

MILLTOWN SCHOOL DISTRICT

Milltown, New Jersey 08850 – 1643

www.milltownps.org

The Milltown School District, in collaboration with family and community, is committed to academic excellence for all students. We aspire to develop confident, lifelong learners who will succeed in a diverse and changing world.

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Office of the Governor
P.O. Box 001
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March 26, 2010

Dear Governor Christie,

This is in response to the 49% cut in state aid to the Milltown (Middlesex County) School District. Governor, you stated that if certain “tools” are employed, districts will not have to cut staff. The Milltown School District has employed these “tools” well before your recommendations. Our District employees have contributed to health benefit premiums for many years. In fact they contribute as a whole \$10,000 more than could be collected to offset the cost based on the 1.5% of the salary. Five years ago our district combined the Superintendent and Principal into one position. Our special education budget has been contained as much as possible by bringing back a number of special education services to our district to minimize costly out-of-district placements at a substantial savings. Next year all the administrators in the district (3 administrators plus 1 coordinator) led the county with an offer to voluntarily freeze their salaries and professional development budget for 2010-11... and teacher salaries are 19% below the State average.

Another issue that has complicated matters is that the legislature voted to change the tuition adjustment cycle for send-recv districts from a three year cycle to a two year cycle requiring that two years be paid in one budget year, the 2010-11 budget year. The tuition rate is estimated annually based on the appropriations in the current year. Three years ago the tuition rate was estimated (and paid for) at a rate that, once audited, was underestimated by \$1,000 per child. The impact was not in Milltown’s favor to the tune of \$250,000. In addition, the next year was also an adjustment that was

not in Milltown's favor because of 4 families moving into Milltown each with a high school child (4), and four other children transferred from private high schools in the area to the public high school because their parents could no longer afford it. That adjustment must also be paid in the 2010-11 budget, \$116,798. Those children will all remain at Spotswood High School and so the enrollment for next year is at an all time high (299 students) with an estimated tuition rate per child (regular education only) of \$13,283. Any special education services or programs get added on to that base tuition rate.

A few other points to consider that differentiates Milltown from other districts: The percentage of Milltown's ratables derived from **residential real estate is 30% MORE** than the average community. The percentage of Milltown's ratables derived from **commercial real estate is 22% LOWER** than the average community. The percentage of Milltown's ratables derived from **industrial real estate is 83% LOWER** than the average community. These facts tell us that a far greater burden of financing the schools falls on Milltown residents' shoulders than in other communities in Middlesex County and around NJ. Also, those communities that are similar to us in residential percentage of ratables, i.e. South River and Spotswood, have the luxury of controlling their own high school expenses. We are at the mercy of the receiving high school district in that we have to pay whatever rate they determine the tuition to be and are not able to suggest cuts to their HS program to reduce costs.

While we certainly understand the need to make cuts given the fiscal crisis, we also feel that a district such as Milltown is not the type of district you were targeting with your initiative. Our town overwhelmingly supported you for Governor and the town council has switched over the past 5 years from having one Republican councilman to now having only one Democratic councilman.

The state aid cuts have had a devastating impact on our school programs and our property taxes. I heard you say a few things on the radio, television, and other media that have disturbed me. You have said that if the teachers accept a pay freeze and pay 1.5% toward their health benefits for next year that no teacher would have to lose his/her job and taxes would be stable. I can tell you for a fact that in Milltown that is simply not true. The Milltown teachers and support staff each pay a portion toward their health benefits which amounts to almost 10% of the cost of the benefits and have done so for more than 10 years. The Business Administrator has calculated the amount of money that could be saved in the 2010-11 budget if they accepted a freeze and it could only generate a savings of about \$200,000. Our state aid was cut by \$676,000 plus a significant loss in debt service aid that the residents of Milltown count on to offset the referendum they passed in 2007 to do repairs and upgrades to both Milltown school buildings. Compared with the loss we have experienced, that savings is a drop in the bucket. In addition, each time our district must cut a teacher or any staff, we have to budget for their unemployment benefits (approximately \$25,000). The average beginning teacher in Milltown makes about \$41,000 and the cost of his/her benefits package (single coverage only) is about \$14,000. When a teacher is let go the net reduction is only the difference between

what they make in salary and benefits and what we need to provide in unemployment...a net savings of only \$30,000. We only have one person retiring next year and have cut one other position through attrition. I have had to reduce my staff further just to pay for the unemployment benefits of the first wave of staff who lost their jobs.

In addition, you seem to be misleading the public with the discussion of 1.5% of health benefits being paid by teachers. The public seems to think that you mean the teachers are paying 1.5% of the cost of the health benefits package when in reality you mean they will pay 1.5% of their salary toward their health benefits. This needs to be clarified with the public. It amounts to much more money than the public thinks. I also feel strongly that the percentage being paid toward health benefits should be directly connected to the actual cost of the package, not the income of the employee. It seems to me that it is fundamentally flawed to have two employees sitting side by side each with the same product and each paying a different amount toward it because their contribution is based on salary not on cost. It is also wrong that districts like Milltown who have been paying into their benefits for more than a decade have an additional 1.5% of employee salaries go toward benefits on top of what they are already paying to offset the cost. I only point this out because of the flawed logic, I know that in management we should be thinking about ways to save money and offset the cost of benefits, and I agree. I feel that Milltown has been the poster child for what you were trying to achieve with these changes, but in fact you took the model and have devastated it by treating it the same way as those you are trying to reform.

Since the Milltown School District has already implemented the tools you recommend and has maintained a fiscally conservative budget, all while performing in the top 5 of Middlesex County in all areas measured by the ASK, we respectfully request that you reconsider the proposed cuts in State aid to the Milltown School District. Despite employing the tools requested, the State aid cut will result in a 20% reduction in force resulting in a substantial increase in class sizes, a loss of programs, and **WILL STILL CAUSE PROPERTY TAXES TO RISE** by \$400 on the average assessed value home. **PLEASE** find it in your heart to **CONTACT ME** to get the facts about how the deep cuts have impacted small, fiscally responsible and high performing school districts while there is still time to remediate before budgets are voted on in April.

Sincerely,

Dr. Linda A. Madison
Superintendent/Principal
Milltown School District

Cc: Mrs. Barbara Pietanza, Board of Education President