



## HADDONFIELD BOARD OF EDUCATION

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### **School Board Expresses Concern About Bancroft Tax Structure.**

Feb. 28, 2019

The Board of Education would like to share our comments on the recently released Bancroft Redevelopment Plan details and the proposed tax PILOT program as they relate to the community and our shared responsibility to provide an appropriate education system.

The funding of our schools is a responsibility of the Haddonfield community as a whole. The tax structure in New Jersey requires that all members of the community who own taxable property contribute to the schools as well as to the county, borough and library. That responsibility exists whether the property owner has children in the district, uses the library, or accesses some of the many services provided by the county or borough.

If passed, the proposed tax PILOT would create an inequitable differentiation between future residents of the Bancroft properties and every current resident in the Borough. As such, this proposed plan is not at all tax-neutral, but rather it relieves new occupants and, consequently, the developer of their responsibilities to the Borough at a significant cost to our students, school system and existing residents. In practical terms, this PILOT demands that current taxpayers subsidize school-related expenses for the Bancroft development for the next 30 years.

To help everyone understand, we would like to highlight the likely consequences of the proposed tax PILOT program and how it will affect our new neighbors purchasing homes in the redevelopment zone as well as existing taxpayers. Under the normal tax rates, for every \$1000 collected from the borough residents, approximately \$550 are allocated to our schools, \$280 to the county and \$170 to the municipality. In other words, the current formula places a significantly greater focus on the school's needs over that of the rest of the Borough - by more than a 3-to-1 margin. Under the proposed PILOT program, our new residents will be asked to pay only \$700 (70%) of their regular tax bill. Of that \$700, by law, nothing is allocated to the schools, \$35 to the county and the remaining \$665 to the municipality. It is also notable that the new residents, under PILOT privileges, will not be subject to school tax increases or future referendum costs. They will not be contributing to our school district's needs for 30 years.

According to the financial models provided to the public by the Commissioners, the financial impact of the tax PILOT program on the school district is now clear: In the first full year of occupancy, the district would not receive \$675,000, the amount the school district would receive if the full amount of taxes were being paid according to the assessed values. Those funds would not only provide the money the school district needs to educate the students who come from the new Bancroft properties but also provide the services that current and future students need.

The Board of Education wants to honor our longstanding commitment to fiscal prudence in the face of growing needs. As our taxpayers know, the district holds aged infrastructure. Our recent \$35 million construction project only begins to address our long-term facility needs. To name a few of our mounting needs: we must do a better job of properly maintaining our properties, we must address the need for significant security upgrades, and we must prepare for a potential mandate by the state to provide full-day kindergarten. These fundamental needs come at a time when 78% of our budget is spent on personnel with embedded costs growing at greater than 3% while our budget can only grow within a 2% annual budget cap.

New ratables would help us meet our growing demands.

In addition, the school board questions the estimated number of students coming from the development. According to the report, the Bancroft development will only result in 5 additional students from the regularly priced units and another 5 from the COAH properties over the next 30 years. The Borough used data from existing enrollment based on various property types in town. However, when we look at reports such as the 2015 Residential Demographic Multipliers<sup>1</sup>, they report that the lower and upper limit, with a 90% confidence interval, will result in 33 to 36 school-aged children from the regularly priced properties. Therefore, we must conservatively prepare for many more than 10 children to be enrolled in our schools when the Bancroft development is fully occupied. However, there is no way to predict the needs of each of those students or the cost to the school district to educate them.

Our position remains that funding our school district is the responsibility of all property owners in Haddonfield. Under the current tax structure, it is the only way in which the district can continue to meet the needs of all its students and stay progressive and competitive in today's global community. The creation of this tax PILOT program inequitably places the burden of supporting our schools on existing taxpayers in our town who currently pay their fair share of the financial obligation, despite having no children in our schools (such as senior citizens, parents of private school students, and other households without children). As stated herein, the proposed tax PILOT is likely to result in a higher tax burden on those residents. The owners of the proposed PILOT properties would not share in that burden. ***It is for this reason, the Haddonfield Board of Education is opposed to any tax PILOT program which unfairly repudiates our community's shared responsibility to our education system so that the Bancroft development can be declared tax neutral.***

Before this Pilot program moves forward, there is a need for a formal binding agreement in place between the borough and the school district which ensures that our schools are receiving our regular and fair share of the tax collection for the 30-year duration of this PILOT program.

Sincerely,

The Haddonfield Board of Education

*For detailed information on the financial and development plan visit:*

[http://www.haddonfieldnj.org/latest\\_news/bancroft\\_site\\_redevelopment\\_plan.php](http://www.haddonfieldnj.org/latest_news/bancroft_site_redevelopment_plan.php)

<sup>1</sup>ESI Residential Demographic Multipliers, Econsult Solutions, 2015.