

EDGEWATER BOARD OF EDUCATION

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Dear Members of the Edgewater Community,

We want to assure the community that the Board of Education (BOE) is doing all that it can to manage the current fiscal crisis the District is in. We share in your frustration and concern and appreciate the comments that have been shared with us.

We are writing to respond to some specific comments sent to us by the Edgewater Parent Teacher Organization (PTO) Task Force on the evening of Wednesday, April 21st and we feel that these answers may also help the community have a better understanding of what is happening. These are detailed responses, and we apologize for the length, but want to be as transparent as possible. It is also our plan to continue to provide these types of communications moving forward to keep our community better informed.

- 1. Comment:** After meeting with the Mayor and Council, Monday, April 20, it has come to our attention that the \$500,000 grant that the Mayor has offered was calculated and provided by Mr. DeSimone on behalf of BOE. As you can imagine, we were all caught off guard as just a couple days ago, April 16, 2020, during the BOE meeting, the message that was relayed to the public was that the dollar amount was what the Mayor had offered, which completely contradicts one another.

BOE Response: In an effort to provide clarity, we have set forth a chronological list of events culminating in the BOE's acceptance of the Mayor and Council's offer of financial assistance:

- The District's former Business Administrator (BA) retired effective December 31, 2019
- Kathleen Marano joined as the District's Interim BA on January 1, 2020.
- By the end of January, Ms. Marano identified a budgetary shortfall for school year 2019/2020 and notified the Superintendent and the BOE.
- In the following weeks, and after further review of the budget and financial accounts, Ms. Marano determined the shortfall for school year 2019/2020 to be approximately \$1,800,000.
- Upon confirmation of the extent of the shortfall, Ms. Marano notified the BOE and County Superintendent, as required by law.
- Upon learning the extent of the deficit, BOE members Tom Quinton (BOE President) and Board Member Sandy Klein immediately set up time with the Mayor, town lawyer and town administrator to notify them of the situation and

the possible immediate and long-term impact. The purpose of the meeting was to request financial assistance from the town to address the 2019-2020 budget deficit, so the BOE would not have to request a loan from the State. Ms. Klein requested that the Borough provide \$2,000,000 to eliminate the deficit for the 2019/2020 school year. Mr. Quinton and Ms. Klein were told that the Borough was not able to assist financially at that time but very much wanted to work with us to continue to find possible solutions.

- Immediately following the meeting, all Board members were advised of this information and at this point, we had no other choice but to quickly have the Business Administrator submit an application to the State to obtain a loan to cover the budgetary shortfall for the 2019/2020 school year. That loan was immediately granted and is required to be paid back; interest free over a period of up to ten years.
- As a result of the deficit and the District receiving the loan, as is a requirement of receiving the loan, the State assigned a monitor, Mr. Angelo DeSimone (at district expense), to oversee the finances of the District for so long as the loan remains outstanding.
- Following his arrival in the District, Mr. DeSimone reviewed the current financials with our Interim BA and simultaneously assisted us in preparing our 2020-2021 budget as it also needed to be submitted during this time.
- After careful review and planning, both Ms. Marano and Mr. DeSimone also recommended significant cuts given that we needed to submit a balanced budget for the next school year. This must be done and unfortunately where we find ourselves now since we cannot exceed the prior years budget by more than 2% without going to public vote.
- After reviewing the financials and evaluating all options available, Ms. Marano, Mr. DeSimone and the BOE determined the need to put forth ballot questions at the November 2020 election, seeking voter approval to permanently raise the District's tax levy by approximately \$6,000,000. A first draft of the proposed questions was presented at a recent BOE meeting. Note that the additional tax levy is needed to permit the District budget to rise beyond the 2% cap imposed under State law. Given the population growth in Edgewater, resulting in a significant increase in school age children, there simply is no way for the budget to keep pace without voter approval to increase the tax levy. PLEASE NOTE: It has been over 10 years since we have asked the community to increase our budget and we have been trying to operate with just the 2% increase, yet our student population has been increasing at a faster rate.
- During this time period, Mr. DeSimone also continued discussions with the Mayor to work on different funding ideas the town may be able to provide. Amongst the priorities they discussed, the Mayor asked if we could provide the amount it would cost to lower class sizes until the election. As a result of those discussions, the Borough offered to provide a one-time contribution of \$500,000 to bridge some of the gap until the November election, provided that the money was used to bring back teachers and reduce class size. Although many ideas were discussed, there was no other offer put towards the board.

- At that point, the only item open to negotiation between the town and the BOE was whether the money could be used to bring back a fewer number of teachers through January 31st as opposed to a greater number, but only through November 15th as originally suggested.
- Ms. Marano, Mr. DeSimone and the BOE felt it was important to bring back fewer teachers for the entire school semester (as opposed to bringing them back only through November 15, 2020) as it was in the best interest of the children and avoided creating a greater financial hole if the ballot questions did not pass. The Mayor agreed.
- It is important to note that (i) the Borough is not legally obligated to contribute financially to address the deficit of the BOE as we are separate government entities and (ii) any monies obtained will only act as a stop gap until the November ballot questions are voted on and if they are passed.
- The November ballot is key because if passed, the District tax levy is permanently increased and the BOE can restore positions and programs. If the ballot questions are not passed, then the budget remains fixed at the current state and those teachers that would otherwise have been terminated except for the Borough's contribution, will need to be terminated as of January 31, 2021.
- With the current proposal we will bring the average class size down to 23.7 rather than the original 32+.

2. Comment: We would like to request transparency and understand the sequence of events and why only \$500,000 was requested when the BOE's budget deficit is 10x that number. In addition, the Mayor provided us with calculations on the expectation of how the \$500,000 will reduce class sizes (which seemed to be the only goal that everyone was focused on). The figures also did not match what we were told. As part of the Edgewater community and group of impacted and concerned parents and teachers, we need the facts. The Mayor asked his council if they can show us the calculated plans for the class size reductions, but council advised that we can request the information directly from the BOE and state monitor for formality, but they were not opposed to the idea.

Therefore, we would like to formally request the class reduction plans and how the \$500,000 will be allocated and where will that take us as far as final class size predictions. We believe that transparency is paramount between the BOE, the educators, parents, and community. The BOE's job is to serve the Edgewater School community and we need to have better lines of communication and trust. With that said, we would also formally like to request the following:

- When decisions are made specifically to the new administration (i.e. new superintendent or principal), please have 1 parent and teacher (whether PTO or EEA) involved in the decision process.

- As it relates to the referendum (which is extremely critical for the November polls) we would like to have representatives from our Taskforce review the draft ahead of time so that we can provide feedback prior to formal submission.

BOE Response: We as a Board have been transparent. You may not agree, but we have tried to provide information and are looking for more answers ourselves. We opened the doors to the State Monitor, we insisted on a Forensic Audit and have all been working to identify what went wrong. Our goal is to work with the state and Borough, bring our tax levy up to support all the existing programs our students deserve and need, and help us prepare better for our future.

At the insistence of the Board, we have authorized the Interim BA to request proposals to move forward with the forensic audit as soon as possible.

For the 2019-2020 school year, we had a shortfall of \$1,800,000. This included unanticipated out of district placement (special needs) tuition in excess of \$1,200,000, plus busing and additional services for these students which brings this total closer to if not more than \$1,500,000.

Additionally, we must allocate for the 2020-2021 budget, including the estimated total increased tuition to Leonia of \$1,200,000 plus \$500,000- which is an adjustment from a previous year. Since the state actualizes budgets a year after they are incurred, we always have a back payment to Leonia and that number is not provided to us until a year after. This is not new.

However, much to our dismay, if our professionals had allocated expenses properly over the last years we would not have been in this position and the Board would have in fact been making smaller cuts every year. In November 2020 we would have had to go to the public vote regardless of what happened with last year's budget since our student population growth and costs associated with that growth is greater than the amount, we can raise our budget each year.

Response in reference to the first bullet point above: For now, we will be bringing in an Interim Superintendent/Principal. When we start the process of hiring a permanent Superintendent/Principal we will, as we have always done in the past, put together a committee of parents, teachers, other administrators and Board members. When big decisions are needed, we have always put together a group of what we call Key Communicators to get input from the community.

Once we get through the final budget to be submitted to the state, we will be asking many people to be involved with helping us move forward together, and detail information so that they can help us communicate the importance of these questions for November and the impact it will have if they fail. If you would like to be asked to join one of these

committees as they are formed, please email Ms. Marano so that we can include you. We welcome it!

Response, in reference to the second bullet point above: Just for language clarification, we are not having a referendum, we are adding ballot questions to the November ballot.

We would suggest you review the questions which are presently on our website in the State Monitor's report. These are the questions as we approved them in the tentative budget that was submitted to the County. Please send any feedback you have to the Interim BA, Mrs. Marano, and Mr. DeSimone for consideration. We have already suggested this to the Edgewater Education Association, (teachers' union). We do welcome feedback as this will only succeed if we all work together.

- 3. Comment:** We ask that these requests are honored, and a response submitted timely, as we know that time is running out to make any meaningful impact. Our hope is for transparency and a partnership to help our schools, teachers, community but more importantly, our children.

BOE Response: We as a Board understand your frustration with us and our administration. We live here too and our kids are and have been members of our student population. Please know that all our Board members are elected, but these positions are unpaid and volunteer. We as board members do this job because we all are passionate about our community, our children and want to provide our students with everything we can to ensure their future success. We will get through this together, but that will only happen if the public is also informed. We want to be transparent; we want you to ask questions, and we have the common goal of our children's success.

We hope we have answered your questions and you can always feel free to send additional questions to our Interim BA, Ms. Marano (so information can be streamlined) and we will supply answers. kmarano@edgewaterschools.org

Thank you,

The Edgewater Board of Education

