

Chesterfield Township Board of Education

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Chesterfield Township Committee Members
Chesterfield Township
295 Bordentown-Chesterfield Road
Chesterfield, New Jersey 08515

Subject: Old York Country Club (OYCC) State Aid Impact on the Chesterfield Township School District

Dear Chesterfield Township Committee Members,

The Chesterfield Township School District Board of Education has reviewed the financial impact of the OYCC Redevelopment Plan on the school district. Based on the Township's \$65,000,000 valuation of the proposed warehouse, we expect that the redevelopment plan will impact our future State Aid negatively. Specifically, based on our calculations, the Chesterfield Township School District stands to lose approximately \$241,628 in State Aid if the OYCC Redevelopment Plan proceeds.

A district's State Aid is comprised of Special Education Aid, Security Aid, Transportation Aid, and Equalization Aid. The category of aid that would be affected by the OYCC Redevelopment Plan is Equalization Aid.

How is State Equalization Aid calculated?

- There are two factors in determining how much equalization aid a school district receives. The first is the adequacy budget. This is how much the state determines it would cost for a district to provide a thorough and efficient education for the specific student population in that school district, factoring in the grade level and needs of students enrolled. The second factor is Local Fair Share. This is essentially how much the municipality can afford to contribute toward their Adequacy Budget. To determine this amount, the State factors in the municipality's equalized valuation (value of properties) and the income in the municipality. A district's equalization aid is the difference between those two numbers. **Adequacy Budget-Local Fair Share=Equalization Aid.**

How would a warehouse in Chesterfield affect our equalization aid?

- A large commercial property contributing tax revenue would increase the Township's equalized valuation which would reduce our equalization aid. The formula used currently to calculate local fair share is **Equalized Valuation X .013767998/2 + District Income X .051821204/2 = Local Fair Share.**

Would this impact both school districts that service Chesterfield students, i.e., Chesterfield Township School District and Northern Burlington County Regional School District?

- Yes. Chesterfield's Equalized Valuation is split between the two districts, Chesterfield Township School District and Northern Burlington County Regional School District, based on the amount of students in each district. For example, this year 54% of the kindergarten through 12th grade students from Chesterfield are enrolled in the Chesterfield Township School District. Thus, our equalization aid would be based on 54% of our equalized valuation with the remaining 46% to be factored into Northern Burlington County Regional School District's aid determination. These percentages will fluctuate based on the percentage of students enrolled in each district. As we do not control Northern Burlington County Regional School District's budget, we did not examine their budget so as to ascertain how much State Equalization Aid they would lose or how much the Local Fair Share would increase for their district if the OYCC Redevelopment Plan proceeds.

Based on the information we have been given, the local fair share would increase by \$241,628, which means Chesterfield Township School District's State Equalization Aid would decrease by \$241,628. For the 2021-2022 Budget Year, the district will receive \$2,440,189 in equalization aid, but are still underfunded in this category by \$878,734.¹ The district's actual equalization aid should be \$3,318,923, but would decrease to \$3,077,294 when adding the value of the proposed warehouse, assuming every other factor remained constant.

Thank you for taking the time to review this information. Please let us know if your numbers or information is in any way different from ours and do not hesitate to contact me if you have any questions or concerns.

Respectfully,

Andrew Polo

Cc: Tom Sahol, Chesterfield Township Administrator

¹ As you are aware, Chesterfield Township School District has been underfunded by the State for many years. However, with the passing of S2, the State has steadily been increasing our Equalization Aid so as to fully fund our district. Since 2018, we have received an increase of approximately \$2,038,984 and anticipate that we will receive the \$878,734 within the next three years.