

Barry Iann, President
Lakewood Board of Education
200 Ramsey Avenue
Lakewood, New Jersey 08701

January 28, 2016

David C. Hespe, Commissioner
New Jersey Department of Education
Office of the Commissioner of Education
100 Riverview Plaza, Route 29
Trenton, New Jersey 08625

Re: Lakewood Board of Education

Dear Commissioner Hespe:

I write to you in my capacity as the newly elected President of the Lakewood Board of Education.¹ As Board President, I am deeply troubled and dismayed about the current state of the fiscal and educational affairs in the Lakewood School District and *the children, parents, community members and senior citizens* who are impacted by it. When I was appointed President, I promised my fellow Board members, the Lakewood Administration/Monitors and the community at large that I will do my best to promote the well-being of all Lakewood's children at all times and all places regardless of their race, color and creed. I will do whatever it takes to fulfill this promise, however, I cannot do it alone. Nevertheless, at this point I feel that we are alone in the process.

When the Department of Education appointed a State Monitor in the Lakewood School District in April of 2014 it made a commitment that it will do whatever was necessary to get Lakewood back on track so that it could once again become a healthy, vibrant and solvent school district – a school district where our children can obtain the best educational opportunities possible and where they can get to and from school safely, despite the hazardous road conditions of our growing community. It is my opinion, and the opinion of many others in Lakewood that the New Jersey Department of Education and the State of New Jersey has fallen woefully short on this commitment/promise.

At the time the State Monitor was appointed in Lakewood in 2014, our budget deficit was approximately \$5 million. However, much to our surprise, the State Monitors recently announced that our projected year-end deficit will be \$12,389,288.00 as of June 30, 2016. In other words, since the State Monitor was appointed, the District's budget deficit has more than

¹ Per Board Policy 0146 I am required to inform you that the opinions expressed do not necessarily represent those of the full Board.

doubled. This is also despite the fact that the Department of Education loaned the District approximately \$4.5 million at the end of the 2013-14 school year. In addition, it is also worth noting that there have been two other Monitors appointed in Lakewood to help with our fiscal crisis – one who deals with fiscal issues and the other who is dedicated to handling special education matters.

In a recent presentation by our fiscal Monitor (see Exhibit A), some alarming information came to light. The number of regular education non-public students for whom we must provide transportation has grown from 11,690 as of June 30, 2012 to 16,997 as of June 30, 2016 or an increase of 45.4%. In addition, our special education public and non-public transportation has grown by 154.86% and 194.57%, respectively since June 30, 2012. However, despite this staggering growth, our transportation aid has only grown by 1.78% since the 2012-13 school year. This is woefully inadequate and exacerbating the problem. It also helps explain why our projected budget deficit in the regular education, special education and “aid in lieu” lines of our budget is expected to be approximately \$9 million of our expected \$12 million budget shortfall!

This problem is compounded by the fact that for the last three school years, our special education aid and equalization aid (aid provided to support that portion of the adequacy budget that cannot be met by the local share) has remained flat since the 2013-14 school year. However, our special needs students who are in out of district placements has nearly doubled over the last five years.

It is also noteworthy that our courtesy bussing student population (which are oftentimes blamed as the root cause of our fiscal crisis) has grown by only 6.42% since June 30, 2012. Over the objection of the Board of Education the State Monitors compelled a special election referendum which was held on January 26, 2016. The referendum asked the community for approval of an additional \$6.2 million in general funds in the 2015-16 school year. The taxes would be used exclusively for non-mandated transportation services for public and non-public students. As you may be aware, there are approximately 11,000 students who receive courtesy bussing in Lakewood -- 8,400 non-public students and another 2,400 public school students, which represents approximately half of all public school students.

The Board of Education voted this referendum down (only to be overruled by the Monitor) because it strongly believed that the likelihood of Lakewood’s already overtaxed population approving such a referendum passing was marginal at best. Its prediction became a stark reality with the referendum being defeated overwhelmingly -- 108 people voting yes and 7,561 voting no. As a result, those students who receive courtesy bussing will lose it at the end of February, 2016, unless something is done immediately.

As you will recall, courtesy busing was nearly cut prior to the inception of this school year, however, after numerous meetings, negotiations and countless hours of dialogue over the past few months between board of education members, the State Monitor, DOE officials, the Lakewood Administration, heads of the non-public schools, Township officials, and community leaders, the Lakewood School District was able to restore courtesy bussing for the 2015-16 school

year for all grade levels. This was accomplished by all of the non-public schools tiering or staggering their school openings which will result in a substantial cost saving to the Lakewood School District. In addition, the Township agreed to contribute \$900,000 towards courtesy busing in the upcoming school year. Moreover, the New Jersey Department of Education agreed to provide \$2 million in additional funding for this school year, contingent on the tiering plan. The money also came from the restructuring of refund payments the District owes the State. The total price tag for the courtesy busing was to be approximately \$5.8 million.

Nevertheless, the Board is being told that because the bus bids went out late, the costs of providing this transportation exceeded initial estimates which has led to this \$6 million plus budget shortfall. Ironically, even if the referendum passed the District would still end the year with a budget deficit which presumably carry from one year to the next with no end in sight.

What now looms for our children is a situation where staff and programs will inevitably be cut to address the District's growing deficit. Moreover, public and non-public students will be forced to walk to and from school on hazardous roadways without sidewalks and overly congested traffic patterns. Unfortunately, fatalities on the Lakewood streets are becoming more common every year. I cannot imagine what will occur when 11,000 students take to our roadways in February. Suffice it to say, I will not permit the blood of any child, G-d forbid, to be spilled on my watch. We have been patient, we have worked with the State Monitors, we have done everything that has been asked of us, yet we find our predicament to be worse than we started. This is simply unacceptable.

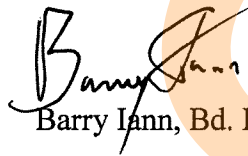
At the time the State Monitor was appointed in Lakewood the question that was in everyone's mind was whether the District's \$5 million budget deficit was due to fiscal mismanagement, as many had believed, or whether Lakewood simply had a revenue problem. I believe that question has been answered very clearly by our State Monitor and auditors who candidly acknowledge that Lakewood has a revenue problem. Therefore, the DOE cannot continue adding State Monitors to the Lakewood equation expecting things to change when they have only become worse since the Department of Education offered its assistance. As Albert Einstein once said, "the definition of insanity is doing the same thing over and over again and expecting a different result."

Accordingly, something different must be done to solve this crisis and it is time for the Department of Education to recognize this fact. If this were a Fortune 500 Company or professional sports team, there would clearly be a change in management and a different approach implemented. Other glaring issues which need to be immediately addressed are the woefully inadequate State Aid and the fact that the School Funding Reform Act "SFRA" is not being fully funded. The SFRA essentially ignores the fact that 30,000 students attend the non-public schools who are also receiving mandated services from the District and that Lakewood is the fastest growing community in the State with a population of over 100,000 citizens and growing exponentially. If the SFRA was fully funded the District would receive approximately \$5 million more than it does, plus another \$2 million which the District is being short-changed in extraordinary aid. See, Exhibit B.

I started this letter by stating that I am deeply concerned for the future of the *children* of Lakewood and I will conclude my letter with that same sentiment, particularly now that the referendum overwhelmingly failed. I trust that the State and the Department of Education shares my view which is why something must be done NOW to address this crisis. Together we can fix this problem through action. Words are not enough. As Nelson Mandela once said, "There can be no keener revelation of a society's soul than the way in which it treats its *children*."

I look forward to your timely response towards a solution.

Respectfully Submitted,



Barry Iann, Bd. President

cc. Honorable Chris Christie, Governor
Honorable Corey Booker, Senator
Honorable Stephen M. Sweeney, Senator
Honorable Robert W. Singer, Senator
Honorable Sean T. Kean, Assemblyman
Honorable David P. Rible, Assemblyman
Mayor Albert Ackerman
Board of Education c/o Thaddeus Thompson, Bus. Admin.
Lakewood Town Council c/o Kathryn Cirulli, Clerk
Rabbi Aaron Kotler
Laura Winters, Supt.
Glen Forney, Director, Budget Review and Fiscal Monitors
Todd Flora, Executive County Supt.
Michael Azzara, Monitor
David Shafter, Monitor
Terri Sinatra, Monitor
Marc H. Zitomer, Board Attorney
Dieter Lerch, Auditor

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Exhibit A

Estimated Deficit June 30, 2016

Item	Adjusted Budget	Current Expenditures and Encumbrances	Additional Projected Expenditures	Projected Deficit
Tuition Accounts	\$ 28,093,613	\$ 29,448,564	\$ 300,000	\$ (1,654,951)
Tuition Accounts	\$ 364,383	\$ -	\$ -	\$ 364,383
Transportation Regular	\$ 12,175,187	\$ 19,169,999	\$ -	\$ (6,994,812)
Transportation Special	\$ 3,979,997	\$ 5,098,552	\$ 100,000	\$ (1,218,555)
Transportation Aid In Lieu	\$ 600,000	\$ 600,029	\$ 770,747	\$ (770,776)
Repayment Loans	\$ 1,187,819	\$ 450,000	\$ -	\$ 737,819
TOTAL	\$ 46,400,999	\$ 54,767,144	\$ 1,170,747	\$ (9,536,892)

	Original Estimated	New Estimated	
Extraordinary Aid	\$ 4,500,000	\$ 3,600,000	\$ (900,000)
Township Grant	\$ -	\$ 1,000,000	\$ 1,000,000
TOTAL	\$ 4,500,000	\$ 4,600,000	\$ 100,000

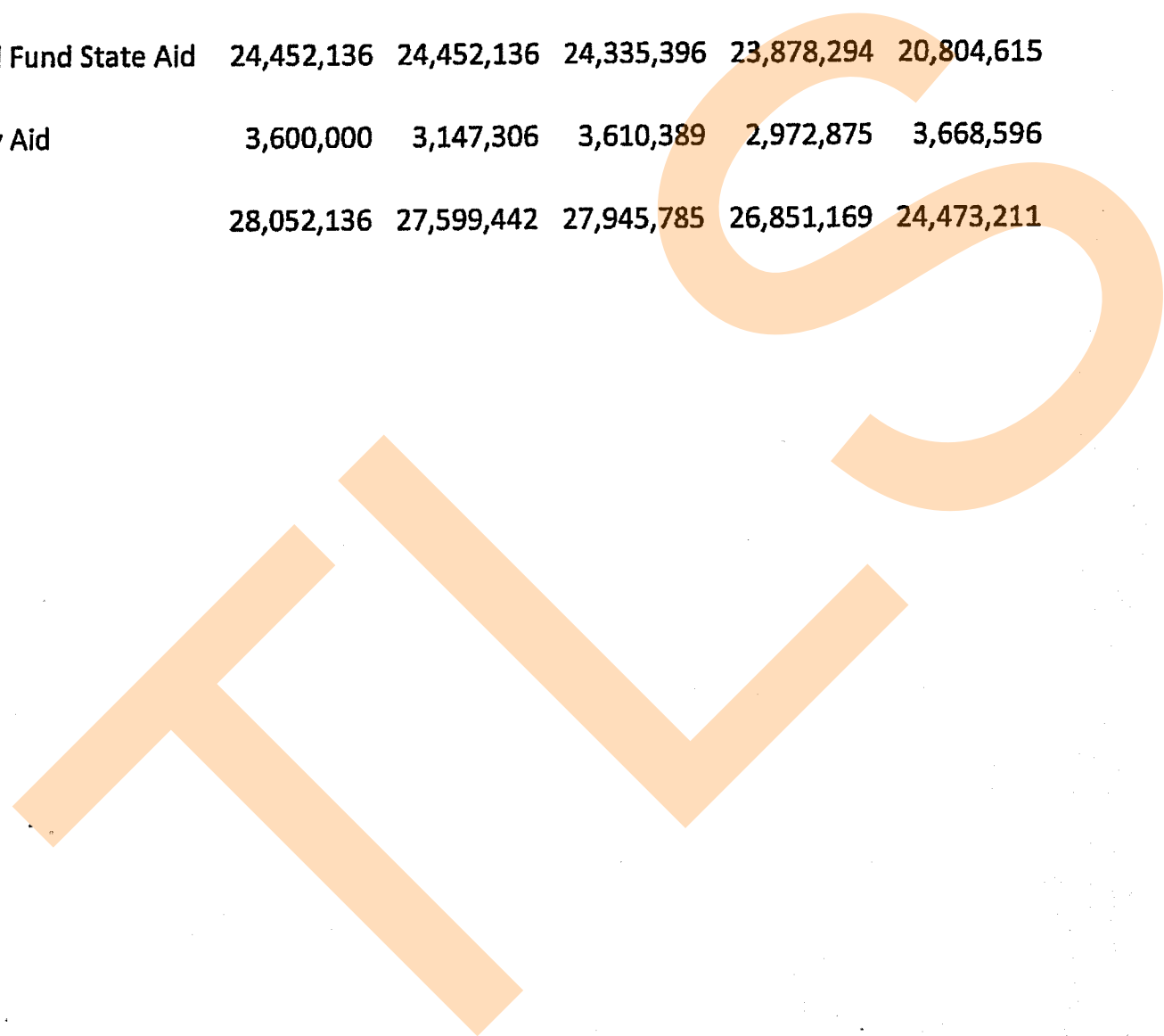
Total Estimated Deficit Current Year	\$ (9,436,892)
Deficit as of June 30, 2015 Budgetary Basis	\$ (2,952,396)
Total Estimated Deficit June 30, 2016	\$ (12,389,288)

REGULAR TRANSPORT DEFICIT

	12/21/2015	1/12/2016
Current deficit for regular transportation 511 account	\$ (6,911,381)	\$ (6,994,812)
Additional aid in lieu	\$ (973,284)	\$ (770,776)
Total	\$ (7,884,665)	\$ (7,765,588)
Grant from Lakewood Township	\$ 1,000,000	\$ 1,000,000
Advance aid from DOE shifted from 2014-15	\$ -	\$ -
Deferral of repayments to DOE	\$ 737,819	\$ 737,819
TOTAL	\$ 1,737,819	\$ 1,737,819
Balance	\$ (6,146,846)	\$ (6,027,769)

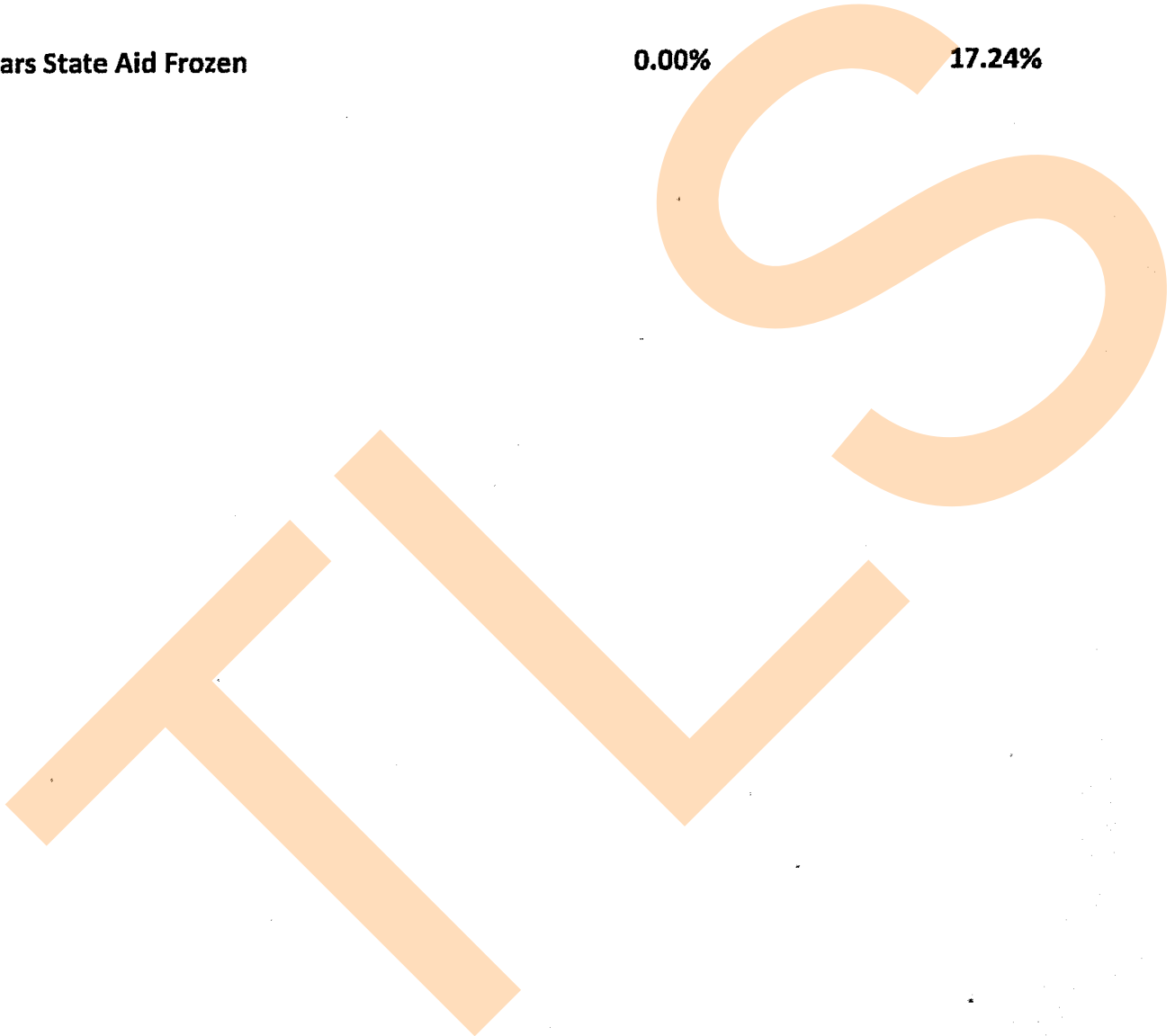
Five Year Lookback State Aid

New Jersey State Aid	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
Equilization Aid	15,263,034	15,263,034	15,263,034	14,972,074	14,793,805
Transportation Aid	3,934,658	3,934,658	3,934,658	3,865,747	3,043,050
Special Education Aid	2,975,869	2,975,869	2,975,869	2,904,408	2,748,847
Security Aid	2,161,835	2,161,835	2,161,835	2,136,065	218,913
PARCC Readiness Aid	58,370	58,370	0	0	0
Per Pupil Growth Aid	58,370	58,370	0	0	0
Total General Fund State Aid	24,452,136	24,452,136	24,335,396	23,878,294	20,804,615
Extraordinary Aid	3,600,000	3,147,306	3,610,389	2,972,875	3,668,596
Total	28,052,136	27,599,442	27,945,785	26,851,169	24,473,211



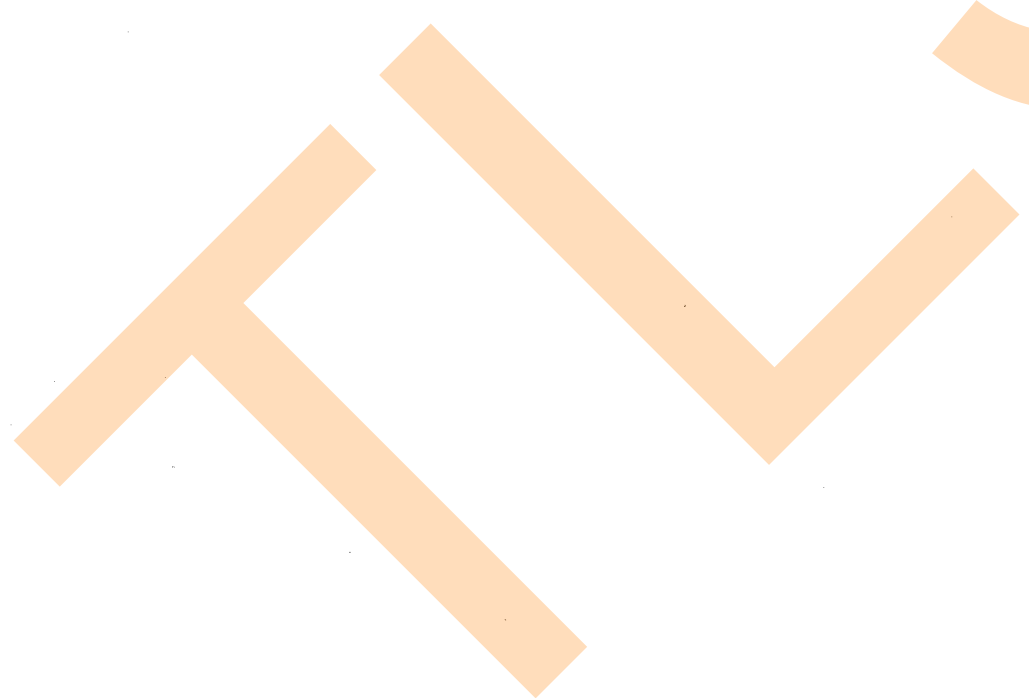
TRANSPORTATION

	Transportation Aid	% Increase	Mandated Students	% Increase
2015-2016	3,934,658	0.00%	19904	5.22%
2014-2015	3,934,658	0.00%	18917	11.43%
2013-2014	3,934,658	1.78%	16977	14.28%
2012-2013	3,865,747	27.04%	14855	4.12%
2011-2012	3,043,050		14267	
Ending Increase		29.30%		39.51%
Three Years State Aid Frozen		0.00%		17.24%



TRANSPORTATION

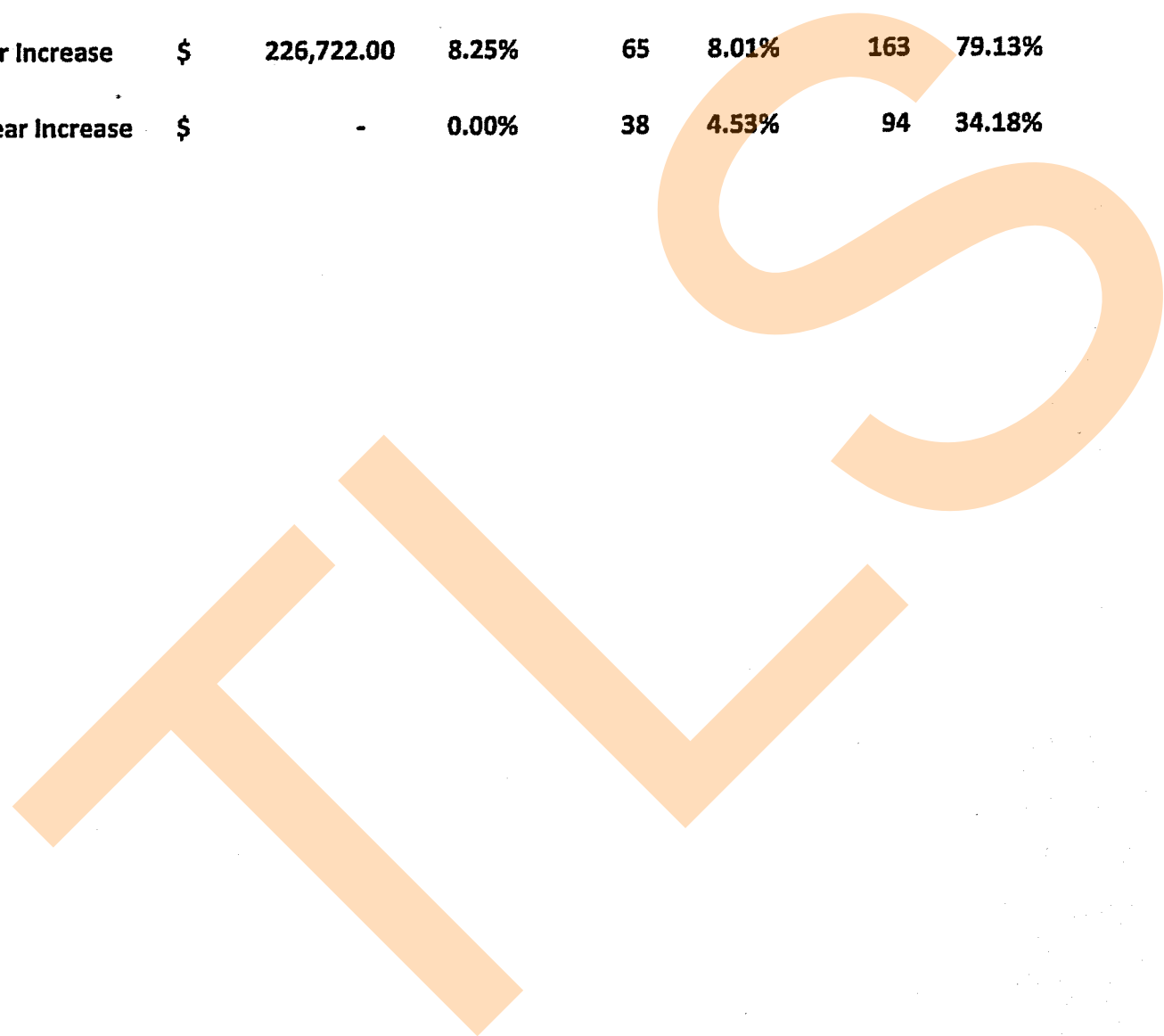
Year Ending	Mandated Regular Ed Public	Mandated Regular Ed NP	Special Transp Needs Public	Special Transp Needs Private	Courtesy Students Mixed
6/30/2012	2,310	11,690	175	92	9,368
6/30/2013	2,239	12,388	190	38	9,744
6/30/2014	2,306	14,301	225	145	10,718
6/30/2015	2,206	16,334	219	158	9,935
6/30/2016	2,191	16,997	446	271	9,969
Total Change	-119	5,307	271	179	601
% Change 2012-2016	-5.15%	45.40%	154.86%	194.57%	6.42%
Three Years State Aid Frozen	-115	2,696	221	126	-749
Three Years State Aid Frozen	-4.99%	18.85%	98.22%	86.90%	-6.99%



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Special Education

	Special Education Aid	Percent Increase	In District Students	Percent Increase	Out of District Students	Percent Increase
2011-2012	\$ 2,748,847.00	N/A	811	N/A	206	N/A
2012-2013	\$ 2,904,408.00	5.66%	819	0.99%	245	18.93%
2013-2014	\$ 2,975,569.00	2.45%	838	2.32%	275	12.24%
2014-2015	\$ 2,975,569.00	0.00%	849	1.31%	295	7.27%
2015-2016	\$ 2,975,569.00	0.00%	876	3.18%	369	25.08%
Five Year Increase	\$ 226,722.00	8.25%	65	8.01%	163	79.13%
Three Year Increase	\$ -	0.00%	38	4.53%	94	34.18%



SPECIAL EDUCATION COMPARISON

	Special Education Sent to Private Schools for the Handicapped in Lakewood	Special Education Sent to Out of District Schools	%White	%Black	%Hispanic
2011-12	125	81	80%	9%	11%
2012-13	144	101	74%	13%	12%
2013-14	172	118	72%	12%	17%
2014-15	211	129	76%	9%	15%
2015-16	261	108	81%	6%	13%
% Inc	108.80%	33.33%			
Student Population 2015-16			8%	10%	80%

	Special Ed In District Classrooms	%White	%Black	%Hispanic
2011-12	811	14%	19%	66%
2012-13	819	13%	15%	71%
2013-14	838	11%	12%	76%
2014-15	849	14%	10%	76%
2015-16	876	11%	10%	78%
% Inc	8.01%			
Student Population 2015-16		8%	10%	80%

WE MUST DETERMINE WHY THIS IS HAPPENING.

FUND 20 COMPARISON

Year	Source	Total Award	Non Public	Public
2015-16	FEDERAL	24,772,743	13,072,368	11,700,375
2014-15	FEDERAL	21,977,003	13,033,941	8,943,062
2013-14	FEDERAL	22,397,286	12,686,154	9,711,132
2012-13	FEDERAL	24,003,036	13,530,624	10,472,412
2011-12	FEDERAL	16,143,071	9,075,851	7,067,220
TOTAL CHANGE		8,629,672	3,996,517	4,633,155
% CHANGE		53.46%	44.03%	65.56%
2015-16	STATE	26,698,224	24,716,239	1,981,985
2014-15	STATE	26,249,150	24,216,017	2,033,133
2013-14	STATE	23,065,301	20,750,854	2,314,447
2012-13	STATE	21,676,100	19,358,726	2,317,374
2011-12	STATE	19,213,129	16,844,363	2,368,766
TOTAL CHANGE		7,485,095	7,871,876	-386,781
% CHANGE		38.96%	46.73%	-16.33%
2015-16	COMBINED	51,470,967	37,788,607	13,682,360
2014-15	COMBINED	48,226,153	37,249,958	10,976,195
2013-14	COMBINED	45,462,587	33,437,008	12,025,579
2012-13	COMBINED	45,679,136	32,889,350	12,789,786
2011-12	COMBINED	35,356,200	25,920,214	9,435,986
TOTAL CHANGE		16,114,767.00	11,868,393.00	4,246,374.00
% CHANGE		45.58%	45.79%	45.00%

Budget Breakdown by Public and Non Public

Type

General Fund <i>statistical</i>		\$ 120,830,423
Non Public Programs		
Stars Program Rent	\$ 187,000	
Related Services	\$ 450,000	
Transportation Routes	\$ 15,263,282	
Transportation AIL	\$ 1,573,284	
Subtotal	\$ 17,473,566	
Public Balance		\$ 103,356,857
Fund 20 Federal Programs		\$ 24,772,743
Non Public Programs	\$ 13,072,368	
Public Balance		\$ 11,700,375
Fund 20 State Programs		\$ 26,698,224
Non Public Programs	\$ 24,716,239	
Public Balance		\$ 1,981,985
Debt Service Public		\$ 1,306,446
Total Public		\$ 118,345,663
Total Non Public		\$ 55,262,173
Total Budget		\$ 173,607,836

Transportation Expense Public and Non Public

Type of Contracted Service		NON PUBLIC	PUBLIC	TOTAL
Regular To and From School	511	\$ 15,263,282.29	\$ 3,011,682.56	\$ 18,274,964.85
Aid In Lieu ESTIMATED	503	\$ 1,370,776.00	\$ -	\$ 1,370,776.00
Jointures Regular Education	513		\$ 14,000.00	\$ 14,000.00
TOTAL REGULAR EDUCATION		\$ 16,634,058.29	\$ 3,025,682.56	\$ 19,659,740.85
Special To and From School	514		\$ 3,962,459.69	\$ 3,962,459.69
Special ESC	518		\$ 900,000.00	\$ 900,000.00
TOTAL SPECIAL TRANSPORTATION NEEDS		\$ -	\$ 4,862,459.69	\$ 4,862,459.69
TOTAL		\$ 16,634,058.29	\$ 7,888,142.25	\$ 24,522,200.54



FRS

Exhibit B

Type of State aid	Full SFRA formula 2015/2016	Actual state aid 2015/2016	Absolute Difference	% Difference
Transportation aid	\$10,161,311	\$3,934,658	(\$6,226,653)	-61%
Special Education Categorical aid	\$4,665,304	\$2,975,869	(\$1,689,435)	-36%
Security aid	\$2,865,168	\$2,161,835	(\$703,333)	-25%
Equalization aid	\$11,650,780	\$15,263,034	\$3,612,254	31%
Preschool aid	\$2,008,490	\$2,033,133	\$24,643	1%
PARCC readiness aid	Doesn't exist	\$58,370		
Per pupil growth aid	Doesn't exist	\$58,370		
Assesment for debt service	(\$639)			
Debt service aid	\$18,628			
Total SFRA underfunding	\$31,369,042	\$26,485,269	(\$4,982,524)	-16%
Extraordinary aid	\$5,610,115	\$3,600,000	(\$2,010,115)	-36%
Total underfunding			(\$6,992,639)	

School year	2011-2012	2012-2013	2013-2014	2014-2015
Transportation Aid	\$ 3,043,050	\$ 3,865,747	\$ 3,934,658	\$ 3,934,658
Number of students entitled to transportation aid	14,267	14,855	16,977	18,917
Special Education Categorical Aid	\$ 2,748,847	\$ 2,904,408	\$ 2,975,869	\$ 2,975,869
Number of special education students	1,017	1,064	1,113	1,144
Extraordinary state aid	\$ 3,668,596	\$ 2,972,875	\$ 3,610,389	\$ 3,147,306
Number out of disctricts special education students	206	245	275	295