must not in any way reduce their budgeted spending for any reason. ...

**All of this while facing.....**

# Resident Enrollment (2009 - 2016)



**The following slides were not  
part of the presentation but are  
added to provide some  
additional clarity based on input  
from the BOE meeting on  
3/28/17**

# Another look at the schedule agreed to as opposed to requiring it to applied in the next applicable budget cycle

## BUDGETS WHEN RECONCILIATION FIGURE GENERATED

	Gen Ed	Spec Ed		
6/30/2014	\$ (254,312)	\$ 54,718	\$	(199,594)
6/30/2015	\$ (632,842)	\$ 47,711	\$	(585,131)
6/30/2016	\$ (206,176)	\$ (396,290)	\$	(602,466)
6/30/2017*	\$ (206,176)	\$ (396,290)	\$	(602,466)
<b>Balance</b>		\$		(1,989,657)

Reconciliation Figure

### Reconciliation Figure

WHEN CREDITED BACK - AS AGREED TO BASELINE SCHEDULE (1 year early/2 years additional)

15-16	16-17	17-18	18-19	19-20	20-21	21-22	
\$ (99,797)	\$ (99,797)						
	\$ (101,322)	\$ (202,332)	\$ (281,477)				
	\$ (396,290)		\$ (18,526)	\$ (300,000)	\$ (283,940)	\$ (206,176)	
\$ (1,889,860)	\$ (1,292,451)	\$ (1,090,119)	\$ (790,116)	\$ (490,116)	\$ (206,176)	\$	- BALANCE


### Reconciliation Figure

WHEN CREDITED BACK - ACCORDING TO CYCLE (Very next budget cycle after certification)

15-16	16-17	17-18	18-19	19-20	20-21	21-22	
\$ (199,594)	\$ (585,131)	\$ (602,466)	\$ (602,466)				
\$ (1,790,063)	\$ (1,204,932)	\$ (602,466)	\$	\$	\$	\$	- BALANCE

# Correspondence from County Office

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**State of New Jersey**  
DEPARTMENT OF EDUCATION  
Warren County Office of Education  
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Washington, New Jersey 07882  
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CHRIS CHRISTIE  
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KIM GUADAGNO  
*Lt. Governor*

KIMBERLEY HARRINGTON  
*Acting Commissioner*

ROSALIE S. LAMONTE, Ph.D.  
*Interim Executive County Superintendent*

March 28, 2017

[REDACTED]

Dear Mr. [REDACTED]:

Thank you for your correspondence regarding tuition monies owed to Great Meadows from Hackettstown.

Many times estimates of enrollment are just that - estimates; and as such if they do not come true, there is an amount of money due the sending district, or an amount of money due the receiving district. In the case of Hackettstown, there is money due to a sending district. Most times that amount is required to be credited to the sending district over a period of years so as not to deplete the budget of the receiving district, which might have the effect of cutting programs and/or staff for the students of the high school and therefore negatively affect the students from the sending districts.

It is the goal of all receiving district School Business Administrators (SBAs) as well as sending district SBAs to accurately predict the enrollments from the sending districts so as to mitigate any issues with money owed either way. Sometimes that does not happen, and in this case, there is a plan to credit the money owed to Great Meadows over several years. That also is a common occurrence. There is no interest required to be paid by code or statute. Also, the amount of money due to either receiving or sending districts has to do with a certified tuition rate that is set 18 months after the estimate is made. Therefore, if a district is able to save money that year, the certified tuition rate could be much lower than the estimate, thereby creating even more money due to the sending district.

Lastly, you mention another \$100,000 that is owed, based on the 2% State Cap which you based on an incorrect prior year base budget number. The 2% State Cap is on the tax levy and not on the total budget or any other revenue. Tuition from a district is another revenue used by the receiving districts to balance their budget. Conceivably, receiving districts could use additional revenue from tuition to reduce the tax levy, or pay for increased educational programming or other costs.

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# Correspondence from County Office

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I hope this explanation allows you to understand how tuition is estimated; and also how, if there are increases or decreases in enrollment, or changes in certified tuition rates, that this will be handled as credits to or from the districts. Should you have further questions, kindly email me at: [neil.cramer@doe.state.nj.us](mailto:neil.cramer@doe.state.nj.us).

Very truly yours,



Neil K. Cramer  
Executive County Business Official  
Sussex/Warren Counties

c: Rosalie S. Lamonte, Executive County Superintendent  
David C. Mango, Superintendent



# Correspondence from County Office

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