Task Force Meeting

of

ASSEMBLY TASK FORCE ON
SCHOOL DISTRICT REGIONALIZATION

“Discussion on school district regionalization including dissolution, apportionment, and various other regional school district issues; plus position statements”

LOCATION: Room 319
State House
Trenton, New Jersey

DATE: August 13, 1998
10:00 a.m.

MEMBERS OF TASK FORCE PRESENT:

Assemblyman Joseph R. Malone III, Chairman
Assemblyman Peter J. Biondi
Assemblywoman Rose Marie Heck
Assemblywoman Carol J. Murphy
Assemblyman Herbert C. Conaway Jr.
Assemblyman Craig A. Stanley
Anthony D’Ovidio
Fred Caruso
John Peterson

ALSO PRESENT:

Darby Cannon III
Office of Legislative Services
Task Force Aide

Deborah K. Smarth
Tasha M. Kersey
Assembly Majority
Task Force Aides

Jason Teele
Assembly Democratic
Task Force Aide

Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey
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ASSEMBLYMAN JOSEPH R. MALONE III (Chairman):

Thank you very much, ladies and gentlemen. We’re going to start, and hopefully, Assemblyman Conaway will join us shortly.

Today’s meeting I anticipate should be rather lively. We have 11 speakers that have signed up to speak today. And a number of the topics that we’ll be discussing today are the dissolving of the Union County Regional School District, a discussion of apportionment of membership of the Regional Board of Education including Freehold Regional School District, positions taken on regionalization by representatives of several educational interest groups, and a discussion on various other regional school district issues.

This is our third meeting. Hopefully, we will be able to conclude the hearing portions of this Task Force after today. Let’s just see how today’s testimony goes. We may need a slight cleanup session, and then what will happen is that the committee (sic) will get together, discuss the information that we have, then put forth a report to the Speaker. And hopefully, we could have this finalized no later than the end of September. So that’s, hopefully, the schedule we’ll do then. We’ll try to keep that schedule.

I’m very much looking forward to the testimony today from a variety of sectors here. And again, as we have in the past, I think it is very enlightening to talk and hear from a number of the individuals who have been involved in this issue.

I’d like to first call up Assistant Commissioner for Field Services, John Sherry, Michael Maddaluna, and Dr. Frances Lobman. And also, Mr. Carman from the Department of Ed.
GOOD MORNING, Assemblyman Malone and members of the Task Force. I am John Sherry, Assistant Commissioner for the Division of Field Services. And to my right, I am pleased to have with me today Dr. Frances Lobman, who is the Union County Superintendent of Schools, and to my left Michael Maddaluna, who is the Monmouth County Superintendent of Schools. We are here today to answer any questions that you might have or to discuss with you process, as it would relate to two of the issues that are on your agenda.

The first issue would be the Union County Regional High School District No. 1 dissolution, and the second issue would be the apportionment of voting as it relates to the Freehold Regional High School District and the recent court case that was in Federal court. Would you like us to give it a general overview, or would you like to start with questions?

ASSEMBLYMAN MALONE: Yes. I think for the benefit of the committee and for the people in the audience if you could just sort of highlight maybe the Union County issue first.

ASSISTANT COMMISSIONER SHERRY: Sure.

ASSEMBLYMAN MALONE: And then if there's questions, then we can proceed.

ASSISTANT COMMISSIONER SHERRY: The Union County Regional High School District No. 1 was made up of the following constituent districts: Clark, Springfield, Berkeley Heights, Mountainside, Kenilworth, and Garwood. That school district had been in operation for a number of years and, at the time of its zenith, was operating four high school buildings. One was located in Clark. One was located in Springfield. One in Berkeley
Heights, and one in Kenilworth. As the district aged and demography started to change, the high school board of education, the regional board of education, made the decision to close the high school building in Kenilworth.

And I would say it was approximately at that time that the Department received word that there were going to be some feasibility studies conducted. As all of the members of the Task Force know, there is a process both in statute and in Code that allows for the dissolution, or the divorce, of a regional district. The first step in that would be a feasibility study conducted by either a member district or districts. And I would just like to interject, during this process there were three county superintendents, two coordinating county superintendents, and two commissioners of education. So we have a history story that went on for a period of time. Dr. Leonard Fitts was the superintendent when the feasibility studies came forward. David Livingston was the acting county superintendent when most of the dissolution took place, and then Dr. Francis Lobman came on at the end of that. But there were three feasibility--

ASSEMBLYMAN MALONE: Mr. Sherry, could I ask you one question?

ASSISTANT COMMISSIONER SHERRY: Sure.

ASSEMBLYMAN MALONE: At the high point of the regional, what was the enrollment in the regional? Does anybody know offhand?


ASSEMBLYMAN MALONE: So these -- this number of towns only have about 2000 students?

DR. LOBMAN: Yes, a little under.
ASSEMBLYMAN MALONE: Okay. And at the time of their deregionalization, what was the number of students? Do you remember offhand?

DR. LOBMAN: Close to 1800.

ASSISTANT COMMISSIONER SHERRY: The feasibility studies were delivered to the county superintendent with an indication that they wanted to proceed through the process. The current statute and Code requires the county superintendent then to do an advisability study, and Dr. Fitts did that study. And basically, my recollection is Dr. Fitts recommended that he thought further study would be beneficial. However, one or more of the parties did come forward with a petition to the Commissioner of Education that they wished to proceed with dissolution. The statute calls for a panel then to meet in Trenton and to consider both the feasibility study and the advisability study and any other information that might be a part of the record. The Commissioner of Education chairs that panel; however, there are representatives on the panel from the Department of Community Affairs, as well as the Office of the Treasurer.

A public hearing was held. The panel concluded that they would allow the county superintendent to set the date for an election so that the citizens of the six towns could decide if they wished to deregionalize or to have the regional district go out of existence. That election was held. Four of the communities voted yes. Two of the communities voted no. Clark and Garwood voted no, and Kenilworth, Mountainside, Berkeley Heights, and Springfield all voted yes. The majority of the votes were in the affirmative, and so the school district did then proceed down the road to deregionalize.
ASSEMBLYMAN MALONE: Okay. Let me just get some clarification on this. I was under the impression in the deregionalized situation that all the constituent members had to vote affirmatively to deregionalize.

ASSISTANT COMMISSIONER SHERRY: That is not correct. It requires a majority vote.

ASSEMBLYMAN MALONE: Of the--

ASSISTANT COMMISSIONER SHERRY: Of the region.

ASSEMBLYMAN MALONE: Okay. So how-- If that is the case, then let’s look at the Northern Burlington case, where three of the four towns voted to separate. Maybe I’m getting a little bit out of whack here, but I was under the impression that there was a vote in the Northern Burlington Regional School District that they wanted to change the way that they functioned.

ASSISTANT COMMISSIONER SHERRY: I believe--Assemblyman, let’s see if we can clarify because there’s also the function of time, and statutes have changed over time. I believe in the Northern Burlington County issue there was a question put forth regarding the changing the manner of payment for the students. And historically, I think we know that prior to 1974 at NBC they would pay on a per student basis. And after 1974 and the implementation of the legislation, NBC now has an apportionment system. And so there was a resolution put forth or a movement to go back to the per student. And on that particular situation, I believe one of the communities voted in the negative, and the Attorney General’s Office ruled that with regard to that particular issue it had to be a majority of all the
constituent districts voting yes to change the matter of apportionment or payment for students.

However, when we are talking about the dissolution of a regional district, the configuration for voting does not require an affirmative in each and every town.

ASSEMBLYMAN MALONE: It just seems like a distinction without a major difference. If the number of constituents within that regional want to go that way, if you say you can deregionalize with not having them all vote in the affirmative, why can’t you change the way that things are apportioned without having all the towns voting in the affirmative?

ASSISTANT COMMISSIONER SHERRY: It has to do again with the particular statute under which the district is going out to the voters and asking the question and the interpretation of the Attorney General’s Office and, also, case law as to how it might occur. Now, I give you one other example that will even complicate matters more but -- so you understand, okay. Let’s take an election that was held several years ago where the Winslow Township folks wanted to withdraw from the Lower Camden County Regional High School District No. 1. Winslow was the petitioner. They wanted to withdraw. The remaining towns would have stayed at that time in the regional district. And in the case of that election, the night of that election, it would have required a majority vote in the Township of Winslow and a majority vote in all of the remaining towns. So they had to have a yes on both sides of the equation. So it depends on the issue that is before the voters how the votes are counted.
ASSEMBLYMAN MALONE: Okay. I just wanted to make sure that we cleared that up again for the record because it has been a major bone of contention.

ASSISTANT COMMISSIONER SHERRY: There are differences.

ASSEMBLYMAN MALONE: Okay.

ASSISTANT COMMISSIONER SHERRY: As a result of the positive vote, the Department, the county superintendent met with the districts. A time line was developed for the dissolution taking into consideration the assets -- the liquid assets -- as well as the staff, the facilities of the regional district. Under the divorce bill as it is, the four high schools became the property of the towns and the school districts where they were located. So Clark now operates a high school. Springfield, Berkeley Heights, and Kenilworth all have a high school. The remaining districts, since the Commissioner of Education is responsible to see to it that all children have access to an educational program -- Garwood now is in a sending-receiving relationship with Clark, and Mountainside is in a sending-receiving relationship with Berkeley Heights. So we did go from seven school districts serving the children of that geographic area to six school districts where we now have four of those districts being K to 12 and two other towns having a sending-receiving relationship for the high school years.

And we would be delighted to answer any questions that we can, or if there’s any documents that you need that are on file with the Department, we would be more than willing to share them with you.

ASSEMBLYMAN MALONE: The total population of the six districts -- was that just high school or K to 12? It was 2000 students?
DR. LOBMAN: High school.

ASSEMBLYMAN MALONE: Just high school 2000 students.

Does anyone have any questions of Mr. Sherry or members of the panel?

ASSEMBLYMAN STANLEY: Just a little history. I sit on the Education Committee, so I’m not -- so I have an interest in this, in other words. I’m sitting in for Assemblyman Caraballo, but I have a tremendous interest in this. Why did the petition come about to dissolve the joint district in the first place?

ASSISTANT COMMISSIONER SHERRY: I would say to you local conditions must have been right for the petition to come forward and it to move through the process and receive affirmation by a majority of the voters of the region. What I know about it and at the time that it was happening-- I was working as the Coordinating County Superintendent in southern New Jersey. The Union County Regional High School District No. 1 was the highest-cost school district in the State of New Jersey. And I believe their cost per child at the time of dissolution was somewhere in the vicinity of $16,000 per student. So there might have been some concern with the efficiency of the operation.

There were concerns relative to the folks in Kenilworth not having their high school being opened anymore. There were issues as to whether or not, I’m sure, a second high school was going to be closed. And, you know, not being the county superintendent -- I’ll defer to Dr. Lobman -- there may have been some other socio or economic issues which simply drove the citizens of that area to believe that at that particular time it was in their best interest to
have another governmental structure for the delivery system of public education.

ASSEMBLYMAN STANLEY: Just one other quick question, maybe you can address both of them. Speaking of socioeconomic, I believe that in the course of the review there is supposed to be a study of what the racial implications would be in the -- if you dissolved the county. So maybe you can speak to that issue as well.

ASSISTANT COMMISSIONER SHERRY: The feasibility study and the advisability study conducted first by the districts and then by the county superintendent go into some 12 or 13 different areas, but primarily those areas function around the equity issues, okay, and racial impact issues of whatever the petition is asking. What are going to be the issues surrounding facilities? What are going to be the issues surrounding finance? What are going to be the issues surrounding educational program? What is the program that is now being offered to the students, and what will the program look like if the panel in this case grants permission for the election to be held for dissolution? So all of that information is contained in the report and is put on the record so that it can be considered. And if, indeed, there are -- proceed to be major problems in any of these areas, it could very well preclude the panel from approving that the county superintendent set the date for the election.

So racial balance is considered, and there could very well be petitions which come forward which would be denied because the implementation of that proposal would cause a racial balance problem. It's one of the major factors. I would like Dr. Lobman to have an opportunity, if she
may, to speak to any other issues that are geographically maybe -- brought these people to make their petition that you can think of.

DR. LOBMAN: I think you’ve covered it all quite well. Race was not an issue. That was not-- It was socioeconomic more. There’s always a precipitating factor. I was not the county superintendent at the time. I was not with the Department of Education at the time. So most of my knowledge prior to the vote and leading up to the vote in May of 1996 was from the newspapers.

However, the precipitating issue -- I have subsequently come to believe -- was the closing of David Burley (phonetic spelling) High School. Once people are in focus, once an issue is in focus, many of the other side issues come into play. It’s not really a side issue when you talk about tuition costs and other costs that are becoming more and more of a tax burden. And I think those other issues also came into focus for the rest of the population and then--

ASSEMBLYMAN STANLEY: What was that figure again per student that they were charging at the time of dissolution -- per pupil?

ASSISTANT COMMISSIONER SHERRY: Off the top of my head, the cost per child in Union County Regional was approximately $16,000 per child. I could verify that through our Finance Office, but my recollection it was in that vicinity. At that particular time, I believe it was the highest cost per student of any school district in the state for regular education, not for special education.

ASSEMBLYMAN MALONE: Assemblywoman Murphy.
ASSEMBLYWOMAN MURPHY: Thank you very much, Mr. Chairman.

What is the range of the cost per child now with the variety of high schools you now have?

ASSISTANT COMMISSIONER SHERRY: I apologize to you. I could get that information for you, Assemblywoman, but I don’t have it off the top of my head.

ASSEMBLYWOMAN MURPHY: I would really like knowing from what the range is, obviously, if it’s going to be different.

ASSEMBLYMAN MALONE: Right. I was going to ask the same question.

ASSEMBLYWOMAN HECK: You mean in Union County?

ASSEMBLYWOMAN MURPHY: In Union County for those six high schools that previously were in the $16,000 per pupil ratio, where are they now? I would be most interested.

ASSISTANT COMMISSIONER SHERRY: We will get that information back to you.

ASSEMBLYWOMAN MURPHY: Thank you very much.

Thank you, Mr. Chairman.

ASSEMBLYMAN MALONE: Yes. Mr. Peterson.

MR. PETERSON: Yes. I just wanted to go one step further in the line of questioning that Assemblyman Malone had started. There just seems to be a contradiction in the way the statutes are written currently and/or the interpretations given to them, either from the Attorney General’s Office or the
Commissioner’s Office. I’m speaking in this situation it did not require apparently the majority vote of all the towns involved--

ASSISTANT COMMISSIONER SHERRY: Every town, that’s correct.

MR. PETERSON: However, we had testimony, now goes back some months, and I’m very familiar with at least one district and there are several in which -- if a town, for example, wished to withdraw from a district that would indeed require a majority vote of each constituent town, which in effect leaves absolutely no options whatsoever. The law is a nullity because it is something that could not happen. I just don’t understand how the history of these two statutes or the history of the two interpretations given to them, either through the AG’s Office or the Commissioner’s-- I don’t know if you know that particular history, but it doesn’t seem unfair. It seems to be something we should be addressing.

ASSISTANT COMMISSIONER SHERRY: I can share with you that there was a point in time that if a particular town wanted to withdraw from a regional district-- There was a point in time that the statute, as well as its interpretation, did require the vote of every constituent district. I cannot recall, historically, exactly what changed that, whether it was a court case or a modification to the statute. But I know that most recently, in the example I cited of Winslow Township in Lower Camden County, it now requires a majority within the town that wishes to withdraw, as well as a majority in the remaining towns. And I think part of the thinking that went behind that change was that in a case where you might have six, seven, or eight municipalities, would it be fair for one municipality to hold up the withdrawal
of another municipality when the majority of the remaining voters within the region felt that they should allow that person to leave, which leads me to a thought that I think is very important here.

I think we see regionalization as being a viable tool for some municipalities and some geographic areas. Also, regionalization can outlive its usefulness in some geographic areas. There are places in our state, particularly in South Jersey, that regionalized. There was very low density of students. And as those towns started to really grow and the density increased, it would become logical and appropriate that some of those towns might have their own K to 12 school district. And so I would say to you that regionalization is a tool. It is appropriate in some instances, and there may, for some areas, come a point in their history where it is no longer is appropriate. That’s how I would cast for you the Union County Regional situation. Apparently, it worked at one time, it was appropriate, and we got to the point where the majority of the citizens felt that it no longer was functioning for them.

ASSEMBLYMAN MALONE: Assemblywoman.

ASSEMBLYWOMAN MURPHY: Thank you, Mr. Chairman.

By the same token then, as towns age and population shift and there are fewer children, should regionalization be made easier for people to get back into that mode? Because as a town ages out and you have fewer children, it may be advantageous for them to regionalize with other towns around them. Do you think that the process should be made simpler for people to get in and get out of this more easily, as their demographics alter?

ASSISTANT COMMISSIONER SHERRY: I have no problem in streamlining the process to get in or to get out, as long as we have adequate
safeguards for the children, as well as the taxpayers and citizens, of that particular area. And I think whenever a board of education or a citizen’s group comes to the county superintendent or to the Department and say, “We would like to tinker with the governing structure under which education is being delivered,” we always say to them, “Step back, take a look at what is your current enrollment. Where were you five years ago, where are you going to be five years from now? What is the condition of your facilities? Do you have adequate facilities, or are you going to have to build? What’s your educational program now, and what are you projecting your program to be for the future? What are the issues surrounding racial balance? What will be the financial impact of the plan that you are proposing on everyone, the person making the proposal as well as the other people?”

So streamline, Assemblywoman, yes, but always having within that the lockstep guarantees that we look at everyone’s situation.

ASSEMBLYWOMAN MURPHY: Thank you very much.
Thank you, Mr. Chairman.

ASSEMBLYMAN MALONE: I’ve received a number of letters and phone calls at the office for the past couple of days. Has there been a degree of contention and animosity amongst the constituent towns that deregionalized as a result of this deregionalization?

ASSISTANT COMMISSIONER SHERRY: If you’ve ever witnessed a divorce in life, everything is wonderful. The only issues of contention are the money and the kids. It is a human endeavor. It is also a legal process, and the one thing I am sure that if you are a resident of one of
these towns, you have an opinion in favor of or against either whether it should occur or should not have occurred or how it occurred.

I will share with you that as we are-- It is dissolved. The young people are attending the high schools now in the districts that are operating those four high schools. The process of dividing the liquid assets continues. There is multiple litigation over that, which will go on for a number of years I am sure. We are, obviously, precluded speaking to any of the issues which are currently under litigation, but it’s a human endeavor. Marriage is usually a very happy day, and divorce is sometimes a sad day, and it’s similar to what happens with human beings. It’s a corporate structure, but we’re pulling it apart and we’re deciding who gets what. So there are probably some people who are not happy with either the law or the Code or how it was applied.

ASSEMBLYMAN MALONE: I’m not so much interested-- I’m interested in the man on the street and the woman on the street, but from a hierarchy standpoint. I mean, are there -- is there a lot of contention at the higher levels of school administrations or district administrations?

ASSISTANT COMMISSIONER SHERRY: I will indicate to you that those who have served in the Office of County Superintendent have met with the leadership of the, at one time, seven districts and have attempted to put together a process with a time line where everyone could submit their questions and got answers to those questions guided by the Department and the Attorney General’s Office. So we have worked very hard. Those who preceded me have worked very, very hard in attempting to implement this process to the best of our ability. We learned a lot. I think the Department of Education learned a lot by this deregionalization and we are now--
ASSEMBLYMAN MALONE: I’m going to ask you an unfair question.

ASSISTANT COMMISSIONER SHERRY: Sure.

ASSEMBLYMAN MALONE: Are these problems real or just political?

ASSISTANT COMMISSIONER SHERRY: Well, I don’t know exactly what problems have been identified. I know that--

ASSEMBLYMAN MALONE: From your perspective in trying to be a totally neutral arbiter of the situation, are these problems political or are they real?

ASSISTANT COMMISSIONER SHERRY: I don’t know what problems have been brought to your attention.

ASSEMBLYMAN MALONE: Well, I imagine a number have been brought to your attention.

ASSISTANT COMMISSIONER SHERRY: During the course of this past year that I have worked here in Trenton, I have met with at least one of the superintendents of this area and are aware of some issues regarding the age of the building--

ASSEMBLYMAN MALONE: Let me ask another person. Ms. Lobman is the county superintendent, correct?

ASSISTANT COMMISSIONER SHERRY: Yes.

ASSEMBLYMAN MALONE: Are the problems political or are they real, since you’ve had to deal with them on a day-to-day basis?

DR. LOBMAN: I would say there’s been a extraordinary degree of cooperation among the seven superintendents, now the six superintendents.
ASSEMBLYMAN MALONE: Why would we have litigation and all this consternation if everybody is -- have a love-fest?

DR. LOBMAN: If there is litigation, I cannot comment on it.

ASSEMBLYMAN MALONE: No. I didn’t ask you to comment on the litigation. And I’m going to keep asking the questions until I get an answer. Okay. You might as well-- We can shorten this, or we can make it an hour-and-a-half long. Are the problems political, or are they real in your perception?

DR. LOBMAN: In my perception, there are elements of both.

ASSEMBLYMAN MALONE: Okay, thank you. I’ll accept that modified answer.

I think Assemblywoman Heck had a concern that she had raised to me earlier relative to areas of--

ASSEMBLYWOMAN HECK: A very poor and bad experience with the Department of Education and its follow-through.

About six years ago when I was on Appropriations, I had asked for help from the Department of Education in streamlining, getting involved in regionalization, and incentives for regionalization. And one of the questions I asked of the Commissioner and his assistants was, if we could do a pilot program, because we had some very enthusiastic and learned people ready to do this in a businesslike manner between two communities, if we could put it together in such a way as there could be a quickie divorce if it did not come out in a positive way educationally or financially for the two communities? And I was given an answer in the affirmative that that would indeed be worked upon. After several years of diligent review and work by the two municipalities
and an agreement reached with -- after a number of meetings with the Department of Education, it was agreed to follow through on it, an ultimate referendum that would bring Wood-Ridge and Hasbrouck Heights together because one had the facilities and not enough students, and the other town had an overabundance of students and need for more facilities. They were working out very well. We had the marvelous backing of the county superintendent, Mr. Graham, and we thought all of the implementation being done by the Department of Education through -- not through the Commissioner, but one of his assistants, and we were given certain assurances as we moved towards this goal that there would be these incentives and these agreements made prior to the voters receiving the question.

To make a long story short, we were absolutely disappointed in the Department of Education and their follow-through. We were given assurances that were never reached. The conclusions were never given. And when we came to that point of referendum, I will tell you that it left two communities who had worked so diligently in bringing their administration together, in bringing their educational community together, and each had agreed upon all of the varying degrees of change, including the fact that will be losing one of the superintendents-- And both of those people were amicable and amenable to the changes because of the betterment of the educational package. And I was amazed at the education associations coming together. Everything came together until the very last moment when they said -- the Education Department said -- “Oh, by the way, various people in our Department are leaving, and they did not follow through. They did not complete their share of the agreement, and it was just too late to pull it together.”
We went to referendum. It went down just by a couple of hundred votes, which was like a miracle. But in the meantime, the people who had done the aggressive move towards change within the education community including administrators were placed in such a bad position that one had to resign and one, the other superintendent, moved on to other areas. But it left such a terrible feeling among all of us who had again put ourselves in the forefront of this and been left at the eleventh hour without the agreed cooperation and help from the Department of Education.

I find that the bureaucracy involved within the Department was unacceptable and very hurtful within two communities who are now divided forever. They will never get together, and has -- absolutely gave a kind of -- another group the impetus to put together a referendum this past year to rebuild two grammar schools, you know, to add onto them, and to add on to the middle school, and to add on to the high school. It’s a kind of a $13 million package that did get passed but was unnecessary and will still not be as advantageous as that regionalization plan could have, and would have, been had the Department of Education followed through on their commitments and assurances and work over a number of years.

I find that the Department itself gives a lot of lip service and not enough material help to the schools that need the help. I have a very bad taste in my mouth for having been involved and put myself in the forefront, which I will always do for education because I have a very strong belief. But here were two sister communities who had everything going for them. They were absolutely so close in their -- in everything, in their property taxes, in their educational needs. One had buildings, one didn’t. One had facilities, one
didn’t, but it dropped because the Department dropped the ball. And I think that it’s important to note that there are people within the County of Bergen who have a very poor opinion of the manner in which the Department moves, including another problem that is arising, not out of regionalization, but because of penalties and to the vocational schools. But that’s another story, maybe another Task Force, which was affecting us statewide as a matter of fact, tuitions.

ASSEMBLYMAN MALONE: I had a conversation with several people before the hearing. And in the crux of that conversation, basically, if we are to move ahead with regionalization -- I think the very problem that Assemblywoman Heck mentioned -- there cannot be any kind of disorganization at the State level once a process goes forward. And I think that changing or modifying or rearranging the criteria once a process gets started, I think, cannot happen because enough towns have been discouraged by the possibility of things being modified or changed as it gets through the process.

Even though this may have happened six years ago, I think that the Department-- If we’re to go forward with the Governor’s initiative of trying to look at where we can regionalize and where we can benefit from regionalization, there has to be a rock solid foundation as to what the process will be, what’s involved in that process, and that that process will not change over periods of years and put some municipalities at totally disadvantaged situations.

One question, and I know you probably don’t have the answer to it now, and if I could get it, Mr. Sherry, the disparity of cost issue. I think that Assemblywoman Murphy wanted the cost per student. I would like to know
on an individual municipality basis sending into the seven-member regional what each town was paying on a per pupil basis before it regionalized or deregionalized? Because I think that really is one of the major concerns that a number of municipalities had, as to what the cost is going to be to their town on a per pupil basis, and I think that they need to understand what it was in the case of these seven or six towns that got that—If one town was paying $6000 per student and another town was paying $12,000 per student, I mean, that’s justification in some cases for people to want to split up. So if you could supply that information, I’d appreciate it.

ASSISTANT COMMISSIONER SHERRY: We certainly have that information on file, and we will get it to you.

ASSEMBLYMAN MALONE: Other questions?

Yes, Mr. D’Ovidio.

MR. D’OVIDIO: In addition to dollars, I’m interested in knowing what impact has there been on curriculum. There’s a general belief that in a regional district you’re going to save money and, two, you can offer a broader and enriched curriculum for students. Now it seems you went from a 2000 high school population to -- and you divide that by four really because two of the districts went in with the present high school -- so you have four high schools with approximately 500 students. I’m just curious is -- what happened to the curriculum? Are the students getting the same enriched program and also a number of offerings?

DR. LOBMAN: The populations of the high schools range from over 300 to over 600. The superintendents with high schools made an extraordinary effort to keep the level of curriculum offering the same.
boards of education did accept class sizes that may have been smaller than you’d expect; however, you can’t fully answer the question until the school year starts. The seamless quality of a curriculum, straight K to 12, in one district has certain enrichment factors that may not be duplicated in a regional, which might offer an extra course.

I don’t believe there has been any change in the number of course offerings and the kind of course offerings and the number of electives available to students. That has been a conscious effort on the parts of the districts with high schools. There may be some changes of which I am not aware that may come about due to enrollment factors in the various courses. That can happen in any high school.

MR. D’OVIDIO: So then if the cost per pupil is equal to or less than, the argument of a larger school district is null and void.

DR. LOBMAN: There are so many factors that I would never declare anything null and void.

ASSEMBLYMAN MALONE: Any other questions?
Yes. Assemblyman Conaway.

ASSEMBLYMAN CONAWAY: You mentioned -- I apologize for being late; I stopped at the hospital, but -- some of the problems, I guess, with the divorce. And I was wondering if you had any suggestions or is there a rule for some higher authority or maybe to set some of the ground rules for divorce in advance? So everybody knows, for instance, before going into a dissolution process how things are going to be divided so that by perhaps a formula that’s appropriate or some set of criteria that need to be followed in advance so that you prevent costly litigation and a lot of acrimony as the process starts to move
forward. That you apply some kind of a formula or criteria, however you want to name them, to determine where students are going to go, again to avoid, some -- again this most acrimonious and, I guess, costly part of the dissolution. I mean, do you have any suggestions about how we might be helpful or how the State Board or the Department could be helpful up front with those kinds of issues?

ASSISTANT COMMISSIONER SHERRY: I think living through the Union County Regional dissolution it has helped the Department in streamlining the law and Code that is already on the book. We haven’t had a great number of opportunities to use this so that it is something, although it is there, it’s not something that we have-- And that’s probably a good thing. It’s not something that we have used every year.

I would say that I think the current law and Code that’s on the book-- The Union County experience has allowed us to put together procedures which I think would work well if we had to use them again. In fact, there is a second dissolution that is proceeding through the process, and that is, Lower Camden County Regional High School District. They’ve had their vote for dissolution, but the panel did stipulate in this particular case that there would have to be adequate facilities provided in certain districts. So it is contingent upon the passage of a referendum in a number of towns for school construction. If that component is completed, we will be moving down the same process in Lower Camden County Regional. So I think it has been good.

If there is a desire on the part of the Legislature to modify the existing legislation, then I think we’d have to take a look at that and see whether that would impact the procedures that we’re using to implement.
ASSEMBLYMAN CONAWAY: Did I understand you to say that -- so there's a second step? There are going to have to be affirmative votes to build certain facilities in order for the dissolution to continue through to the end?

ASSISTANT COMMISSIONER SHERRY: That is correct. In Union County, it was determined that there would be adequate classroom space if the dissolution moved forward. In Lower Camden County Regional, since there is not adequate classroom space -- and so the panel, chaired by the Commissioner of Education, basically said that for this one to proceed it had to be a two stepper: first, the vote for dissolution by the vote of the citizens and then the affirmation of the construction of the facilities. And then they would move forward.

ASSEMBLYMAN MALONE: Any other questions from any of the panel? (no response)

Okay. I want to thank all of you.

ASSISTANT COMMISSIONER SHERRY: Would you like us to share something on the Freehold Regional?


ASSISTANT COMMISSIONER SHERRY: I have two documents that I’d like to share with the Task Force, things that I thought for sure you should have. I may not have enough for everyone, but certainly they can be duplicated. And they are -- this is Judge Wolin’s final order. This is the Federal judge’s final order on Freehold Regional. And the other document is the “Apportionment of Membership on New Jersey Regional School Boards of
Education” that was prepared by Mr. Reock in March of 1983. And I’ll just give you, if I may, a brief background on this.

Freehold Regional District consists of eight towns. The largest being Howell, and then there are Marlboro, Manalapan, Freehold Township, Freehold Borough, Colts Neck, Farmington (sic), and Englishtown. Under the current statute 18A:13-8, every 10 years when the Federal census is completed, the Department of Education will take a look of apportionment of seats on a regional board of education and will notify the districts and the towns of that apportionment. What was existing at Freehold Regional was Howell, because of its size, because of its population, had two seats on the board of education, and all of the other towns that were involved had one seat on the board of education. So there were nine members of the board of education.

Colts Neck, for example, had one seat and one vote; whereas, Howell, let’s say, had two seats and two votes. The issue that came before the court -- and it was a Federal case. It was filed by the Township of Marlboro and Manalapan, and basically, they asserted that the New Jersey statute as it was applied to the Freehold Regional School District was in violation of the U.S. Constitution and the section of the Constitution that speaks to one man, one vote.

Judge Wolin took a look at the apportionment and concurred that the manner that we were electing people and the manner that they were voting was indeed a violation of the U.S. Constitution and requested the assistance of the Commissioner of Education in working with the litigants to come up with a plan that would be acceptable not only to the court, but also would be acceptable to the parties. And what has come out of that is somewhat of a
modification of the ideas put forth in Mr. Reock’s report to the State. But it’s on Page 6 of the decision, and towns have been combined to form new voting districts. And as a result of the judge’s order now, Farmingdale and Howell will form one voting district and will vote on three members to the board of education -- two, who must be residents of Howell Township and, one, who must be a resident of Farmingdale.

Similarly, Freehold Borough and Freehold Township will elect two members to the board of education -- one must be a resident of the Borough and one a resident of the Township. Colts Neck and Marlboro will each elect a member to the board of education. One must be a resident of Colts Neck and one Marlboro. And Englishtown and Manalapan must each -- will elect two members to the board of education, one from Englishtown and one from Manalapan.

It is important to note, let’s go back to our first one, which is Farmingdale and Howell, the citizens of Farmingdale will have the opportunity to vote on who are the representatives coming to the table who live in Howell. And conversely, the citizens of Howell will have the opportunity to vote on who is the citizen who comes to the table from Farmingdale. By combining the smaller towns with the larger towns, it was then determined that this method of election would be constitutional because the number of citizens in each of the districts would be -- would more approximate an even number.

Further to try to add clarity to the issue, the judge ruled that the two-- Well, let’s go to Freehold Borough and Freehold Township, each having one board member. The representative from Freehold Borough, when that person sits at the table and votes on an issue, that person’s vote is counted as
And the representative from Marlboro, when that person votes at the table, that individual’s vote is counted as 1.4. So the voting district of Colts Neck-Marlboro has a total vote at the table of 2.3. This is every school business administrator’s nightmare.

ASSEMBLYMAN MALONE: And people want to know why this country’s in a mess?

ASSISTANT COMMISSIONER SHERRY: Right.

ASSEMBLYMAN MALONE: This is incredible. This is absolutely--

ASSISTANT COMMISSIONER SHERRY: This settlement was ordered by the judge and has been acceptable to the parties and acceptable to the Department of Education. So we have combined towns to create a voting district, and then within that voting district, we have apportioned the weight of the votes remaining with nine members to the board of education and a total of nine votes.

Judge Wolin was very concerned. As he referred to them, he did not want the big three. He did not want the three largest towns to be able to outvote the little three. So the way it is configured, there would always have to be some compromises in the voting for any motion to pass. This settlement was ruled-- I should point out that the judge’s ruling said that the New Jersey statute was unconstitutional as applied to Freehold, and therefore, this settlement is only applicable to Freehold. We have some 67 regional districts in the State of New Jersey. So this decision is not applicable to any other district at this time.
ASSEMBLYMAN MALONE: Oh, how do you comment on that? This must have been an interesting experience to deal with.

ASSISTANT COMMISSIONER SHERRY: Mr. Maddaluna and I spent many Friday afternoons in Newark in the chambers of the judge.

ASSEMBLYMAN MALONE: I mean, I’ll keep my comments to myself. I don’t know how to--

ASSEMBLYWOMAN HECK: Don’t dwell on it, Joseph. Don’t dwell on it. It gets too ridiculous.

ASSEMBLYMAN MALONE: Are there comments you’d like to make on the situation?

ASSISTANT COMMISSIONER SHERRY: No. Just to let you know that the judge did write to the Honorable Donald DiFrancesco and the Honorable Jack Collins on March 4, 1998 to make them aware of the issue so that if the Legislature of the State of New Jersey chose to make a modification to the existing statute, and they would at least be aware of the case. What I would say to you is the Department of Education is striving to implement the statute which is currently on the books and stands ready to work with the administration and the Legislature if there would be a wish to modify the existing statute.

And I do think that the Reock Report of 1983 is an excellent document for looking into the concepts and issues which surround this case.

ASSEMBLYMAN MALONE: Question: What’s the total population of this school district?

ASSISTANT COMMISSIONER SHERRY: I’m sorry, the total population of the--
ASSEMBLYMAN MALONE: School district, I mean, the number of students in the school district.

MICHAEL A. MADDALENA: Roughly 10,000.

ASSISTANT COMMISSIONER SHERRY: Roughly 10,000.

ASSEMBLYMAN MALONE: Ten thousand. Does the State have a recommended number as a good number for a regional school district?

ASSISTANT COMMISSIONER SHERRY: Number of communities?

ASSEMBLYMAN MALONE: Students. No, number of students.

ASSISTANT COMMISSIONER SHERRY: Students. We do not have a recommended number at this time.

ASSEMBLYMAN MALONE: Has anybody thought about that issue? I mean, we talk about -- When we came up with the funding formula, we talked about the model classroom, the model school, what the ideal school situation is. I mean, we say what the ideal numbers are for classrooms and school buildings, and so forth.

ASSISTANT COMMISSIONER SHERRY: There have been over the years a number of reports, national reports, as well as documents done within the state, that speak to size of school districts, and so on, and so forth. I don’t know the validity of any of those figures. Certainly there are issues surrounding a high school of 300 students and your ability to have a comprehensive educational program when you have 300 students. Someone might say that if you had a high school of 1500 students that might allow you to have a more comprehensive program, but that can vary from municipality to municipality. But certainly--
ASSEMBLYMAN MALONE: What is the average size in the state, as you know it, of a regional school district?

ASSISTANT COMMISSIONER SHERRY: I’m sorry, I don’t have that today.

ASSEMBLYMAN MALONE: Is there-- I mean, do you think there is some statistics that the State would have that would be able to indicate what is the average size?

ASSISTANT COMMISSIONER SHERRY: I certainly could go back and see if we could get that for you.

ASSEMBLYMAN MALONE: How many high schools are in this district?

MR. MADDALUNA: Six.

ASSEMBLYMAN MALONE: Six high schools. And do we know what the high school population is?

MR. MADDALUNA: The high school population--

ASSEMBLYMAN MALONE: I mean, does it vary?

MR. MADDALUNA: Yes, it does.

ASSEMBLYMAN MALONE: I mean, is it 200 in one and 2000 in another or--

MR. MADDALUNA: Anywhere from-- I’ll give you an example. Anywhere from the newest high school, which will be going on line in the fall, Colts Neck High School, with a population -- starting off with about 300 or 400 to build up to its capacity of 800. Whereas, some of the other high schools are at 1200 to 1500, and the district is looking at having just put the new high -- about to put the new high school on line in the fall. They’re
looking down the road to even add on to some of their existing high schools because of the overcrowding and the different buildings.

ASSISTANT COMMISSIONER SHERRY: Am I correct, Michael, am I correct that Colts Neck is opening up only with freshman?

MR MADDALUNA: That’s correct.

ASSISTANT COMMISSIONER SHERRY: So it will be 300 freshman, and they will phase in--

MR. MADDALUNA: Right.

ASSEMBLYMAN MALONE: They’re going with 300 students in a high school that has a capacity to go to 1200?

MR. MADDALUNA: No, to 800.

ASSEMBLYMAN MALONE: Okay.

MR. MADDALUNA: The capacity is 800.

ASSEMBLYMAN MALONE: They’re going to rattle around pretty good for a few years.

MR. MADDALUNA: For a while.

ASSEMBLYMAN MALONE: Other questions? (no response)

Any other questions on the Freehold situation? (no response)

ASSISTANT COMMISSIONER SHERRY: Thank you.

ASSEMBLYMAN MALONE: Okay. Mr. Reock, I’d like to have you come up next.

ERNEST C. REOCK JR.: Good morning.

ASSEMBLYMAN MALONE: Where would you like to start?

MR. REOCK: Well, I’d like to address my remarks to the Freehold situation, to a considerable extent in terms of the background and
what led to this sort of case, and the statutes as they now stand. And I’ll make a few comments on the solution that has been adopted in Freehold.

First of all, my name is Ernest Reock. I retired in 1992 as the Director of the –– from the position as Director of the Center for Government Services at Rutgers. I’ve been involved in representation situations, apportionment cases in New Jersey ever since the 1950s. My involvement in terms of apportionment on regional boards of education was mainly in the 1970s, and I have not been directly involved in the Freehold case in the last year or two.

In terms of the background on apportionment of membership on regional boards, what I call the original statute –– the statute as it stood before 1972 –– had two parts, as it does now. For small regional boards, regionals with nine or fewer constituent districts, the law says that you give one seat to each constituent district, and then you distribute the rest of the seats in proportion of the population. That’s the same thing we do with the House of Representatives. The Bureau of the Census gives one seat to every state, and then the rest of the seats in the House are distributed in proportion to the population.

For large regionals –– and there was only one regional and still is only one regional with more than nine constituent districts, that’s, North Hunterdon. The law is written for, as it was written in the past, for large regionals that said that you give one seat to every constituent district, regardless of its population. At that time, 1972, North Hunterdon had eleven constituent districts, and everyone got one seat, regardless of their population.

Now, at that time, there also was a feature in the law which we
describe as a population exclusion. In other words, you didn’t count all the people in distributing these seats. You eliminated institutional population. And there’s a rather involved description of what is institutional population. That’s quite different from most other systems on which we base representation on population. That was in the statute originally for both small regionals and large regionals.

As we went into the 1970s, we had the history from the ’60s of all the apportionment cases, which resulted in changes in which you elect the Legislature, changes in which you draw congressional districts, and so on. And it became pretty obvious that representation on a regional board of education with one seat for every constituent district in North Hunterdon, regardless of their population -- and the populations ranged from around 800 up to around 5000 at that time but -- that would not stand up, if there were a court challenge, probably would not stand up.

So the law was changed in 1972 to provide for a system which is somewhat similar to the one you’ve just heard described. In other words, the law was changed for large regionals to provide for grouping of the very small communities into representative districts. And then, the second step was, once you got representative districts, which are large enough to justify at least one seat based on their population, then you tested varying sizes of the board. In other words, you could have a variable board size. So that North Hunterdon with 11 constituent districts could wind up with 14 members on the board, instead of the 11 they had before. That was enough at that time to reduce the variation in population per board member considerably.
Maybe I’d better step back for a minute and talk about a statistical term, which the courts have used to measure how equal representation is. It’s called the relative deviation in the population per representative. The way you figure it is by, first of all, calculating the average number of people that each representative represents.

Take the total number of people living in the area, divide it by the number of representatives, that gives you the average, and then check each one of these constituencies. Let’s say the average was 10,000 people per representative, and you look at this district over here and they have 12,000 people for a representative there. The percentage deviation would be found by taking the difference between the 12,000 and the 10,000 -- 2000 -- and dividing it by the average. And it would be called a 20 percent relative deviation. That would be a 20 percent positive deviation. Now, if you had another district which only had 8000 people, that would be a 20 percent negative deviation.

The term that the courts have come to settle on -- and they did this in a long series of cases. They sort of gradually moved toward this. The term that they used and use now and settled on is the range of deviation. In other words, what’s the-- If you took that plus 20 percent relative deviation and the 20 percent minus and add them together without a plus or minus sign, it’s a 40 percent range of deviation. And the courts, over a period of years, have come pretty well down to the point of saying that the maximum range of deviation that they will accept for any sort of representation on State and local government level is 10 percent -- 10 percent range.
The easy way to do it is: how many people are in the largest figure of representation -- of people per representatives; that 12,000 I said. How many are in the smallest, 8000. Get the difference between those, 4000, and divide it by the average. The range of deviation in that case would be a 40 percent range of deviation. The courts have said 10 percent is about as far as we will let you go.

When we started working with North Hunterdon Regional, the range of deviation was 173 percent. This law that we managed to get through in 1972 cut it down to 50 percent. That was not enough for some of the people who lived in North Hunterdon. People who lived in Franklin Township in Hunterdon County decided they were not being represented fairly. They went to court, and there is what is known as the Franklin Township case, which was decided by the New Jersey Supreme Court in 1977.

What the courts said -- there was two things, basically. They said you can’t have more than this 10 percent range of deviation. And secondly, you have to use the full, total population. Throw out this institutional exclusion. From there on, you have to do that. Then we were faced with what do you do in North Hunterdon because the case applied only to North Hunterdon -- applied only to that part of the statute dealing with large regionals. What do you do to get that range in deviation down to 10 percent? We found we could do it by just adding one more step to that, and that was weighted voting.

Now, the North Hunterdon law -- and it’s been in use since 1979. It sounds crazy when you first hear it, but the way it’s put together is, if you’ll read the statute, you group the very small constituent districts with their
smallest neighbor until you have a representative district which is largest enough to justify one member. Then you test various board sizes. You’d see, what would that range of deviation be if you had nine members or ten members or eleven members or twelve members? What would be the minimum there? And you set the size of the board where the range of deviation is the smallest. And then you use weighted voting. Putting all those together, we were able to get North Hunterdon down below 10 percent, and that’s been used since 1979.

We certainly crossed our fingers when we did that. We weren’t sure it would work. Every time I have a chance, I ask people in North Hunterdon, “How’s it working?” and every time I’ve gotten an answer saying, “We haven’t had any problem at all. It works.”

Now, since then-- And that applies only to the large regionals of which there is only one. Since then, though, we had, first of all, in 1982, there was a case in Shore Regional in Monmouth County, the Oceanport case. The main thing that came out of-- That was a case that went up only to the Superior Court level. The main thing that came out of that was the court said that the population exclusion for small districts was unconstitutional. In other words, they said you have to use total population.

And then in 1983, there was another case -- came out of Shore Regional -- where there was a challenge on the basis of the range of deviation. And in that case, the judge in a bench opinion, which was not recorded, ordered them to use weighted voting.

Now, all of those cases were very narrowly decided in terms of that school district so that the statute remains as it is now. For small regionals, you
still distribute the seats. You give one seat to every place, and you distribute the rest in terms of population. And the exclusion is still written into that statute for small districts, even though the court in Oceanport said it’s unconstitutional. For large districts, you have the Hunterdon Regional case. Now, let me turn now to the—Oh, one more thing from that. As a result of that 1983 decision, I had the opinion that the whole system was going to fall apart. This was going to happen in district after district, and we’d better have some sort of answer for that. And that’s why I did that report that Dr. Sherry has just distributed to you. I think you may already have a copy in your packet.

What it does there is look at all the districts in the state and say how many of them meet the 10 percent requirement. It turned out that 55 out of the 68 did not meet the 10 percent requirement. That’s why it looked like the things were going to fall apart. So I took, basically, the North Hunterdon solution and changed it just slightly and wrote it into that report. And you will find that there’s a piece of draft legislation in the report which would apply that generally to all the districts in the state. I then went ahead and did the calculations, and I found that that statute, as I had proposed it, would get every district in the State down within the 10 percent range of deviation. That was all based on 1980 figures, might be different in 1990, but probably not very different.

Now, in terms of Freehold Regional, we’ve had the description of the solution which is acceptable to Judge Wolin. It’s a very innovative solution, I think. It follows the pattern that we have for North Hunterdon to a considerable extent. They group the smaller constituent districts into
representative districts. The grouping of them is tailor-made for Freehold Regional. In other words, one of the questions is, can you make it a generic solution to apply to other districts, if you wanted to do that? It results in a nine-member board just as they had before in Freehold. The major innovation is this, what I call crossover voting where you have a representative district.

Let’s say, for example, you have Englishtown and Manalapan. They together form a representative district. Every voter in that representative district votes for the two representatives from there, but one of those representatives must come from Englishtown and one must come from Manalapan. That’s the innovation, I think. Because if you test the four representative districts in Freehold, they do meet the 10 percent requirement of the courts. If, however, you look at the representation from each of the individual communities, you’re way beyond 10 percent.

For example, Englishtown with 1200 people has one representative, and Manalapan with 26,000 has one representative. The weighted voting takes some of the curves off that because Englishtown’s representative only casts half a vote and Manalapan casts 1.4 votes. But even so, the votes on the board -- the number -- the population per vote on the board for Englishtown is 2500, for Manalapan is 19,000. So that the question then is, is that -- are you getting things equal enough to stand up in court? This was satisfactory to Judge Wolin.

The questions I have about it first, first of all is -- is the ruling applicable more generally in this state? And the answer, I think, is probably not. That’s what Dr. Sherry said this morning. I think that’s probably so. Secondly, can the Freehold solution be made generic? The draft statute that
I wrote in 1983 was intended to be generic. So it could apply to all regional
districts. I’m not sure that the Freehold solution is not so specific to Freehold
that is could not be written generically, but maybe it can. Third, does the
Freehold solution really provide equal representation? The range of variation
for representative districts there is 9.3 percent, well within the 10 percent. For
individual constituent districts, the range of deviation is 112 percent, and I’m
not sure just what the court will say about this. Maybe the--

Excuse me?

ASSEMBLYMAN MALONE: What was the reason Marlboro
really filed suit? They wanted more votes, less votes? I mean, they--

MR. REOCK: There was a lot of controversy there about the new
high school, I think. I’m not that familiar with what brought it about, but
there are two opinions that the judge wrote. One back in February deals
mostly with making decisions about the high school and about sending -- about
the districting within the regional district for who goes to which high school.
He dealt at that time with the membership on the board only as a secondary
matter. His second opinion in June deals entirely with the membership on the
board. I think what brought it about was another high school controversy.

ASSEMBLYMAN MALONE: Just looking at--

MR. REOCK: The last question I have is on weighted votes. It’s
a rather wide variation between the minimum vote that somebody gets. Some
people cast only half a vote. Some cast two votes. That’s a four-to-one ratio.
When we were dealing with North Hunterdon back in the ’70s, we were really
very squeamish about letting things go beyond seven-tenths up to 1.3. We
weren’t sure the courts would buy that. Apparently, no one has taken it to
court, and so we don’t know how far you can push it. Going from half a vote to two votes for a person on the board is pushing it a lot further than the North Hunterdon case ever pushed it.

I think that's about the extent of what I wanted to present to you.

ASSEMBLYMAN MALONE: Okay. Let me just ask you a couple questions in looking at the population in the various communities and we look about this apportionment situation. Now, you look at Howell who has basically 39,000, Freehold Township who has basically 25,000, Marlboro who has 28,000, and Manalapan has 27,000. They could almost be stand-alone districts themselves.

MR. REOCK: It could be in terms of--

ASSEMBLYMAN MALONE: Okay. From the size of the municipality--

MR. REOCK: Yes.

ASSEMBLYMAN MALONE: --and the growth patterns in some of those towns, I would think that they're probably-- Is that district, if it has 10,000 now -- I mean, I would assume that district is going to increase significantly in the next 10 years.

MR. REOCK: Some of the townships will, yes.

ASSEMBLYMAN MALONE: And the thing is, might this be a candidate for deregionalization?

MR. REOCK: Might be, but I have not heard any noise about that at all. Apparently, they are very proud of the regional district. The judge made a strong point about how good that regional district was, and he did not want to do anything to change the regional any more than he had to. My
guess -- I’m just guessing in terms of whether this solution would stand up if the case went to appeal. I don’t think it would. I think that a higher court might throw out this crossover voting as a solution.

ASSEMBLYMAN MALONE: I mean, for lack of another term, it looks almost like social engineering. When you start to have crossover voting in one area, I mean, are you looking at other areas also? Why don’t they-- It conjures up some other kinds of thoughts, I think.

MR. REOCK: I have asked whether they cited any precedence for this, and I don’t know of any. The attorneys who were involved in this may know some precedence of this sort, but I haven’t been able to find any. So I would be a little skeptical that it would stand up in terms of meeting the 10 percent.

ASSEMBLYMAN MALONE: And Marlboro was happy with this decision?

MR. REOCK: I asked the question the other day, is everybody happy? And I was told, everybody’s happy. The judge is happy. I’m not sure, if I went down into every community, everybody would be happy with it.

ASSEMBLYMAN MALONE: If you don’t mind, since we were talking about the regionalization situation and I know you’ve prepared a number of reports for the State, and my understanding of your position is that you’ve been proactive and very supportive of the regionalization, is that reasonably true characterization?

MR. REOCK: Yes, I would say. K-12 regionalization.

ASSEMBLYMAN MALONE: And the thing is you’ve done some studies relative to that. And in your studies -- I just need to get some
clarification because I looked over some of your information the other night. And in your study about regionalization, how many towns did you actually study as part of your study for regionalization?

M R. REOCK: How many did I study?

ASSEMBLYMAN MALONE: Yes.

M R. REOCK: Well, I studied all of the regionals, but I didn’t get really down into any one of them at any depth. I was really just dealing with their fiscal operations from an exterior view.

ASSEMBLYMAN MALONE: Okay. So in reading your study, and correct me if I’m wrong, I was looking at, maybe, that you used six towns in your study or six regionals in your study?

M R. REOCK: There were six that I was able to identify which had gone to K-12 setup from something else and have reduced the number of school districts by doing this.

ASSEMBLYMAN MALONE: And in formulating your conclusions, were those towns that regionalized, were they rather homogeneous in their characteristics?

M R. REOCK: In most cases. In most cases, I think.

ASSEMBLYMAN MALONE: Okay. So there was not, for the most part, racial factors or wealth factors.

M R. REOCK: I think, in general, I think that’s true, yes.

ASSEMBLYMAN MALONE: Okay. So there were --so just sort of vanilla kind of towns--

M R. REOCK: They were compatible with each other, yes.
ASSEMBLYMAN MALONE: Okay. And in the final outcome, how many towns were you using in your final conclusions, two, three, four? I mean, you used all six towns in the final conclusions that you recommended to the State as being sort of a model for regionalization.

MR. REOCK: I used six which had reduced the number of school districts by going into a K-12 situation.

ASSEMBLYMAN MALONE: Right. Okay.

MR. REOCK: I used 45 or 50 which had done limited-purpose regionalization.

ASSEMBLYMAN MALONE: And how long ago were most of these -- the six regionals that you looked at -- how--

MR. REOCK: They were scattered over-- The entire time period I looked at was from the early ’50s up until the most recent period there, where I could get data. The six were scattered over that period.

ASSEMBLYMAN MALONE: And during that period of time, if you were to say somebody who regionalized back in the ’50s, the criteria under which they regionalized is considerably different than it is today I would assume--

MR. REOCK: I’m not-- You mean the criteria they used in deciding it?

ASSEMBLYMAN MALONE: Yes. And the rules and the regulations and State aid and a whole number of other factors are different now than they were back in the ’50s so--

MR. REOCK: Yes. I think that’s true.
ASSEMBLYMAN MALONE: --what they may have done back in the ‘50s may not be totally relevant to what the town might do to the--

MR. REOCK: Well, it’s less relevant. If I had 50 districts that have regionalized in the last five years, I’d be more comfortable, sure.

ASSEMBLYMAN MALONE: In the last five years, have there been-- How many municipalities or school districts do you know of that have formed regional school districts?

MR. REOCK: There’s two that I can think of offhand was Great Meadows in Warren County and Somerset Hills in Somerset County.

ASSEMBLYMAN MALONE: Okay, and how many have either deregionalized or in some way gone in the opposite direction?

MR. REOCK: The only one that has carried it all the way through, I think, is Union County.

ASSEMBLYMAN MALONE: Have you heard rumblings of other--

MR. REOCK: Yes. Lower Camden.

ASSEMBLYMAN MALONE: Are there others that you see on the radar screen that want to be regionalized?

MR. REOCK: My radar screen is not very good for that. There may be others, but I don’t know of them.

ASSEMBLYMAN MALONE: I guess the indication, and what my concern is, I see, as we stretch out further in time, that unless we, as the Legislature and State government, do something that number of regionals is going -- that want to deregionalize is going to increase.

MR. REOCK: I think that’s correct.
ASSEMBLYMAN MALONE: And I think we have to take some kind of action here to look at the reasons why they’re deregionalizing, and if we’re going to take the corrected action, we better start doing it now before the flood gate opens and we end up having an extremely severe problem.

MR. REOCK: I would agree with that.

ASSEMBLYMAN MALONE: So I’d be interested in the future if you do get anything coming up on your radar screen about additional municipalities or districts, or whatever, looking to deregionalize, if you could maybe let either my staff or the Majority staff, and we pass it on to the Minority staff -- about what is happening in this area because I think we’re going to be facing this in the future with more towns willing to deregionalize than regionalize.

Questions? Yes.

ASSEMBLYMAN STANLEY: Mr. Reock, have you-- What would you say would be a reason other than, I guess, these little kind of skirmishes that we had that come up from time to time? Somebody gets mad at somebody else, so they mobilize a group to just completely dissolve the whole thing. What are some things that’s currently being -- or one of the regulations in the statutes that are currently working against regionalized groups, regionalized districts? Are there any disincentives to maintain a regionalized district?

MR. REOCK: The disincentives to maintaining?

ASSEMBLYMAN STANLEY: Yes.

MR. REOCK: Things that would cause them to break up?

ASSEMBLYMAN STANLEY: Exactly.
MR. REOCK: I suppose changes in the communities themselves. A lot of places went into regionalization because they were too small to run their own school, so they had to combine with other communities, and now they have grown tremendously.

ASSEMBLYMAN STANLEY: Are there any disincentives that you know of statutorily or regulatory to -- or are there any incentives to--

MR. REOCK: Incentives to deregionalize?

ASSEMBLYMAN STANLEY: Exactly.

MR. REOCK: Well, the whole tax system, sure. Frankly, I think that was one of the factors in the Union County to regionalization. There were -- that may not have been like -- got it started in the first place, but it wasn’t long before people realized in some communities that they might be able to cut their taxes by getting out of the regional.

And one of the questions I was hoping someone would ask the Department to get some data on was not only what has happened to expenditures per pupil, but what has happened to tax rates in those six communities, because it certainly looked in advance as though some places were going to make out well and others were going to take a beating out of the deregionalization.

ASSEMBLYMAN STANLEY: If we were to rely less heavily on local property taxes to fund education, that may take some of the pressure--

MR. REOCK: That would ameliorate that pressure. Yes, I think so.

ASSEMBLYMAN STANLEY: Some of the pressure off.

MR. REOCK: That pressure. Yes, I think so.
ASSEMBLYMAN STANLEY: Thank you.

ASSEMBLYMAN MALONE: Assemblyman Conaway.

ASSEMBLYMAN CONAWAY: I would just comment. I think that when you’re trying to fashion these, I guess, unique combinations and you need to maintain a principle, I think that most people would see as one that ought to be paramount, that is, one person, one vote. That a little mathematics to get to that is not a terrible thing. My question is, in putting regional situations together, and you’ve looked at these things over a number of years, what is the importance of contiguity between the -- of the municipalities? That is, and I just lay this on the table or just thinking about it, to try to get beyond some of these issues with regard to divisions of neighbors. You have a wealthy town here right next to a town that’s not so wealthy. Well, what if the next town over happens to be a very good fit for the town? Would it be appropriate or would there be a big problem of skipping over the town in the middle and allowing a unified board, a unified administration, unified so you can get some kind of a scale, cut down some of the overhead -- if they were sort of any regional, if they were in the same reason rather contiguous? Would that be a big problem?

MR. REOCK: In terms of representation, I don’t think it would be a big problem. In terms of running a school system, it would be. Because you administer services, generally, in a contiguous area, and to have them separated would be a problem. In terms of structuring the representation, I think you could break the contiguity rule.

ASSEMBLYMAN CONAWAY: A lot of the schools have gotten together-- It seems to me very often they have not needed to -- unless to build
a lot of buildings, or if two towns get together, there might be movement of children from, say, one town to another anyway. And so that you have some movement of students, and you might use somebody’s football field because it’s better as opposed to another one if you’re going to put the towns together.

M R. REOCK: It would be a matter of distance I think. A very small separation might not be any problem. If there was a substantial distance, then you start building problems for yourself.

ASSEMBLYMAN CONAWAY: Because now, as I recall -- and I can’t remember the name of the district. I want to say Berkeley. Seaside Heights is in it. You’ve got kids bused off the island out to the mainland, already passed the school, so you are already moving children around quite a bit already. And it seems to me that if you could take some of these stresses, these stresses that have to do with income and, perhaps, race and others things, by just carving out -- putting the people that are alike together and sticking other people that are alike together to try and get, that’s a way to do it, as long as they’re in a region that maybe that would allow us to get the advantages, though, one would think you could get from regionalization without putting -- making marriages that can’t last together.

M R. REOCK: Our whole representative system is based on the theory that-- The theory is that geographic constituency. And the basis for a geographic constituency is the assumption that people who live near each other have some common interest.

ASSEMBLYMAN CONAWAY: But they don’t.

M R. REOCK: Well, in many cases I think they do. I think living near somebody does result in certainly a collection of common interests. On
the other hand, you can say, well, I have may have more interest in common with somebody over there than I have here, and it’s a matter of balancing these two. But our whole representative system in the United States, in fact, in all the English speaking world, is based on a geographic constituency.

ASSEMBLYMAN MALONE: Other questions? (no response)

Thank you very much, Mr. Reock.

MR. REOCK: Okay. One thing I’d like to go over with you is a paper that’s just being released now on redistricting in New Jersey after the 2000 census. There’s a little section in here on Freehold Regional and might put it a little more in context.

ASSEMBLYMAN MALONE: I’d like to ask Dr. Tom Mc Mahon from Plumsted Township to come up.

THOMAS McMATHON, Ed.D.: Thank you for allowing me to speak. It’s very humbling for me. I’ve never had so many people interested in anything I’ve had to say before, so I might be a little bit nervous.

ASSEMBLYMAN CONAWAY: Well, just be boring, and then you’ll never have to worry about it again. (laughter)

DR. McMAHON: I hope I’m not. If I am, would you please let me know.

What I’d like to go through for you -- and Assemblyman Malone knew about this; he is our representative for Plumsted -- is what happened in Plumsted over the last -- I guess it’s been two years now. What happened to Plumsted is we were a member of a sending-receiving relationship. So I can give you, hopefully, some insight into the sending-receiving relationship and some of the problems that we incurred with that situation. We then decided
to try to end that relationship and find another receiver to stay in the sending-receiving relationship, and I can fill you in on what happened in that situation. Then, we looked at, okay, let’s try to regionalize with the sending-receiving. And I can give you some background on what happened with that. And the final outcome of where we are, and it worked out I think very well for our district, is we have been allowed to become a new K-12 school district.

Starting in September of 1999, we will have freshmen in our school. The vote of the public to do that included a $16.5 million referendum, and it was in December of 1997. It passed 86 percent yes to 14 percent no. So it was an overwhelming support of everyone in our community from people who have children in the school to children (sic) who don’t. So as I go through any of these situations and you have any questions, I guess maybe it might be--

ASSEMBLYMAN CONAWAY: Would you mind just giving some parameters and demographics, average income, those kinds of things as you go.

DR. McMAHON: For our school district?

ASSEMBLYMAN CONAWAY: Yes.

DR. McMAHON: Does everybody know how DFGs work in the State? The State of New Jersey, the Education Department, has taken all the districts in New Jersey and lopped them into tenths. So if there were 650 districts, there’s 65 A districts, 65 B, 65 C, D -- it goes up to -- Is it J? -- I think. I’m not one of them, so I can’t recall. A being the lowest income and J being the highest income. That’s how they did it. We are a C-D, so we’re somewhere down in the lower end. When averaging income into towns, about $45,000 per household I would have to say; although that depends on which
Treasury Department data you look at. When they redid the funding formula last time, we became extremely wealthy overnight. We didn’t even know it. But then they fixed that, and we became the way we were all over again.

ASSEMBLYWOMAN MURPHY: Easy money.

DR. MCMAHON: Yes. No, actually, we lost money, then we gained money. So that also worked out well.

What had happened was, we were in a sending-receiving relationship with Upper Freehold, and it was very costly to us. And I’ll get into that when I talk about staying in the sending-receiving. So one of the first things that we did, all of the people in that sending-receiving relationship along with a town called Roosevelt, which is a very small community in Monmouth County-- So the districts that looked at regionalizing were Millstone, which is not a C-D district, it’s a much more affluent district than us; Upper Freehold, which is composed of Upper Freehold and Allentown Borough, which is a much more affluent district than us; and Plumsted. So we looked at regionalizing.

Well, I want to hopefully leave you with, in terms of the issue of regionalization is, it has to be looked at on a case-by-case basis. You cannot generalize, I feel, as though by any stretch of the imagination that regionalization in New Jersey will save X amount of dollars, and I’ll show you why, hopefully, by just looking at our case. But again, in our case you’re looking at one. For me to then say to generalize the entire State of New Jersey, I feel, is inappropriate, but it just gives you another smattering of what happened in a town like ours.
When we looked at regionalizing, which we tried to do first, again we're taking a district like ours that has lower income merging it with districts that are higher income. Needless to say, we have a lower cost per pupil. They have a higher cost per pupil. The tax base in those towns and the income of the people can support a higher tax base. Our public cannot support a higher tax base for lack of a better way to explain it. So you're trying to merge a richer town with a poorer town, which I believe Mr. Reock spoke about -- did not happen in the studies that they looked at in terms of towns merging with each other. By doing that, the study did a first blush of what would happen, and all the towns taxes would stabilize or go down. Plumsted's would rise because we have a large student population in the high school, so we would bear more of the burden. So now we're bearing more of the burden in a district that spends more money than we do. So basically, our taxes would go up.

That was only first blush and included in that was looked at the savings of two less superintendents, two less business administrators, doing some group purchasing, not as many fees for auditors and lawyers, and things like that. Even with that savings taken aside and looking at who would pay the taxes, Plumsted came out on the losing side of that scenario. That is only a first blush at regionalization.

We never took it to the second step, except I did in my office when I did some calculations. I think taxes would rise a couple of pennies in Plumsted if we regionalized under the first blush. Second blush, there are many other factors that come into effect with regionalization as I understand it. If we pursued that study further in regionalization and said, "You know
what? Five cents is a lot of money,” and we looked at the second set of cost factors I consider them to be on regionalization, the estimated taxes in Plumsted in one year would rise 36 cents. Our tax raise only at the time was $1.20. So a 33 percent tax increase in one year through regionalization because there are cost factors associated with regionalization.

For us, it was the loss of Federal Impact Aid Funds. We get Federal Impact Aid dollars from the Federal government because of our district. It’s on a district basis. How much of our property was taken by the Federal government -- I think it was in 1919. When we become a larger district, all of a sudden that piece of the pie they took gets smaller and we get less money or none. So for us it was a loss of approximately $400,000 a year, which goes in that 36 cent tax increase.

We have privatized all of our custodial, cafeteria, and transportation services. The districts we were merging with did not. So now you’re going into a district that you can have some union drivers and some nonunion drivers. We would have to go back into the busing business, per se. We would have to buy vehicles. We would have to hire bus drivers back, pension, health benefits, etc. That was another cost factor for us. The largest cost factor, the way it has been explained to us through several attorneys on both sides of the coin, is that when you regionalize -- and if anyone has more information on this then I’ve heard, I’d be open to a discussion -- the largest bargaining unit of the new regional becomes the union or the bargaining unit of the new regional. When we looked at that, our teaching staff would then become, or anyone else that’s unionized in the district, would then go on the
guide of the new regional. Our guide pays less than the large bargaining unit of the other constituent districts.

Therefore, when we became this new regional, we would give automatic pay increases for a simplistic way to explain it to all those people. That to us amounted to about $300,000 overnight in pay increases. I think that factor would be even higher because all we looked at was a Plumsted teacher on Step 2 makes $35,000. A Millstone teacher on Step 2 makes $38,000. So we said they would get a $3000 increase. That was first blush, and I came up with $300,000.

If you go to a third step of looking at regionalization, it gets even more costly, as far as I’m concerned, because guides don’t tell the true story. You could be on Step 3 in Plumsted and work as a teacher for three years. You could be on Step 3 on the Millstone guide but have five years worth of experience because of what’s called condensing the guide that districts have done over the years. So all we looked at-- We assumed that a teacher on Step 3 would go over to Step 3; that might not be the case. We might have a vice versa where a teacher goes on to Step 4 or 5, or whatever, which could be even more costly for the district.

Another cost factor that we did not look at was the benefit packages. The new larger unit has better dental and prescription plan. The assumption is, therefore, that our teachers or our custodians or whoever is in the union would then have a better benefit plan.

So Step 1 was it cost us a couple cents. Step 2 was it costs us 36 cents. Step 3 would be I have no idea, but it would be more than 36 cents because we didn’t follow it all the way out to see some of the other cost factors.
For that reason alone, I would say to the committee (sic) that regionalization has to be done on a case-by-case basis. Because you could see if you tout the flag of regionalization in Plumsted, you would have raised taxes 36 cents in a day. Obviously then, when we looked at regionalization, we decided that that was not in our best interest.

Also, another cost factor would be busing routes. We’re in a more rural area. We might be transferring our kids from Plumsted to Millstone. Plumsted’s 40 square miles. I think Millstone’s about 80. So we could actually be busing larger distances and our transportation cost would go up. That, again, is something we’d have to look at in Step 3. We never got to Step 3 because Step 1 set a tax increase. And if you all live in New Jersey, tax increases don’t go over really well on school elections in most cases. So we decided there’s no sense in us pursuing any further.

So what we tried to do next is look at finding a partner. Since Upper Freehold— And the reason we did this is because Upper Freehold has Allentown High School. That’s where we send our students. That high school was getting at capacity. I think this is something that Assemblywoman Heck was talking about in terms of use of buildings. They’re at capacity and, therefore, needed to expand the building. When you expand the building, you’re talking more expense; our tuition would rise. So we decided before you build more space, and they’re not building it for their students. Allentown and Upper Freehold is not growing nearly as much as Millstone and Plumsted. They’re actually adding on to their high school for the sending-receiving districts. So we said, “Why don’t you let us take a look and see if somebody else wants us.”
We drew a circle -- a busing distance of 45 minutes around Plumsted and found 13 high schools. Over a one-year time, we were turned down by all 13 high schools. And that is, I think, another great lesson that I learned along the way. Being on the opposite side of the sending-receiving where I am a sender, I know how much value you can get as a receiver. You can take in quite an amount of income as a district that receives students. For example, it’s not atypical to charge $10,000 a student in a sending-receiving relationship. Well, 50 students times $10,000 is half a million dollars. I don’t think any of you believe it would cost half a million dollars in an increased budget to educate 50 students. So, therefore, what you do by taking in students is you reduce the local property taxes in your town, which is a major boon. So we thought we’d find somebody.

We found no one. I think some of the reasons why we didn’t find anyone: They would need to build, if we came there. We have found a lot of the towns were very territorial. I like where I’m living. I don’t like the town next door. Why would I want them to go to school with my kids kind of a thing. We had parents show up at one board meeting that we were going to go to this district, and we actually went and visited some of these school districts, by the way. We were making good headway with one of them, and then a board meeting came up where parents said, “If you take in Plumsted students, my child will no longer make the football team or the band. So I don’t want any more students in this high school because now there’s greater competition, and I like my children involved in extracurricular activities.” Those were many of the comments made at that board meeting. The next day
we received notice that they were no longer interested in entertaining us as a member of the district.

I think for a lot of people, too, it’s fear of the unknown. I know what I’ve got in my town. I like it the way it is. If I take on somebody new, I don’t know what’s going to happen. But, again, if I can just go back to the fact, as an assistant superintendent and a business administrator, if you told me educating 50 kids I could gain half a million dollars in revenue every year, I would jump at it in a second. And I guess I was naive enough to think that one of the thirteen would do it for us, and they chose not to.

We then looked back at, okay, we can’t regionalize, we can’t find a partner, the Department doesn’t seem to be real open to creating new school districts. Let’s do a real hard analysis of what’s going to happen to our district if we stay in a sending-receiving relationship that we are in right now. This gets somewhat complicated, and maybe it will give you some insight into sending-receivings if, I think, that some of you might want to look at.

State aid in New Jersey: Something called Core Curriculum Content Standard Aid that’s the most aid that most school districts get. We usually just consider it your basic education aid for lack of a better way to explain it. Back a year ago, the State said in these models that Assemblyman Malone spoke of that it should cost $8064 to educate a high school student. That’s what the State Department of Education said, and that’s what’s in the funding formula. That’s how you get your money. However, the State also said, but you could probably do it at about 95 percent of that cost. I have no idea where that came from, but they said it’s 8064, but then they say you could probably do it for a little less, and they lop 5 percent off of that figure.
So, therefore, the State has said that you could educate a student in their cost models for $7661 per pupil. So if you’re a 100 percent State aid district, the State gives you $7661 for every high school student that you have, and that’s all they will give you. Even if you’re a 100 percent State aid district, that’s all you’re going to get per high school student. We’re in a situation with Upper Freehold where we were paying $9600 per pupil. Let’s assume we’re 100 percent State aid district. We’re getting $7600 from the State. Allentown is charging us $9600 per student. I’m spending $2000 per student in local property taxes to fund the high school education. That’s as simple as it gets.

So basically, I get no State aid for that $2000. So if next year they want to charge $10,000, my State aid is not getting any bigger, my property tax levy is getting larger. So what happens in sending-receivings is tuition goes up, State aid stays constant, taxes go up. So what was happening to us is we couldn’t support large property tax increases in our community. If I have to pay them $9600 and $10,000, my State aid is not going up. I’m raising taxes. I have to cut my K-eighth program, and that’s what was happening to us. We did away with algebra in eighth grade. We did away with some extracurricular activities.

And all it was doing -- and still increasing property taxes because basically the State has a formula -- I think it’s where you fill out-- The receiving district, Allentown, fills out this financial document every year, and the State stamps it if it’s done correctly. And it says, “Yep, you spent $9600 per pupil to educate a high school student. Plumsted, you have to pay them $9600 per pupil.” And so we’ve said, “But you said we can do it for $7600 per
pupil. That’s what you give us in aid.” And they said, “Yes, but they’re spending $9600 per pupil, so pay them.”

Allentown was going to now add on to the high school. By adding on to the high school, they’re increasing costs. On an accounting side, they were very smart and decided they’d probably would lease purchase that addition. Lease purchasing that addition puts the entire costs in what’s called current expense, which means it all can be sent back to the sending district. If they do debt service, if they went referendum and all that kind of stuff, their constituents, Upper Freehold and Allentown, would pay most of the bill for that building. If they did the lease purchase, they could give the cost to Millstone, Plumsted, and them. So, obviously, for their taxpayers who vote on the budget, lease purchase would be the way to go. By doing that, just the building program would have increased our tuition figure to $10,500 per pupil. That raised it about $900 overnight.

The difference I did was-- I’m getting $10,000-- The bill would be $10,500 in tuition -- $10,500. The State says I’m only giving you $7661, if you’re a 100 percent State aid district, which means I’m footing out of local property taxes $2839 per student times 400 students I send there -- $1.1 million. My levy would go directly toward Allentown with no State aid to educate 400 students. That alone would increase taxes 12 cents just that year.

So I was faced with regionalize and raise taxes 36 cents/find another partner to save money and have a good education program. We formed a committee to look at the academic performance of the districts that we looked at. So I didn’t want to spend 36 cents, no one would take me, or I could spend 12 cents. So we went to the Department, and we asked them if
there's something else that we can do. We wanted to look at creating our own high school. We had to do a feasibility study, as was discussed with the Commissioner, Assistant Commissioner Sherry. There were three factors that had to be looked at in the feasibility study -- racial imbalance of leaving the district, economic impact on all the constituent districts, and the academic impact on all the constituent districts.

Good news was our board convinced Upper Freehold not to fight us leaving the district. If you're in Upper Freehold now, you don't have to build to your building. You don't have to increase taxes. Plumsted pulling out hurt their revenue because we were taking out tuition dollars. Millstone was growing at approximately the same rate that we were leaving. So it almost was a wash for them. So we pulled out 100 kids, Millstone grew by a 100 kids. So there was -- the timing was right and we knew it, and that's why we went for it. Since the petition was not fought by Upper Freehold, it was much quicker. I think it had to go through administration law judge and whatnot.

The feasibility study was supported by the Department. We would not impact the racial balance of the school. We could give an academic program that was comparable to the one at Allentown. And the studies showed that in five years, we would save $5 million. A million dollars per year estimate on educating our own students because we’re not going to spend $10,500 per pupil at this point, currently right now, pay 80. We spend below the box. Does anybody know how that -- the box situation works? If I can talk to that for one second in regard to sending-receiving relationships.

Remember how I talked about the nine-twelve students are costing me much more than the $7661. That's above the box. I have no control over
that spending. Allentown gives me a bill for $10,000 per student and I have to pay it. Well, the State says you’re only supposed to spend $7600 per pupil. So if you remember the boxes, if you’re below the box, you’re spending less than what the State thinks. If you’re in the box, you’re spending in the range. And if you’re spending above, you’re above the box. So now I’m going before my voters with a budget that’s above the box. If the budget get defeated, I can’t cut what’s above the box. I have to give Upper Freehold $10,500 per student. It’s the law. So what happens, I cut my K-eight program to get within the box.

So what was happening to us is we were spending approximately $9600 at the high school level. We were spending about -- I think it was at one time $5800 K-eight, when the State said we should spend 6720 as a minimum. Well, the mathematics hold true because I have to spend so much up this way, I have to spend less down this way. Worse yet, you’re going before the voters, and if anyone lives in a district where they’re above the box, you have to basically have the statement that says, “I’m above the box. I spend a lot of money. Would you like to vote yes or no on the budget?” They vote no, and then I cut K-eight, and this kept happening to us over and over and over again.

So, basically, we were extremely fortunate now, and we can see the horizon, as our building will be finished in September of 1999. We will gradually bring in freshmen first, sophomores-- It will take us four years before we have a full-blown high school program. The best that I can leave you with is that in terms of this big push that people have to regionalize, I think the issue is cost and academic performance and not size. I think you could be a
very large district, spend a lot of money, and have a poor academic program. You could be a small district, spend a lot of money, have a poor academic program, or you could be a middle district and have the same. I think the issue that needs to be addressed is, do you spend an appropriate amount of funds to educate your students, and are you being successful at doing that?

Plumsted, currently, of the 29 districts in Ocean County over the last five years, we have scored third on the EWT test in eighth grade every year. We had 100 percent of our children pass the reading test this year, 98 percent passed the writing. I think 97.2 passed the mathematical section of the exam, and we only spend on those K-eight kids probably right now about $6200 per pupil.

So we’re small if you want to say a small-- Actually, we’re the fourteenth-largest district of twenty-nine, so we’re in the middle. We’re small. We don’t spend a lot of money, and we get academic performance. And if I was forced to regionalize, I would have increased taxes 36 cents, and I couldn’t guarantee what my academic performance was going to be. So, basically, from -- it probably took me two years to kind of figure all this stuff out. That’s what I learned about sending-receiving, regionalizing, deregionalizing, finding a partner, and trying to get some budgets passed and good education for our students. And I hope that my sharing it with you has given you some insight to some factors that exist in the State of New Jersey.

ASSEMBLYMAN MALONE: Questions?

MR. D’OVIDIO: How large is that high school?

DR. McMAHON: Our high school?

MR. D’OVIDIO: Yes.
DR. McMAHON: It’s built to the capacity of-- We estimate that by the time all the students will be there, which will be in five years, there could be anywhere, and this is, again, an enrollment projection on the (indiscernible) from the State of New Jersey, 770 high school students we’ll have by that time, when it’s all finished. We’re only pulling in now about 130, when we start with the freshman class.

ASSEMBLYMAN MALONE: I’ve had the opportunity to visit quite often with Plumsted Township, and their elementary school is probably one of the most extraordinary educational experiences that I’ve been involved with over the years. For a relatively rural school district, it is quite an outstanding accomplishment for this school district. If anybody would like to take the opportunity to go out there with me, I’d love to have you go out there, because I think it’s the kind of model that we look for as far as being to produce at a reasonable cost.

Yes.

ASSEMBLYMAN CONAWAY: Well, that was my question. Thank you. You weren’t boring and--

DR. McMAHON: Oh, thank you.

ASSEMBLYMAN CONAWAY: I thought your presentation was excellent. My question was you have had to cut and cut and cut and you still are maintaining performance. And my question was, how did you manage to do that? What’s the secret? Because--

DR. McMAHON: We tried to cut things that didn’t impact education.

ASSEMBLYMAN CONAWAY: Like what?
DR. McMAHON: We privatized the custodians, the busing, the cafeteria. There’s no summer hours for us. We worked 9:00 to 5:00, 8:00 to 4:00 in the summertime. We just beat up the school physicians. We took--

ASSEMBLYMAN CONAWAY: School physicians?

DR. McMAHON: Yes. We go after everything. The school physicians want-- They took a 33 percent cut to still do physicals in our school district. We try to look at everything where we can cut a corner where it’s not going to impact the educational program. And that’s what we’ve kind of looked for in that. We, by the way, border Burlington, Monmouth, and Ocean County if you’re trying to wonder where Plumsted is. We’re in Ocean, but we border the three towns (sic).

ASSEMBLYMAN CONAWAY: I know where it’s at. I’ve had to run out there a couple times.

Do you think it would have been helpful, because we’ve mentioned this in our earlier meetings about the State being helpful financially -- what if the State sort of made you whole? If it says, okay, we’re going to give you 7000, or whatever it is, but we know you’ve got to send right now in a relationship where you have to pay 10. In terms of what happened to you, if you got the extra three, if that got kicked in, would that have been something that you would have found acceptable, or do you still think you’re better off going alone in terms of the taxes and things like that?

DR. McMAHON: Well, I think if we had gotten those kind of funding, I don’t think we would have passed a referendum to construct a high school or anything like that because a large number of our constituents do not have children in the school system. Eighty-six percent yes to fourteen percent
no is getting more than the parents to vote for a referendum, obviously. There are a lot of people that voted yes because fiscally it was more prudent for them to construct this high school. I think, therefore, if we had gotten that apportion to make you whole, I think we might have stayed as a sending-receiving relationship.

ASSEMBLYMAN CONAWAY: As a fiscal argument, would have prevailed in the regional setting.

DR. McMAHON: I think so. In the sending-receiving setting.

I used to live in the town of Barnegat, which is in a sending-receiving relationship to Southern Regional in Manahawkin. I know that it is a tremendous problem for that town because they’re in the-- The situation I just explained to you, we escaped from. There are many school districts that are sending that are not escaping from that situation. And what’s happening is, as the tuition rises and the model doesn’t change at the same pace that gives you more than $7600 per pupil, you’re cutting your K to eight, raising taxes to support a nine to twelve, which you really don’t have any control or say over because you’re not a member of that district. I think you have one seat on the district. And it’s choking a lot of K-eight programs. It really is.

I also worked with John Harrison with the Assembly Task Force that looked at the CEIFA law. Unless the State comes up with the money to make up that difference, somebody’s going to lose. I think there’s the actual-- The CEIFA law had a pilot program, sending-receiving, that entertained Barnegat and Waretown and Southern doing something about that, looking at that. It actually wasn’t the CEIFA legislation. But the real simple part of it is,
if you tell Southern Regional you can no longer charge $10,000 a student, you have to charge 9000 to help Barnegat, who’s paying the 1000? The taxpayers in Southern. Well, they’re not going to be real happy with that. So unless the State opens its coffers and says, “We’re going to give you the difference,” it’s forever going to be a problem.

Or if you go back, the original draft of the new funding law that came from the State Department -- I don’t know if anybody had seen it -- said that they were giving receiving districts five years to get their cost in line with the model. The original recommendation by the State Department, if I believe I’m right, said you no longer can charge 10,500 a student. You’re to charge $7600, and we’re going to give you five years to get there. Well, I can’t tell you what that would have done to the district. They would have to cut their programs because the 10,600 is supporting the current program they have right now. If you told Southern Regional or Allentown you can’t charge that much anymore, the only way they’d be able to cut back is to cut -- because again they’re losing. Where’s the money coming from? Sending-receiving is very difficult. The easiest way to fix it is just to throw money at it because somebody’s going to lose: either the sending district is going to lose or the receiving district is going to lose. Some taxpayer is going to lose because somebody’s losing money, or programs are going to get cut. Now that’s the only other flip side of it.

ASSEMBLYMAN MALONE: So it looks from your perspective, Tom, that the disparity of cost issue per student is going to be one of the major driving issues on whether people, such as yourself or other districts, decide to go regional.

ASSEMBLYMAN MALONE: And do think that much of the discussion about regionalization up to this point has always talked about some of the window-dressing items like shared costs and cutting administrative costs or having one less superintendent--

DR. McMAHON: Right.

ASSEMBLYMAN MALONE: --and in the studies that you have done, it looks as though they’re really -- even taking that aside, that would not have been enough of a savings?

DR. McMAHON: By any stretch of the imagination, no. And as a matter of fact, you had asked how-- We share services right now. We’re in a cooperative purchasing program with about 60 districts in the State of New Jersey for all of our supplies. That goes out every June and arrives by September. I can do that. I don’t need to join another district and become larger to do that. There’s a lot of things you can do to cut corners, and to me regionalization was not one of them for us.

ASSEMBLYMAN MALONE: Assemblywoman Murphy.

ASSEMBLYWOMAN MURPHY: Just as a comment, Mr. Chairman.

It does seem, Doctor, as though part of what occurred in terms of your cost saving would not have occurred had the State just sent money.

DR. McMAHON: No. Right.

ASSEMBLYWOMAN MURPHY: And I’m not saying that they shouldn’t have done that.

DR. McMAHON: Absolutely.
ASSEMBLYWOMAN MURPHY: But I'm saying that a lot of -- and I think creativity goes just so far. Believe me, I don't believe in being penny-wise and pound-foolish. But it does seem that, perhaps, some of the disciplines that were exercised led to an education and the commitment by the parents in the community to education, as opposed to commitment to a whole lot of other things. So, perhaps, you can't force this kind of belief in the end product of the system, but I think if you have those things, you probably can gain more educationally than you might if just money had arrived before anyone thought about what they really wanted out of the system.

DR. McMAMAHON: Right.

ASSEMBLYWOMAN MURPHY: But I do think that more money is definitely going to have to be offered to encourage people to do that thoughtfulness. I'm kind of responding on both levels, I guess.

DR. McMAMAHON: In terms of sending-receiving, I think so. Because if you look at a district and you tell someone you're losing $1000 per student and you have 1000 students, where do you cut the millions from? You're looking at payroll. You're looking at personnel. You're looking at increased class size. You're looking at-- It's not--

The business administrator at Southern is a buddy of mine. I remember once we were talking over lunch, and he said, “If we went down to the prescribed amount that they're saying, I would lop” -- if I can recall -- “$5 million out of my budget.” And it's not a very-- It's not a $150 million budget. “I wouldn’t know what we would do.”

Like you said, you can only go so far. So if the original intent of the law said to Southern or to Allentown, “You’ve got to get down to 7600,”
penny-wise and dollar foolish. Something that affects children would have to go. I don’t see how you could possibly do that.

ASSEMBLYWOMAN MURPHY: In our district, we are on both sides of a sending-receiving district that has produced a couple of lawsuits, and they are towns that neighbor one another, which is quite often what happens. You can’t separate the forest from the trees. It’s just untenable on both sides of the issue. Everybody is right.

DR. McMAHON: It’s a very difficult situation to be in, in sending-receiving just to begin with. Your curriculum alignment -- yes, we cut algebra because we had to save money. Well, the students in all the other districts could take algebra in eighth grade and go to algebra II or geometry in their freshman year. We no longer afford our students the opportunity to do that. Will that impact at the high school? Because now, all of a sudden the smaller amount of children are going to be able to take calculus in their senior year because the Plumsted’s students couldn’t do it. So it’s very difficult, and that’s only one example of many curriculum problems. For us, we’re in Ocean County and the high school is in Monmouth County. Do our kids go to Ocean County Vo-Tech or Monmouth County Vo-Tech? That’s a real good question. We’ve yet to find out what the answer to that is. So we run some buses to Monmouth County and we run some buses to Ocean County, and we’re all over the place. It has created some difficult situations for us. None that we couldn’t surmount, but--

ASSEMBLYMAN MALONE: Assemblywoman Heck.

ASSEMBLYWOMAN HECK: I am very impressed.

DR. McMAHON: Thanks.
ASSEMBLYWOMAN HECK: And I think you would be a very good example to follow for a lot of schools. I’m not always impressed by superintendents. I’ve seen a lot of waste in a lot of areas, but I am very impressed with you. And I’ve met a lot of excellent superintendents, but I think examples like this are so impressive and should be emulated and given some recognition.

I’m curious. In your particular situation -- it has nothing to do with regionalization -- do you have-- What’s your special ed costs?

DR. McMAHON: Our special ed costs, if you’d like me to talk for an hour about these--

ASSEMBLYWOMAN HECK: No. No. I just -- what you have.

DR. McMAHON: Our special ed population is about, I think -- it borders between 10 percent and 15 percent. And the cost that we have for special ed, and again, we institute the same cost-cutting measures that we can across our curriculum, are no where near the amount of categorical aid we get for special ed from the State of New Jersey.

ASSEMBLYWOMAN HECK: What I’m trying to find out is a rough dollar amount.

DR. McMAHON: Oh, $1.3 million of our budget one time, and we get $600,000 from the State to do that.

ASSEMBLYWOMAN HECK: That’s one of my pet peeves -- has been for about seven years. And I did put through a bill -- I told Joseph about it, and he’s going to help me with this -- is to allow the per pupil cost in your district to remain the same and everything else to come from the State from one pot of money.
DR. McMAHON: I would-- I’ll gladly take you to lunch if you do that.

ASSEMBLYWOMAN HECK: Because I think every school would benefit by that, and every child who is a special ed student would benefit from that.

DR. McMAHON: The special ed cost--

ASSEMBLYWOMAN HECK: I think that would be a help overall.

DR. McMAHON: Oh, tremendously so. And I don’t know if you know how this special ed formula works in the funding formula, but the State has decided that only 10 percent of your children should be classified. And if you have more than 10 percent of your children classified, it’s your fault and you’re going to get less State aid.

I’m a member of Ocean County Association of Retarded Citizens. I’m on the Board of Directors, and logic like that is extremely insulting.

ASSEMBLYWOMAN HECK: It is.

DR. McMAHON: But it’s contained in the funding formula.

ASSEMBLYWOMAN HECK: There are districts where behavioral problems are misused as classified, and that’s unfortunate.

DR. McMAHON: As my answer to that, I’ve had several arguments regarding that, and my issue to that would be, then, you need to firm up a way--

ASSEMBLYWOMAN HECK: Absolutely.

DR. McMAHON: --a child is classified.

ASSEMBLYWOMAN HECK: Absolutely.
DR. MCMAHON: You don’t need to penalize someone like us that has 3 percent. We’re at 13, so we— The other 3 percent, you’re going to get less State aid for those children. Well, you know what? That doesn’t help me. What am I—

ASSEMBLYWOMAN HECK: Well, to me this is an important issue, and we’re going to call upon in our regionals.

DR. MCMAHON: I can give you—

ASSEMBLYWOMAN HECK: Thank you.

DR. MCMAHON: And you started me on this, so I’ve got to say two other issues in regard to special education costs.

ASSEMBLYWOMAN HECK: Okay.

DR. MCMAHON: We are now testing every child on the fourth-grade test in the State of New Jersey. I have fourth-graders that are classified that are reading on a first-grade level or kindergarten or preprimary level, and they are not exempted from the State testing regardless if you’ve heard that they are. And I would like to see you take your child, who has some learning disability in fourth grade, and sit them for 10 days for half a day and take a test, and they can read on the kindergarten level.

ASSEMBLYMAN CONAWAY: It’s a 10-day test?

DR. MCMAHON: It’s five days half day, five days half day, including speaking in front of the class. One of the requirements is to give a speaking portion of the test, and your child is classified and has a learning disability. And I’d love for the parent to sit in the back of the room while that child does that or tries to take a test that they cannot read.

ASSEMBLYWOMAN HECK: You’re giving me chills.
DR. McMAHON: And that occurs today.

ASSEMBLYWOMAN HECK: I think all of those things have to be addressed, and I’m glad he’s here today so I could ask him that question.

DR. McMAHON: And there’s one more thing because I’ve got to talk about inclusion. Inclusion program the way that the regs are written on the Federal level basically say that the least restrictive environment is to take a special education student and put them in the classroom. To do that, the Federal regs say that you’ve got to have a special education teacher in that room. Now, it’s not real hard to put your thinking hat on and say you’ve now got 25 students in a classroom, two teachers, and one of those teachers is dealing with 4 or 5 special education students in the classroom. Do you know what that costs to have two teachers in a room with 25 students? You just doubled your personnel cost during that time period.

Yet, if you look— That’s why it’s costing me $1.3 million to educate special education students, and I’m getting $700,000 from the State of New Jersey. Because the State of New Jersey says in the formula it made, if you follow this formula, you can educate all of your special education students for $700,000 because that’s what categorically it is. Categorically, it isn’t-- I give you a percentage. I’m giving you enough money that you can take care of all those special education students; $1.3 million versus $700,000 in aid is not working. And part of the reason is because I have too many classified students. And it’s unfortunate because you know what’s happening? And as I sit on the Board of Directors of Ocean County, the regular education parents are getting mad at the special education parents.

ASSEMBLYWOMAN HECK: That’s my point exactly.
DR. McMAHON: And that is extremely unfortunate.

ASSEMBLYWOMAN HECK: And that’s why they should not be revictimized.

DR. McMAHON: It’s a shame. It really is a shame.

ASSEMBLYMAN MALONE: Any other questions?

Assemblyman Stanley.

ASSEMBLYMAN STANLEY: I just really wanted to— I tell you, sometimes you sit here and you hear stuff and you say, “My God. What are we doing?” But Dr. McMahon, I just want to, first of all, commend you on your testimony, which I thought was very good and very helpful and very enlightening to all of us here on the Task Force. What you’ve been through and actually you’ve given us some examples of some of our statutes and some of our regulations that are actually working against people trying to work together, coming together, regionalizing. The same question I had posed earlier, you’ve basically given us many, many -- a lot of the answers.

One of the things that I wanted to ask you about was, what was your cost before with respect to your high school education, and what’s your per pupil cost, and what’s your cost now? What did it cost you to build the high school? And see, one of the problems we always come back to is that there are some winners and some losers. If they had, perhaps, put another-- If they had gone ahead with their program to put an addition onto their school to be able to receive some of your students or all of your students, it may have been cheaper. It may have been cheaper for everyone concerned, but the problem was it was very expensive for you. It was expensive for your district.

DR. McMAHON: Right.
ASSEMBLYMAN STANLEY: And what I wanted to know, if they had built their addition instead of you building your entire school, would the cost from a regional perspective -- even though it wasn’t going to be broken out like that, because they were going to end up passing along a lot of the cost to you. Would the cost have been cheaper for them to go that route?

DR. McMAHON: Well, in the feasibility study that we gave to the State, we had to compare the feasibility of us building on our own versus staying and Allentown constructing. That impact, just looking at our budget -- I can’t speak to--

ASSEMBLYMAN STANLEY: Just looking at your budget, exactly.

DR. McMAHON: --was a $5 million savings. Not just in aid. It’s going to cost us $5 million less, dollar for dollar, to do that than if they had hired their teachers on their teachers guide, and they had continued with their building program, etc. So it was cheaper for us to do it because we’re just a different district than they are. Also, we get more State aid than they do. The reason we can save $5 million is because we get-- I think we’re at 48 percent State aid. So the State of New Jersey is paying 48 percent of building that high school. So versus if they built it, we pay dollar for dollar because it exceeded the $7600. By us building it, we’re getting 50 percent from the State. Now that’s one of the major boons to the $5 million.

ASSEMBLYWOMAN MURPHY: Crazy. Incentives to do things that we’re saying don’t do.

DR. McMAHON: Yes. If you looked at the bill the way the funding formula goes, that’s -- for us to build and get 50 percent of it from the State of New Jersey, well, that’s this year. I don’t know what’s going to happen
next year with the district income factors that are going to come out, but right now we’re at 48 percent of the State aid district, so it helped us.

ASSEMBLYMAN CONAWAY: So the larger question still is in terms of resources and in terms of what it costs all of New Jersey taxpayers to educate all of New Jersey’s kids. It seems to me, and I think your point was, that it probably would have been cheaper for everybody for an addition to go onto Allentown School rather than -- if it was done the right way with the proper incentives rather than you building a new school from top to bottom.

DR. McMAHON: Well, what you’ve got to say there is, you’re joining -- you’re sending students to a district that pays more so--

ASSEMBLYMAN CONAWAY: But that’s because--

DR. McMAHON: Well, yes, but-- What’s that?

ASSEMBLYMAN CONAWAY: --of the way the aid formulas and things worked out. If you were to add on to a building versus building a new building, everything else being equal, adding on to the building has got to be generally cheaper, right?

DR. McMAHON: I can do it cheaper. And I’m not here today to--

ASSEMBLYMAN STANLEY: Because you’re good.

ASSEMBLYMAN CONAWAY: Because to build new, to build new--

DR. McMAHON: I can do it cheaper.

ASSEMBLYMAN CONAWAY: Building new is cheaper than adding on?
DR. McMAHON: Well, if I was going to spend $16.5 million and they were going to spend $13 million, I added on more because I also expanded my elementary school. It’s-- Somebody who’s still spending-- They’re now spending nothing to add on to their building. I spent the 16.5 million. The question really is, who did you want to spend that money, us or them? Because it was still going to be $16 million. And my retort to that is, you gave it to me and I can educate those kids cheaper. Somebody was spending that money, whether it was them or it was me. And I’m saying, I’m doing it and I think I can do it and educate the kids at a better price than they could.

ASSEMBLYMAN CONAWAY: Because it’s more of the cost to build it? Because the teachers--

DR. McMAHON: Right. Right. My per pupil cost, and if Mr. Reock is still here-- My per pupil cost five years from now we can look at, and I would compare it to the Upper Freehold costs. And I think I can do it cheaper, but right now I educate my K to eight students cheaper than the other two districts.

ASSEMBLYMAN MALONE: Any other questions?

MR. D’OVIDIO: It just seems to me that that regional district, that administration must be under extreme pressure to do something about their costs. If you say that you’re able to through privatization reduce costs, it seems to me that those administrators better start doing a better job in looking at that. I can see where the cost of teachers salaries would make a difference.

DR. McMAHON: Tremendous difference.
MR. D’OVIDIO: And if you’re saying that you have a comparable curriculum and program there and you can spend so much less, we certainly -- everybody should be learning from that. This committee (sic) should probably dissolve itself because I’m hearing today that smaller seems to be better and more economical.

DR. McMATHON: I would say -- our attorneys are always good for this -- it depends. Regionalization is a case-by-case basis. It made sense for Union County to go smaller. It might have made sense for Great Meadows to get larger. It made sense for us to build our own because we were in a sending-receiving relationship. If you had said, “What if you weren’t in a sending-receiving relationship?” it might have been best for us to join with the guy next door. It all depends on every district and to generalize. And that’s why I’m giving you my scenario. Somebody can give you the same scenario, and they’d save 36 cents if they regionalized. It all depends. It has to be done on a case-by-case basis. If I can leave you with nothing else, I’d would love to leave you with that.

And the other thing I would like you to look at is just cost and academic success. Isn’t that what it’s all about? If you’ve got 50 kids in your school district and you don’t spend a lot of money and they’re all getting educated, why bother? Because I keep hearing that-- If I hear again the number of school districts in New Jersey compared to the nation, okay, so what? Are we performing well and we’re not spending a lot of money. Well, maybe everybody should have 629 districts in their state. If that’s what we’re shooting for, what’s the goals of education? I mean, to the taxpayer it’s to do it at a good cost, and for the children, it’s to get them educated. Whether you
do it with 50 districts or 629, what’s the difference? That would be my question.

ASSEMBLYMAN MALONE: Any other questions of Dr. McMahon?

ASSEMBLYWOMAN HECK: We’re taking a field trip.

ASSEMBLYMAN MALONE: I would not have asked him to come and testify if I had not been sufficiently impressed in my dealings with him over the last couple of years, and if I didn’t think that he had something significant to offer, I would not have had him come.

ASSEMBLYWOMAN HECK: Good decision, Joe.

ASSEMBLYMAN MALONE: Because I felt what he has shown me that he’s been able to do has been pretty impressive. I’ve had the opportunity to visit his grammar school. I spoke at their eighth-grade graduation back in June. We have been out there on a number of opportunities to work with the schoolchildren, and it’s for real.

DR. McMAHON: We’re proud of what we do. I thank you for having me. And I can say that the State Department was very helpful in this whole-- We worked with Assistant Commissioner Sherry, and I don’t know if you met Ed Carman that was at this table. They were extremely helpful. The old adage, “I’m from the State Department. I’m here to help you,” I think we’re getting there. They did help us.

ASSEMBLYMAN MALONE: Thank you very much.

DR. McMAHON: Thanks. Thank you very much.
ASSEMBLYMAN MALONE: We have a number of people from Garwood, Berkeley Heights, Clark. So if I could have Renee Howard, Dr. Robert Stowell, Dr. Paul Ortenzio--

PAUL J. ORTENZIO, Ed.D.: Ortenzio. (indicates pronunciation)

ASSEMBLYMAN MALONE: --Ortenzio, and Jim Kirtland.

Are all of you on the same side of this issue, or would you rather be separated?

DR. ORTENZIO: We’re all colleagues.

ASSEMBLYMAN MALONE: I didn’t ask you that question. If you’re all eating out of the same dish, I’ll have you come up. If you’re going to bite each other if you’re near the dish, I’ll--

Just one public announcement for our Task Force, there’s something available in Alex DeCroce’s Office if you need to go into -- Assemblyman Zecker’s Office. (referring to refreshments)

Go ahead, lady and gentlemen.

JAMES KIRTLAND: Can I start this off? My name is Jim Kirtland, and on your list of presenters, you have me identified as a former Union County Regional Board member. That is incorrect.

ASSEMBLYMAN MALONE: Okay.

MR. KIRTLAND: I’m a former Berkeley Heights board member.

ASSEMBLYMAN MALONE: All right.

MR. KIRTLAND: And just as an aside, I feel like I’m in the wrong place seeing all these educators and people paying for this on a regular basis. I’m not sure what a businessman’s doing here today.

ASSEMBLYMAN MALONE: Pardon?
MR. KIRTLAND: I’m not sure why a businessman was included in all these other people that are paid educators. So I think I must be in the wrong hearing.

MR. CARUSO: No, you’re right. You’re here to pick up the tab.

ASSEMBLYMAN MALONE: Who is going to lead off? Go ahead.

RENEE HOWARD: Sure. My name is Renee Howard. I’m the Superintendent of Schools in Garwood, New Jersey, and I’m here to speak on behalf of the community of Garwood, the Borough Council, and the Garwood Board of Education. When I walked in, I picked up the paper (referring to witness sign-in comment sheet) to speak, and it says, “Are you in favor or opposed?” This is not the part that I prepared, but I wrote down unsure.

ASSEMBLYMAN MALONE: The comment sheet that you have is normally for individuals who want to testify on bills, so that’s the format that they use.

MS. HOWARD: I know that. But I think it points to what I’d like to speak to you about. Based on the experience that Garwood has had with regionalization and deregionalization, I would have to say that the community of Garwood would be unsure. And my purpose in coming here today, as you study the concept of regionalization, we would like you to examine the impact that can occur when a regional relationship dissolves without a clear process and adequate safeguards to protect the interest of all involved.

Can you image a community, as in the case of Garwood, making a commitment to regionalization over 60 years ago, and then after many, many
years being told that the relationship is being severed because some of the constituents want it that way? Can you image using taxpayer’s money to help create a regional high school? We even supplied the first superintendent to the regional high school, through the years paying its mortgage and its upkeep, and then being told, you will walk away from it without receiving any real equity in terms of fixed assets. So that’s like paying off a mortgage for your house and being told goodbye.

Can you imagine incorporating a regional high school as a integral component of your town’s educational delivery system for over 60 years and then having to find a place to send your high school students? Can you imagine wondering how much input and long-term stability there will be in a send-receive relationship that you were forced to enter because a regional district was dissolved? And can you imagine a legal process that makes it far easier to dissolve a regional district than to terminate a send-receive relationship? Well, ladies and gentlemen, that is what happened to Garwood when the Union County District No. 1 was dissolved.

As a result of contributing to the regional district since its inception, Garwood residents and municipal officials expected to reap the benefits of their investments, time, education, and money. Had they known 60 years ago that it all – all the equity could disappear at dissolution, Garwood might have made some different decisions.

The Borough of Garwood is a small community located in Union County. It’s primarily residential and shares a common dilemma with many other small towns that are struggling to maintain conditions and services that will continue to attract families to purchase homes and raise their children.
One of the first things people inquire about when contemplating moving into a community is its school system. I’m very proud to tell you that over the years Garwood has enjoyed a reputation of providing quality educational programs in prekindergarten through grade 12. Its pupils have consistently demonstrated strong performance on standardized testing when compared to those across the state and county.

And I might say in terms of educational systems or towns, we are classified in what’s called district factor groups, and they run from A being the poorest, all the way to H or I. Garwood is classified as C-D. And about two years ago, there was a Star-Ledger article of the EWT scores across the state. Our school was number 10 in the whole state, and I think there might have been one other school in our district factor group. But this points to the ability of a town to pay for education and what kind of bang do you get for your buck.

In Garwood, as in many communities, of course, the school system is a major user of tax dollars. And in Garwood because it’s highly residential, the major burden for supplying the revenue for education comes from 86 percent of the community which is residential. Because we are a C-D factor group, we are considered rich by the New Jersey Department of Education, so our State aid is minimal. I would say 85 percent of the money to run our schools comes from our town and not from the State or Federal government.

How have we done this? Prekindergarten through grade-eight pupils have been housed in the district. We have two schools. And our high school pupils were sent to the Union County Regional High School District. So you can see why 60 years ago that was a very good decision, I think, for
Garwood. This allowed the Borough to provide the quality education in a cost-effective manner. The districts in the regional district paid in -- no one paid equal per student. You paid based on your tax rate, and I think your population was a balance between them. Unfortunately, when the regional district dissolved, that all went up in smoke for Garwood.

When the regional district was formed in the late 1930s, six communities contributed their resources, and at that time, Garwood contributed 25 percent of the construction cost. Before dissolution, Garwood’s share of fixed assets was estimated at, at least $112 million. We should have been entitled to that. But based on a law that was passed in the early part of this decade, we were entitled to no fixed assets. We didn’t have to share in the debt, but we also didn’t get any fixed assets.

Fortunately, because of the six towns, including Garwood, paying into the district, by the time they came to dissolution, there was very little debt, and there were only assets, basically. Although Garwood was able to form a cost-effective send-receive relationship with Clark -- and we are very happy with that. It is a quality program. Our children were there before. It’s difficult to know what’s going to happen in the future. We have a 10-year contract that is very fair. Basically, it has not increased our costs. And as you explore regionalization, you know you have to look at withdrawing from a regional district. It might also be advisable to look at send-receive relationships because in a send-receive relationship -- and you’ll be interested in this -- the cost of special education does not have to come into that.

The State says send-receive relationships do not include special ed. District that’s sending, that’s your responsibility even to educate the special ed
kids. Fortunately, Clark gave us an excellent deal for 10 years that includes our special ed. But they were hit this year by a big tax problem, and we wonder after the 10 years will they still be able to give us that kind of benefit. The cost factor is especially critical now because as you can see Garwood has been in existence for many years, and its schools are very old. They are more than 70 years old. They have had problems from water seepage, from aging, etc., and we've looked at what's the best thing to do.

Recently, last spring, we put out two referendums after years and years and years of study, and the referendums came to approximately $12 million. But I ask, in knowing what happened to Garwood, is it any wonder that the taxpayers turned that down? They're very -- they're gun-shy right now. And they're proud of their education, but they don't know how much more they can handle.

The last area I'd like to talk about is the procedure that we went through. The procedure specified for dissolution of a regional district does not supply due process of law or fundamental fairness, although these concepts are embedded in the New Jersey Constitution. Ironically, a district seeking to maintain a send-receive relationship is afforded these. The dissolution procedure starts with the feasibility reports that you heard discussed earlier. And the Union County Superintendent did recommend that the district not be resolved. His reasons were that the four resulting high schools would be too small and the dissolution would increase the cost of providing high school education. But the push for deregionalization went on, and the next step was a Board of Review hearing.
Unlike other administrative bodies, the Board of Review does not comply with the sunshine law. It takes action behind closed doors. One wonders if all the safeguards are taken into account. It also can consider expert evidence without giving other communities the opportunity to show that opinions are wrong through a evidentiary hearing. In the case of a send-receive relationship, you are allowed an evidentiary hearing.

Garwood also feels that dissolution has separated the haves and the have-nots in terms of equal education opportunity. Well, there was no strong racial imbalance created by this. In Garwood’s case, it destroyed a high-quality educational system available to all children, wealthy or modest communities. It appears that-- I lost my place. And Garwood taxpayer money had to be expended to oppose this dissolution.

State policy encourages school boards to consolidate and become more efficient. Despite this fact, it would be prudent to determine if the dissolution statute was used to punish the Regional Board that closed a school. And again, Garwood’s money had to be used to fight the community whose school was closed who wanted dissolution and who in turn opened a high school, not as Dr. Lobman said with over 300 children, but a high school under 300 children. They moved seventh- and eighth-grade children into the high school building to provide better utilization. But as an educator, I have some real questions about putting middle school and high school children together.

In summary, it is important to note that the dissolution of the Regional had a serious educational and financial impact on the community of Garwood. Your Task Force, we hope, will look at all aspects of regionalization, deregionalization, and send-receive relationships.
ASSEMBLYMAN MALONE: Question for you.

MS. HOWARD: And I thank you.

ASSEMBLYMAN MALONE: What’s the population of Garwood?

MS. HOWARD: A little over 4000.

ASSEMBLYMAN MALONE: And you currently have a K to eight district?

MS. HOWARD: Yes.

ASSEMBLYMAN MALONE: Did you have that -- was it originally a regional or was it just a high school regional or was it-- You’ve always had a K to eight district?

MS. HOWARD: It is my understanding. I haven’t been here for 60 years.

ASSEMBLYMAN MALONE: I guess what I’m asking, before the deregionalization, did you have a K to eight district?

MS. HOWARD: We had a K to eight district, and the regional district is a separate district.

ASSEMBLYMAN MALONE: Okay. So you had basically two districts.

MS. HOWARD: And now we’re considered K to 12.

ASSEMBLYMAN MALONE: Okay. So what you had was basically a K to eight elementary school district, plus you were part of an overall regional of six towns for your high school purposes?

MS. HOWARD: Yes. And it seems to Garwood and one of the things I forgot to ask, it’s like our equity in the district is being used to fund
four other high schools. And yet, we are in a send-receive relationship where we are also paying.

ASSEMBLYMAN MALONE: Yes.

ROBERT STOWELL, Ed.D.: My name is Bob Stowell. I’m the Superintendent of Schools in Berkeley Heights, and I was invited to come. And I thought my function might simply be to give you the picture of what happened to us, as an overview, and if that is of some help, good. Berkeley Heights now has 2200 students. We’re an I district. We receive about 1 percent from the State of our entire budget. We have never had a budget defeated in Berkeley Heights. It is the most supportive community you’ve ever seen in your life. They value education.

At the same time, in that little community of six square miles, we have 36 foreign languages spoken as the first language in the home. So we’re also a very diverse community. I confess, I applauded Tom from Plumsted because everything he said I was so -- yes, he’s right. That’s correct. But at the same time in Berkeley Heights, our youngsters on an average in every grade level are in the top 1 percent of this nation on the IOWA test. And when we take the EWTs, not only do we have 100 percent graduating, but our community says, “No. No. No. How many did you have in Level 1?” Not Level 1 to 2. There’s always that kind of push, and our youngsters are normally about in the 80 percent of Level 1. So that the district has a very solid representation. Algebra is taught in grade seven, geometry in grade eight. So the program is very extensive.

But what I want to share with you today is a little bit of my previous experience with deregionalization, and then I want to go through the
time lines of what we had here. It won’t take a long time. Back in the ’70s, when I was in Temple University trying to get a doctorate and become a superintendent, the state of Pennsylvania, which had 2500 school districts, by legislative fiat reduced it to about 505. And everybody took a big breath and said, “Am I going to have a job when I get out of here?” Because all at once we had all those superintendents out looking for jobs. But that was how they did it. And what they did was simply take a lot of surrounding communities and said, “That’s your district,” and they’d put in one person.

And then I was in the state of Delaware in which by court order there were combined 10 districts with 1 other district to form the New Castle County School District based on desegregation. And so I saw this happen in two different settings. And now I see the question here, “Do we regionalize, do we not? What’s the best thing for the State of New Jersey?”

In the year of 1995-’96 in Union County, we dealt with the political process, and Renee has referred to some of that. But every community was attempting to deal with this process which was made possible by what we call the Bagger bill, which said if you have a majority of communities vote in favor, in addition to the majority of all the people in all those communities, then you can go ahead and withdraw or deregionalize. Not withdraw, you can dissolve that district. And so there was politicking that entire year. Meetings that you can’t believe, and obviously, a great deal of dissention. But as a final result of that year of politicking, the votes were like 10,200 to 8500 in favor, and four of the six districts said, yes, which meant that in effect the Union County Regional High School District No. 1 was dissolved.
The second period of time was ‘96 to ’97. That’s when all the superintendents, including this superintendent from the regional, met and worked out all the processes necessary to make this program work. That included -- one of the key pieces was, what do you do with all these teachers who were in three high schools? You’re now creating four high schools. How do you spread them out? How do you protect their rights? And how do you set up an educational setting which is still functional? And I think everything that we did in that planning process -- and the three of us at the table were involved with that -- had to do with how do we protect our children? How do we make sure they still get a good, solid education? How do we deal with the finances, which you still have some downsides to it, as Renee has indicated?

But at the end of that period of time, we worked out a system in which the teachers were allowed to have their seniority protected and their salaries. And, of course, we were all at different pay scales. In addition to that, we had districts which were represented by NJEA, districts which were represented by the AFT. There were a lot of strategies that needed to be developed to make this thing work. When we were all said and done, we brought the -- every district developed-- The high school districts developed, here are the openings we have in these four high schools. And you, as the teachers, can come in on a seniority basis and select the high school that you would like to go to. So if you’re the senior teacher, and you were in science and said, “I’ll take Berkeley Heights or Clark or Kenilworth or Springfield,” your name went up on a chart, and the next teacher came in until all of those slots were filled.
What happened in that process is that the teachers were not divided evenly according to salaries, and some of the high schools received the most senior teachers along with the accompanying salaries. Some of the high schools received teachers who were the newer teachers or actually may have had vacancies. I don’t recall that now. But nevertheless, that’s what we did.

At the same time, for example, in Berkeley Heights where we now had a contract with our K to eight teachers, which was NJEA, and the Regional, which was AFT, those groups had to decide which way they were going. And we had to then work out how do we pay the people who were up here (indicating) and other people were down here (indicating), and that involved a lot of negotiations. But eventually, we worked our way through, and that’s what every one of those high schools did to try to get some kind of a pay scale which was equitable to match the two systems and to deal with the two unions. And we were successful in doing that.

Last year, ’97-’98, has been the implementation year, and I will only speak for Berkeley Heights. But for us, it has been probably the smoothest operation that I have experienced. I had been -- I’m from Pennsylvania originally and had always been a K to 12 superintendent. So when I came to Berkeley Heights, which had K to 8, I was surprised that here was a high school in Berkeley Heights run by somebody else and didn’t make a lot of sense to me. Now having the high school again as I had before, it was a very smooth operation. We’ve made a number of commitments to that, and they’ve been alluded to. We would not cut programs. So we maintained all the programs that were there originally. In fact, we expanded some, and we would maintain all the extracurriculars, and that worked out for us also.
Our goal of all the superintendents meeting was not to hurt any child in the political process which involved the communities, and I think we were able to do that successfully. The motivation for Berkeley Heights was simply the inequity in the funding process of the Regional High School. It has been alluded to here that the average amount per pupil at that time was about $16,000, and you paid for that based on the formula that Renee had mentioned, but we had districts which would pay approximately $8500 a pupil. And other districts were paying over $20,000 a pupil, same program, same high school, and that was a major factor in do we want to continue this process?

Secondly was the representation, which had been referred to here earlier. The local K to eight district, you elected all the board members. They were yours and you could get them. But in a regional, you had at most two board members. And those two board members were a part of the larger group, and often, if whatever decision was made for the majority impacted negatively on your community, those two members couldn’t do anything about that. And sometimes we found that the Regional representatives tended to be more responsive to the Regional than they were to the local community because they’re now part of that culture and that environment. And so there was some sense that the community wanted to have more -- they wanted to have direct representation for the high school, and that was a major factor.

Last of all, we were very happy with the educational program at the regional. It was a good, and is a good, educational program. But anytime you divide a child into pieces you have to make sure those pieces get together, and it was always more difficult to articulate that program between the eighth
grade and the ninth grade because you’re talking about two different systems. Could have been two different philosophies. Certainly the spending was different. And our community said it’s better for us to have a seamless K to twelve program. So wherever we started out in math in kindergarten -- we’re in the same program -- we get through grade twelve.

So those three key factors were driving Berkeley Heights to withdraw, dissolve that, and have our own high school. And that’s, in fact, what we’ve done and have felt it’s been a very positive process for us.

I’ll conclude with that only to say, I’ve brought just some materials for you, which if you have any interest in-- I was interested that the New Jersey School Board, back in 1992, did a study on the same kind of question. Should we merge? Shouldn’t we? Is this good or bad? I just thought you might be interested in seeing that again. I brought along four newspaper articles, one from ‘93, when this process was beginning. I sometimes think the newspapers help capsulize some of this process. If you’re interested in that, I brought that. And then two more back in ‘96 as they were getting to closing and as we’re moving along and the viewpoint of how that was going to go. And I thought that would be of some interest to you. And I thank you for--

ASSEMBLYMAN MALONE: I’m assuming from your conversation, you’re happy with the dissolution?

DR. STOWELL: It has been a very positive experience for Berkeley Heights Board and students. Mountainside joined us in a send-receive that has been extremely positive. Our kids are just winners in all kinds of contests. All the good stuff that happens in a high school has continued to happen, so it’s been very positive.
ASSEMBLYMAN MALONE: Next.

DR. ORTENZIO: My name is Paul Ortenzio. I’m the Superintendent and Board Secretary in Clark. I couldn’t disagree with my colleague, Dr. Stowell, because I share many of the activities--

ASSEMBLYMAN MALONE: How many students do you have in Clark?

DR. ORTENZIO: I have 2025 students in a K to 12 situation. That includes 132 students from Garwood.

But I’d like to have you understand some other aspect. Sometimes I say Bob is just too nice, so he let me-- Say, you get into that financial stuff because that’s the other part of my job and it comes down to money. Mountainside was paying $22,000 per. Garwood was much lower because they were paying 4 percent of the cost for 14. Clark for years at 26 percent of the students were paying 19 percent. Good deal. It’s a good deal. Now the population grows. The tax evaluation changes. You begin to pay more for more students. You then, in the process of dissolution, lose the subsidy.

So I want to point to some issues. I’d like to just go back for one second and have you understand something, and I’ve prepared some documents. At no time during the entire process was assistance given by the State Department of Education. Superintendents put the process together right to the point of Bob helping me with a four by eight Mylar sheet where we stuck the names of the teachers up. Nobody else did that. We had to do it ourselves. Prior to the vote, the apportionment of taxes and payment to the regional district followed a formula based on tax valuation. The impact in Clark was so disproportionate this past year that the Township of Clark
officials, as well as Board of Education, appealed for assistance to the State Department of Education and Department of Community Affairs. We received assistance. Here is the impact of dissolution when the process is not read into or developed by the State Department, and I’ll just give you for instance.

As an example, in the ’97-’98 school year, the board of education developed a budget in which there was a tax levy for vote of $20,447,022. Understanding the workings of what’s called an A4F, that’s the tax certification, you pay half one year, and you postpone the other half until the other part of the year. So if you take half of the year we had just finished when we were K to eight and take half of the year when we’re now a K to twelve, you’re combining them and you’ll have 15 million plus. The difference is, $5 million is postponed until this year. That’s the disaster.

The board of education developed a budget in 1998-’99 that encompasses these difficulties. We received the maximum permitted net budget of $23.6 million with the resulting tax levy of $21 million. So now I talked before of collecting 15 million the year before and now collecting 21 million. That’s a big hit. That’s 77 cents per $100. That’s like getting hit between the eyes with an I beam. The total difference was 5,339,000. So we went from $2.22 combined local, and then the regional cost to $2.99 per 100. This was catastrophic.

To make a long story short because it’s been a long morning, we cut part of our budget. We also received assistance from the State Department for the building, as well as additional stabilization aid. Budget goes to the voters, they defeat it four-to-one. The town council cuts $975,000. Paul
Ortenzio, do you have any magic? The answer is no. We don’t have any magic. So we began to cut back on other -- on nonessential activities, particularly postponing the former regional district building program.

The loss of subsidy we’ve spoken about. The difficulty is we inherited a building that’s in need of over $6 million in repairs. This is from a regional district that collected monies and in years, when the total budget was $39 million, had $12 million in surplus. Who was fixing the buildings? Because I know that’s the difficult part. We end, and when we ended, this regional district had the money, the cash, in the bank in a money market account making less than 2 percent interest.

I’m going to go to just some of the recommendations that I think you should hear. The rest -- you could read this because I know it’s been long and I can go on and on, also. I believe there were some cautions for this committee (sic) and the communities involved in the process of regionalization, as well as deregionalization. First among these are legal fees. And this is another one that is going to set you back. I believe an inordinate sum of money was spent by communities in the regional district. And the regional district in particular spent over a million dollars trying to avoid the will of the people. Over a million dollars that could have gone into building repairs was spent to fight the six communities in various ways.

Secondly, tax projections must be prepared for all the communities involved so as to equalize a share of taxes without the creation of disproportion in subsidies and/or increases. Thirdly, the State Department should appoint a fiscal agent to any district formally agreeing to regionalization or deregionalization by referendum. I asked for that. We didn’t receive that.
We also sat in a meeting and I said, “Any expenditure over $200 at this point should go through a fiscal agent.” We ended the year not knowing where we were going and finding out that the money was in a 2 percent money market account.

Building repairs should be listed and itemized as part of this application for consolidation. And lastly, the question of staffing and salary consolidation is of utmost importance because the majority of the staff chose Clark. It may have been because we had an attractive salary guide, but I received a disproportionate share of the highest salaries. And most of the $5 million increase had to do with salaries. We just concluded an agreement with the American Federation of Teachers, and there was a battle that went on in and among the teaching staff -- would they continue to be represented by the NJEA or the AFT? We just concluded that this year and resolved the contract that will exist and conclude in the year 2001.

Blending of salary scales and seniority questions can overburden a school district and create a tax aberration. It is necessary to fully explore this to make salary projections so as they provide full and accurate information. This last item includes both certified and noncertified staff. The educational program is one that will reflect the wishes and needs of the community. We have done an outstanding job, I believe in Clark. It’s a lighthouse district.

Dr. Stowell spoke about and, as well as my colleague, Renee Howard, about how well the district has done and how efficient it has been. I can also point to some other examples. Clark scored fifth in the state in physics, seventh in chemistry. Our EWT scores are as good as anyone else. In fact, we wiped out, in categories, 11 whole counties. The observations and
opinions that I have are for you to decide what’s the best for each community, but to have a process to know it’s almost— Somebody talked about a marriage without a divorce. It’s like having a prenuptial agreement at this point. You have to know beforehand what you’re stepping into. Flying by the seat of your pants with the white scarf flapping in the breeze may appear to be adventurous, but it’s more foolhardy than heroic.

I can answer any questions.

MR. KIRTLAND: Give me a chance.

DR. ORTENZIO: Absolutely, Jim.

ASSEMBLYMAN MALONE: Are you happy with the deregionalization?

DR. ORTENZIO: Am I happy with it?

MR. KIRTLAND: Except for the finances.

DR. ORTENZIO: Except for the finances, yes.

MR. KIRTLAND: He has to answer the question that way. He’s already told us how bad they got hit from the financial perspective.

My name is Jim Kirtland. I spent a little over 18 years on the board of education in Berkeley Heights. I’ve been off the board a little over a year. I am a CPA. I was actively involved in the number side of dissolving the regional system and recently was fortunate enough to be the financial consultant on the Lower Camden County dissolution study.

I saw the way you reacted to numbers like everybody does. I’m not going to talk about the numbers. If somebody wants to ask numbers, questions, I’m willing to try, but I’m not going to talk about that. I want to
talk about the process that we went through and the thought process I had as a board member in Berkeley Heights.

I first was on the board in the late ’70s. And from the early days back then, our board and our administration was talking about the fact that we felt we could do at least as good a job educationally, and we could do it for less money. The reason being the allocation formula that allocates costs to the various communities in a regional district. However, we also recognized that the legal requirements for withdrawal, weren’t dissolution at that point in time, were a positive vote in each of the six communities and an overall positive vote, but that naturally follows from it. If we’re paying more than our share of the costs and it takes all six districts to vote yes, it doesn’t take a rocket scientist to figure out that you’re not going down that road and not spending a lot of money figuring out how you are going to do it because it can’t possibly work.

But you might ask the question, why were we even thinking about doing it? Some of these things have already been alluded to, but I will say that from my perspective, the Regional board members and the administration seemed unresponsive to our community’s desires. It was the highest per pupil cost district in the State of New Jersey, with a nine-member board, maximum vote of two votes. We happened to have two votes, but what can you do with two out of nine votes? If the community is completely upset with what’s going on in a regional district, they can replace the two board members that we have there. We still can’t do anything. You have no accountability and no responsibility. If something doesn’t go your way, you can always blame the other five communities: We only had two votes. We can’t do anything.
I think that’s part of why costs in a limited-purpose regional district get out of line. I think Mr. Reock in a previous meeting here commented on how, when you created the limited-purpose regional district, the first four or five years the costs went higher than they had been, and they backed off a little bit but never got down to where they were before. I think I’ve seen that from a personal perspective that that’s what happens in a limited-purpose regional district.

From a voter perspective, the only thing that the voters in the town can do is start voting down budgets. And that’s what happened in Union County Regional. All of the towns started voting down budgets, and sooner or later that, I think, becomes the wrong answer because it’s starting to affect the program and what happens to the students. And I don’t think that’s the right answer.

The district itself had been in existence for over 60 years. Six communities got together. I believe it made a great deal of sense. If you took the same six communities today and looked at them, looked at their size, looked at where they are geography-wise, and so forth, I don’t think there is any way you’d put those six into a regional district. Can it work with noncontiguous districts? Somebody over here asked the question -- did districts have to be contiguous? Union County had six different communities and they were not contiguous districts. Yes, you can make it work. So they don’t have to be together.

Over the years as the communities grew, we added three buildings. So we now had a regional system with four high school buildings in four different communities. And I honestly believe each of the communities looked
at those high schools as their high schools. My kids did not go to the Regional
High School. They went to Governor Livingston. And the word regional is in
that name, but they went to Governor Livingston High School. They didn’t
go to Union County Regional High School District No. 1. It was the Berkeley
Heights School system that they were in, even though it was run as a regional
system.

As you expand a regional system, it’s easy to spread out the
benefits. We get too many students. We need a new building. One town is
going to get the benefit of a new high school in their town. They’re going to
get their kids closer to home, but everybody else gets the benefit. There’s less
crowding, and so forth. When contraction occurs and the student body size
gets smaller, it’s not so easy to spread things out. And sooner or later, and
generally later, you make the decision to close a building, and it impacts one
community very negatively, very severely. It’s difficult. What happens, the
board delays the decision to close a building. They put it off. It continues to
drive up the costs. The average per pupil cost gets higher. If I were on that
board, I wouldn’t have done anything differently. It’s a political position. I’ve
got to get elected. I’m not going to vote to close one of those buildings. It
might be mine. So I understand what happened, but the problem occurs with
the contraction.

In Berkeley Heights, we saw peak enrollment in about 1972, I
believe. So I would guess that it probably didn’t hit the high school until ’76
or ’77. But I would guess that at its peak, Union County Regional High School
probably had 2700 students in it. You had some numbers before about a little
over 2000. It was way bigger than 2000. I believe there’s over 2000 high
school students in the four high schools right now in the first year after dissolution. So the 1800 and 2000 you got before, I think, are too small. Look more closely at some of the numbers you have because I know it’s bigger than that.

But even before the Bagger bill came about, which changed the rules on what you had to do to get out of the regional system or to dissolve it, we were interested and we even talked to some of the other communities, but there was little or no interest. But the Bagger bill changed the requirement. Now you needed an overall majority of the voters and also a majority in a majority of the communities, in our case, four out of the six. Now there’s a ray of hope. For those who have any reason to want to get out of the regional system, we only need four. We don’t need six in order to make it happen. And now you create a system where for various different reasons groups band together and say, “Let’s make this process work.”

You’ve already heard of the tax situation. Garwood was paying $8500-$8600. Mountainside was paying over 20,000 per student. When you get those kind of disparities created by the formula -- I mean, it wasn’t a misapplication. That’s the way the formula did it. You opened the process up for people to be unhappy and start looking for ways to take it apart.

David Burley was closed to Kenilworth. Kenilworth now has a major emotional issue. The high school is the center of our community. If you drive through Kenilworth, it is right in the center of their town. They wanted that high school back. You now have Mountainside with a huge tax bill. You have Kenilworth with an emotional issue. You need two more. Berkeley Heights became one. Springfield became one. We now had four communities
working together with somewhat different reasons but desiring to become a K to 12 district.

ASSEMBLYMAN MALONE: Where do Kenilworth’s high school students go?

MR. KIRTLAND: Kenilworth now are in their own building. That’s the one with--

ASSEMBLYMAN MALONE: I thought you said it was closed.

MR. KIRTLAND: When they closed Burley--

DR. ORTENZIO: They went to Clark.

MR. KIRTLAND: They went to Clark originally. I hesitate because they moved them around in buildings at various times, and I wasn’t sure what happened when they closed David Burley.

ASSEMBLYMAN MALONE: So are the high school students from Kenilworth going to a high school in their town?

MR. KIRTLAND: Now they are, yes, after dissolution.

ASSEMBLYMAN MALONE: How many students does Kenilworth High School have?

MR. KIRTLAND: Somebody said over 300. It’s under 300 from all the numbers I have.

MS. HOWARD: The ASSA count was--

ASSEMBLYMAN MALONE: Approximately?

DR. ORTENZIO: About 300.

MS. HOWARD: --about 250.

ASSEMBLYMAN MALONE: The per pupil cost under the regional, what did it cost you?
DR. ORTENZIO: What did it cost Clark?
ASSEMBLYMAN MALONE: Yes.
DR. ORTENZIO: It cost Clark about $8800 give or take.
ASSEMBLYMAN MALONE: It cost Berkeley Heights per student?

DR. STOWELL: We’re paying about, I think, 18.
MR. KIRTLAND: I would have guessed it wasn’t as high as 18, but we were definitely higher than the--

ASSEMBLYMAN MALONE: What was it costing--
MR. HOWARD: About 85.
MR. KIRTLAND: Mountainside was above 20,000.
ASSEMBLYMAN MALONE: Mountainside was 20.
MR. KIRTLAND: Springfield was somewhere right around the average cost for the district. So Springfield was--

ASSEMBLYMAN MALONE: Sixteen?
MR. KIRTLAND: Well, the 16 number-- I think the 16 number was a cost per student. The numbers you’re hearing now are tax levy per student.

DR. ORTENZIO: Tax levy.
ASSEMBLYMAN MALONE: I understand that. What I’m saying, I’m asking you what was your municipality’s cost per student in Springfield?

MR. KIRTLAND: I’m not from Springfield.
ASSEMBLYMAN MALONE: I understand that. I’m asking--
MR. KIRTLAND: I’m guessing theirs was probably in the 14,000 range.

ASSEMBLYMAN MALONE: Okay. Let’s say, 14, 15.
MR. KIRTLAND: Yes. That’s a guess, but it’s close.
MS. HOWARD: That’s it.
ASSEMBLYMAN MALONE: What other -- was this the five towns?
MS. HOWARD: Six.
MS. HOWARD: Kenilworth. Somewhere between Clark and Garwood probably.
DR. ORTENZIO: Yes.
MR. KIRTLAND: Less than the average, but I don’t--
MS. HOWARD: It’s going to be somewhere between Clark and Garwood.
ASSEMBLYMAN MALONE: So let’s say it’s 86. You’re paying now per student?
DR. ORTENZIO: Right now, I’m down to 10,223 -- $10,223 from 15,000. See, you’re comparing apples with pineapples.
MR. D’OVIDIO: Excuse me. Is that just total school population or preschool?
DR. ORTENZIO: That’s correct.
MR. D’OVIDIO: What’s your high school cost?
DR. ORTENZIO: See, that’s the thing. You don’t figure that out when you become a K to 12.

MR. D’OVIDIO: I realize that. The only thing is in order to compare--

ASSEMBLYMAN MALONE: You’ve got to get some kind of comparison.

DR. ORTENZIO: Well, I’d have to provide that to you by breaking that out--

MR. D’OVIDIO: What was your elementary cost when you were a regional?

DR. ORTENZIO: Eighty-eight hundred.

MR. D’OVIDIO: Eighty-eight hundred.

DR. ORTENZIO: And now we’re up to 10,223.

ASSEMBLYMAN MALONE: For your elementary?

DR. ORTENZIO: K through 12.

ASSEMBLYMAN MALONE: Let’s go back and ask the question again.

MR. D’OVIDIO: But how many elementary students did you have?

DR. ORTENZIO: I had 1250 students.

MR. D’OVIDIO: So you’re talking a couple of thousand dollars -- $2500 per elementary student.

ASSEMBLYMAN MALONE: Do you know what your cost per student was for your high school students to go to the regional?

DR. ORTENZIO: Only by tax levy.
ASSEMBLYMAN MALONE: Okay. If you knew what the number--

DR. ORTENZIO: That was about $8800.

ASSEMBLYMAN MALONE: So it was the same as the elementary school.

DR. ORTENZIO: About that.

ASSEMBLYMAN MALONE: Okay.

DR. ORTENZIO: By tax levy only.

ASSEMBLYMAN MALONE: So if it’s the same for both tax levywise, you’re now up to 10?

DR. ORTENZIO: That’s right.

ASSEMBLYMAN MALONE: So it has cost you considerably more--

DR. ORTENZIO: Costs us more.

ASSEMBLYMAN MALONE: --to deregionalize.

DR. ORTENZIO: To deregionalize.

ASSEMBLYMAN MALONE: Okay.

DR. ORTENZIO: That’s what I said before. We lost the subsidy and then acquired all of the people at the higher end of the scale.

ASSEMBLYMAN MALONE: Now Berkeley Heights, what’s your cost?

DR. STOWELL: Ours went down about 4000, I think.

ASSEMBLYMAN MALONE: You’re down now, so you’re about to 14?
DR. STOWELL: Actually, we’re charging -- the Mountainside children -- we’re charging 12,500.

ASSEMBLYMAN MALONE: Right.

DR. STOWELL: But the fact is until we have run a year or two and have a real audit, we don’t know that.

ASSEMBLYMAN MALONE: Approximately, what do you think?

DR. STOWELL: We’re saying 12,500.

ASSEMBLYMAN MALONE: So you figure it’s costing you 12,500 as opposed to 18.

Garwood?

MS. HOWARD: Mine’s easy. Because of the agreement we have with Clark, we are paying exactly what we paid into the regional district, then it will go up 3 percent a year--

DR. ORTENZIO: Three years ago, though.

MS. HOWARD: Yes. For three years it stays the same. So basically--

ASSEMBLYMAN MALONE: So you should be happy as a clam at high tide.

DR. ORTENZIO: Yes, you got it.

MS. HOWARD: Well, we want our equity. We didn’t get a high school. We don’t have a high school in our town. We paid in and that’s our concern.

ASSEMBLYMAN MALONE: In all honesty, could you-- How many high school students do you have?
M.S. HOWARD: No. We don’t have enough to run a high school; hence, that’s why we were in the regional.

ASSEMBLYMAN MALONE: So equity would be a major liability to you.

M.S. HOWARD: The equity--

DR. ORTENZIO: Good point.

M.S. HOWARD: No. No. What I’m saying-- I don’t think you’re accurate.

ASSEMBLYMAN MALONE: Let me finish out my statement to you. If you had a high school building that would accommodate 1000 students and you have 100 students or 150 students and you had to maintain the building for 1000 students, you’d have severe--

M.S. HOWARD: Which is why we went into the regional district 60 years ago. And what I was saying was, we put in equity. We got nothing based on the Bagger bill. That was not the intent when the Regional was started. We got nothing because we don’t have a high school building in our community. Yet, we paid in to all four high schools.

ASSEMBLYMAN MALONE: Let me ask you this question. What type of monetary amount do you feel that Garwood was owed based on what you paid in the past and you depreciate the value out?

M.S. HOWARD: It was estimated around $12 million based on our share of the cost. He’ll disagree. He’ll disagree.

ASSEMBLYMAN MALONE: Well, you know what had happened? And I was involved in the regionalization of the sewer authority.
If that were the case, every one of the towns would have also said that they were owed equity above what they got.

M. S. HOWARD: But they got buildings and land.

ASSEMBLYMAN MALONE: But they would have said that they were owed equity above just that bill.

DR. ORTENZIO: Mr. Chairman?

M. S. HOWARD: But we didn’t get any buildings or any land.

That’s our point.

DR. ORTENZIO: Mr. Chairman, you have to look at things historically. And historically, Garwood paid the most from the very beginning. But by the war, by World War II, they were paying less. And for the last 40 years, they’ve only contributed 4 percent for 14 percent of the students. So while we lost equity and were being subsidized, I would disagree with my colleague in saying that you used that up in services.

DR. STOWELL: Let me have one more point.

DR. ORTENZIO: What does equity mean to you if you buy a home? You have equity which means that when you sell it, you make money. You don’t sell schools. All they do is stay there and you continue to run them.

ASSEMBLYMAN MALONE: And deteriorate.

DR. ORTENZIO: Continue to fix them.

ASSEMBLYMAN MALONE: And the equity in your case—A building in your case, you ought to be thankful -- and this is a perception -- you probably should be thankful that you aren’t stuck with a high school building in your town because your equity would have cost you a significant amount of money.
ASSEMBLYMAN CONAWAY: But doesn’t that depend on whether or not they have to rebuild the building?

MR. KIRTLAND: Let me push the equity one step further. If equity is due on dissolution, then I think on going into a send-receive relationship, if you have 10 percent of the students, then I would think you would pay for 10 percent of the equity that exists in the buildings and everything that you’re going into.

DR. STOWELL: Like buying into a partnership.

MR. KIRTLAND: So maybe the Legislature was right in saying there is no equity on any of it. The assets are staying in use to educate our students, and you don’t pay for the equity that exists when you move in and you don’t take any equity out when you move out. So they may have been smart in the way they did it, because had they done the other, they would have created an accounting nightmare.

ASSEMBLYMAN MALONE: How old is the high school building that’s in your town?

DR. ORTENZIO: Arthur L. Johnson is 42 years old.

ASSEMBLYMAN MALONE: How old is the high school in Berkeley Heights?

MR. KIRTLAND: I believe ours was built in ’62 or ’64.

ASSEMBLYMAN MALONE: So it’s 37 years old.

MR. KIRTLAND: The newest of the buildings was in Kenilworth, and that was in the late ’60s, I believe.

MS. HOWARD: And the oldest is in Springfield.
MR. KIRTLAND: Springfield is the oldest. So all of the buildings -- none of the buildings are new by any stretch.

ASSEMBLYMAN MALONE: From an equity standpoint, really, what equity do you have in a 40- or 50-year-old high school building?

MS. HOWARD: We think--

DR. ORTENZIO: You have nice grounds, but you need a new roof, sewer injectors, electrical system, plumbing, lighting.

MS. HOWARD: I would like to have a deal where for maybe $200,000 I would get a 40-year-old building and the property that goes with it. I think I’d take that deal in all due respect.

ASSEMBLYMAN BIONDI: You can’t liquidate it.

ASSEMBLYWOMAN MURPHY: If it was a school building and that you couldn’t change it, I don’t know.

ASSEMBLYMAN BIONDI: It’s a paper asset.

MR. CARUSO: You wouldn’t want to remove the asbestos.

ASSEMBLYMAN MALONE: The cost to you with that equity would break the bank. I guess that’s really the issue. I’m not trying to argue the issue one way or-- I’m just looking at it from--

MS. HOWARD: I think my concern is, if you want districts to buy into the concept of regionalization, and I think Mr. Kirtland just said it, you’ve really got to spell it out and keep your safeguards there. And I think that’s my point.

ASSEMBLYWOMAN HECK: Absolutely. Absolutely.

ASSEMBLYMAN MALONE: When you originally formed the Regional 60 years ago, what was the general population of--
DR. ORTENZIO: Clark was rural, and it had about 3000 students.

MS. HOWARD: Garwood probably had the most population.

ASSEMBLYMAN MALONE: So what happened here is up front, yes, you took the brunt of the burden. As the other towns grew, you got basically the benefit. And the thing is, if you had to stay alone, you probably could in no way, shape, or form could afford it.

MS. HOWARD: But the high school might have-- And granted, I know what you’re saying. The high school might have been in Garwood, but this is where the -- my guess is -- if you look geographically at where the first high school is, it was sort of centrally located where Garwood wasn’t. Garwood was at one end of the region. Geography might have played against us a little.

ASSEMBLYMAN MALONE: Questions? Any members of the panel have any questions?

MR. KIRTLAND: I have a few more comments. We got sidetracked with questions.

ASSEMBLYMAN MALONE: Okay, sure. Go ahead.

MR. KIRTLAND: Over the years of thinking about regional districts and how they weren’t working for us in Berkeley Heights, I have some ideas on what makes a successful regional district. Also, some thoughts on whether or not regional districts might work in the State of New Jersey.

My keys are three to a regional district. You need population growth or stability. You start getting into contractions, and I already mentioned that, you have problems. You need single buildings in the regional district. If it’s a middle school building, like Great Meadow, one building for
the whole region. If it’s a high school, one building for the whole region. It’s critical in my opinion that you do that, and the reason is, if it’s all in one building, you’ve got everybody pulling together for the benefit of the students. When you put four buildings in four communities, you have four communities that think they have a high school and you’re now one high school competing against another within a regional setting. If you keep it all in one building, you can avoid that. I don’t know how you do Freehold or the one that was talking about building the seventh building or something. I don’t know how you solve that one.

ASSEMBLYMAN MALONE: But that concept sounds good. Let’s say if you take a municipality of Hamilton Township adjacent to Trenton. They have three high schools within that town. There’s no way they could have one high school--

MR. KIRTLAND: I understand.

ASSEMBLYMAN MALONE: --and one grammar school or one middle school.

MR. KIRTLAND: I understand that, but if you don’t do this, you leave to the groundswell of whatever-- The chances of getting to dissolution are greater the minute you go to more than one building is what I’m telling you. The other things I would--

ASSEMBLYMAN MALONE: How big a -- one high school would you have had if you count all your high school students now. Could they have fit into one high school?
M.R. KIRTLAND: No. No. But at that point, my suggestion would be the regional system is now too large and you ought to divide the regional system into two regional systems each with their own one building.

And my third point is cost ought to be allocated on a per pupil basis. And had the costs in Union County Regional High School been distributed on a per pupil basis, we wouldn’t be here talking to you today.

ASSEMBLYMAN MALONE: And I think that the general tenor in the discussions over the three or four meetings that we’ve had, the major overriding issue has been the disparity of costs to the municipalities. And that when formulas were changed to go to a community value as opposed to a per pupil cost, it has caused a great deal of upheaval in regional school districts.

M.R. KIRTLAND: It drives a wedge between us. We’re on the same board, but she’s paying way less money than I am for the same thing. The community becomes aware of it and--

ASSEMBLYMAN MALONE: And the inequity grows. It tends to grow.

M.R. KIRTLAND: Probably. Will districts voluntarily regionalize? My opinion--

ASSEMBLYMAN MALONE: I was going to ask, if there were a ballot on the question (sic) this year, “Should school districts regionalize?” how do you think that ballot would fare this year on the ballot -- the question would fare on the ballot? If it was a statewide ballot to encourage regionalization, how do you think that would have survived?

M.R. KIRTLAND: I personally believe Berkeley Heights would vote overwhelmingly against it.
ASSEMBLYWOMAN HECK: He’s right. Most towns would.

DR. ORTENZIO: If I might, Mr. Chairman, maybe I’m out of line. Most of the stories you hear is, if you regionalize, you’re going to save the cost of the salary of the superintendent and the high-cost administrators. You still need administrators. So if you save one salary it’s not enough.

ASSEMBLYWOMAN HECK: It’s not worth it.

DR. ORTENZIO: It’s not worth it in legal challenges alone.

ASSEMBLYMAN MALONE: I think that’s what Tom McMahon was trying to say in factoring out some of these other factors that there are certain other factors that come into it.

I think Assemblywoman Murphy had a question.


MR. KIRTLAND: I don’t think you will get people to voluntarily regionalize. And my perspective is the further away the seat of government is, the more I distrust them. And therefore, if I can get it at the local level where I can elect the representatives, I’m for it. As you move it away, even to a regional system-- I think if you look at the four or five examples we have, Union County, Lower Camden County, the one at Bernardsville, Somerset, I think, went based on local control. They formed a K to 12 regional, but the two smaller districts now had votes and had some control where they had nothing before. Plumsted who was just here today is another one that went to local control. Great Meadows is the only one I’ve seen that didn’t go that way, and the reason it didn’t was there was a big carrot out there that they, as a community, saw as worthwhile. And that was getting a middle school that
neither one of them could afford. Without the big carrot, and maybe it’s money from Trenton, maybe it’s something else, I don’t see people voluntarily going into that direction.

M.S. HOWARD: Mr. Chairman, I wonder if you put out a couple of choices to the voters, and I’m thinking as an elementary educator. Elementary children (sic) like their kids closer to home. High schools they’re really-- I wonder if you said, do you want a K to 12 regional or just a high school regional, if you wouldn’t get a difference in the vote?

ASSEMBLYMAN MALONE: We have a relatively small regional district of three towns where I live, and one of the major factors when we regionalized the whole district -- we had a regional high school district and we have three K to eight districts -- is the premise that they could keep two of the neighborhood schools. They did not want to give up kids being able to walk to school. They didn’t mind the high school kids taking a bus to school, but they wanted the elementary students to be able to continue to walk to school in their neighborhoods.

M.S. HOWARD: I used to work in Middletown Township, which is like a regional district. They’re over 10,000 children. They had “neighborhood schools.” They had 12 elementary schools. Most of the children were bused to these neighborhood schools. They still didn’t want to give one of them up when it was apparent that for cost purposes, size purposes, etc.

ASSEMBLYMAN CONAWAY: I always bused my elementary school.

ASSEMBLYMAN MALONE: Yes, go ahead.
MR. KIRTLAND: I’d like to make one more point, and it’s an reiteration of something that Dr. Ortenzio commented, and that’s my complete disappointment with the Department of Education as we went through this process. Once the process gets to the review board and the review board says, “Yes, you can go to the vote,” or once you take the vote and you know you’re going to take this district apart and create four new high schools, it seems to me that the Department of Education’s interest in what happens educationally should have come out and that they should have been more involved in how the processes worked and what got accomplished. So that the first one was, in fact, a good model for any others that might come behind.

Somebody already mentioned the allocation of teachers. If you take all the teachers in the regional high school system the day after you dissolve it, you still have the same number of students. Presumably, you need all those teachers, but you need the right mixture of those teachers in the English department or the science department or whatever. A lottery based on seniority doesn’t do that. Dr. Ortenzio said he got stuck with the higher-cost teachers. So did we in Berkeley Heights; though, I don’t think to the extent that he did.

DR. ORTENZIO: I think I said I inherited.

MR. KIRTLAND: You inherited. All right. All right. And I used the word stuck not in a negative sense. That’s where they picked, and I think the Department of Education could have helped in those areas. They chose to do nothing. I was on the phone to people in the Department of Education in Trenton and raised some of these questions. And the basic answer I got was
if we ask a question to the Attorney General’s Office, we got an answer, and if you don’t like, take it to court. It wasn’t said quite that bluntly--

ASSEMBLYMAN MALONE: Oh, I think we got the picture.

MR. KIRTLAND: --but that was the essence of it. We don’t want to get involved in it.

I think the county superintendents got in our way rather than to help facilitate the process. You had a county superintendent in his report that said, “Distribute the liquid assets in this manner.” Well, the manner he suggested is contrary to what the law says. We now have a lawsuit to deal with because somebody still wants it distributed that way. We have decisions on distribution of liquid assets that make no sense whatsoever. There is a bunch of excess textbooks. We attribute an arbitrary value to the excess textbooks. That’s the value of those liquid assets. Because they’re stored in your community, you get all of those as your share of the liquid assets. I didn’t get textbooks, but I don’t want textbooks as liquid assets. I’d prefer cash.

Somebody is not thinking about how they’re doing the process, and I think the whole process would have benefited significantly. (tape malfunction) --Department of Education from Trenton all the way down and paid a whole lot closer attention to the details to make the process work more smoothly and eliminate some of those questions that ultimately people are going to be paying lawyers to figure out what the exact answer is.

If you and I were sitting across the table, I think we would have come to a commonsense answer that says, that doesn’t make any sense, why are we going that way? And I think that was probably my biggest frustration in the process. I appreciate the process. I appreciate the fact that the Bagger
bill came along and made possible the chance for somebody to withdraw or get out of the regional district. I think there are some prime examples in the state.

Winslow Township in Lower Camden County is, I think, a prime example. There’s seven districts down there. Winslow Township represents about 42 percent of the students and 42 percent of the taxes raised. And they can’t get out to run their own district. The district has over 5000 students. So they’ve got over 2000 students from seventh to twelfth grade, and they’re still in a regional system.

ASSEMBLYMAN MALONE: I don’t want to cut you short, Mr. Kirtland, but we have two other speakers.

MR. KIRTLAND: Okay.

ASSEMBLYMAN MALONE: Okay.

ASSEMBLYWOMAN HECK: Very interesting.

ASSEMBLYMAN MALONE: Thank you very much.

MR. KIRTLAND: Thank you.

ASSEMBLYMAN MALONE: Could I have-- Would the two of you like to come up at the same time? (affirmative response from audience)

Okay, thank you very much, ladies.

JUDITH PEOPLES: Good afternoon, Chairman Malone and members of the committee (sic). I’m Judith Peoples representing today the New Jersey School Boards Association. And I will say this to you that this committee is meeting at a time of evolution in school structure in New Jersey.

School structure organization has not reached terminal growth here in this state. Educational delivery systems continue to evolve, and student population is projected to increase through at least 2007. All
municipalities in this state provide a K to 12 education for the students who reside in that municipality. They do so through different systems. So there are some self-contained K-12s; K-12 regionals; K-8s or K-6 sending to a neighboring high school; K-8 or a K-6 with a regional high school. We have districts that are not constituent districts of a regional but send students to a regional. And then there are elementary regionals and other variations on a theme, not just those that I’ve just mentioned.

In a sending-receiving study that was prepared for presentation to the New Jersey School Boards Association 1998 Delegate Assembly, we used Mercer County as a historical illustration of the evolution of district structure. And I will get copies to the Chair for all of you. We just finalized the report last night. Mercer County communities -- municipalities originally sent all of their high school students to Trenton Central High School. Trenton Central High School offered a nationally recognized educational program at the time. Due to evolution, growth in second-ring communities about a major city, things have changed. And today, the 11 municipalities in Mercer County, with the exception of 1, operate within a K-12 structure.

Hopewell and Pennington are in Hopewell Valley Regional. Princeton and Princeton Borough are in Princeton Regional. West Windsor and Plainsboro are in a regional district across county lines. East Windsor and Hightstown are in a regional. Only Lawrence, Hamilton, Ewing, and Trenton are self-contained districts K-12. One district, Washington Township, operates a K-8 program and sends its high school students to Lawrence Township High School, and it’s still evolving.
The School Boards Association has looked at educational structure and cost savings, or if you want to call it school efficiency, for many different aspects. We shared our study on shared services with you. I have additional copies with me here today. We will share our sending-receiving report with you. I do have to say this, but until the delegate assembly votes in November, it will be for reference purposes for your purposes because it will not be our policy until they adopt that. And all I can say to you is when -- and I wish Chairman Malone were here -- when you’ve managed to answer the question on regionalization, the questions on sending-receiving will remain. And they are more complicated. Thirty percent of all districts in this state are members of a sending-receiving relationship.

ASSEMBLYWOMAN HECK: I think the Chairman is aware of that, so have no fear. And you’re also being -- will be transcribed. You will see all of that.

M.S. PEOPLES: Wonderful.

And because time doesn’t stay still and things will continue to evolve, the solutions that you recommend need to be flexible. You cannot make a decision that is good for this moment and will not be good for students educational program going forward. So the School Boards deal with this on a regular basis. We are very interested in how it is resolved. We have to work out the issues of cost and all those other things, as the representatives of the municipalities, that are providing a K-12 education for the students that live in their district no matter how that is provided. And I think that is the message that I need to leave with you today.
ASSEMBLYWOMAN HECK: Do you have questions for the School Boards?

ASSEMBLYMAN CONAWAY: I had one question that may have been asked before, but it came up in some other discussions. Is there a standard that everyone accepts for measuring the quality of school districts? Do we just rely on the testing standard, or when we had -- it came up because of an earlier presentation about cost and how well his kids were doing on their tests -- but is there an accepted body or research group or something that sort of everyone recognizes to measure quality?

MS. PEOPLES: Quality. There are a lot--

ASSEMBLYMAN CONAWAY: Which is an amorphous kind of a thing.

MS. PEOPLES: It certainly is. There are many standards that are applied to New Jersey’s schools right now. You have testing standards. You have efficiency spending standards. You have the Supreme Court’s decision on what is adequate educational program and how that needs to be applied in the Abbotts. You have the formula that has been approved, the CEIFA formula, that has court approval at this point for all districts.

ASSEMBLYMAN CONAWAY: That has standards in it is what you’re saying? There are standards in CEIFA?

MS. PEOPLES: It’s based on core curriculum standards, which are still evolving. That’s another part of this evolutionary process. In our sending-receiving report, one of the critical elements that we talk about is articulation to accomplish successful implementation and learning of students of the core curriculum standards. If you have, and unfortunately this is true,
sending-receiving districts that will not talk to one another, not their boards, not their administrators, not anyone -- they are just handed the -- the sending district is handed a bill by the receiving district -- how are they to articulate curriculum to accomplish the new core curriculum standards and goals if one district does the best they think that they can for their kids, but then at this point they hand them off to another district, which may or may not have been on the same track to finish the job? Who’s looking out for the kid in that case?

So one of our recommendations is that there be articulation, if sending-receiving needs to remain as a structure. And it’s one of the educational choices, or delivery system choices, that currently exists. There needs to be articulation, and districts cannot just not talk to one another, at least on that basis. And certainly if they can agree on a curriculum structure, they can agree on cost, and of course, cost is always a contentious issue.

ASSEMBLYWOMAN HECK: So you’re looking for standards of continuum maybe between--

M.S. PEOPLES: You’ll see in our report, which will have to be--

ASSEMBLYWOMAN HECK: Are you going to send that?

M.S. PEOPLES: Yes, I certainly am.

ASSEMBLYWOMAN HECK: It’s a draft until it’s adopted?

M.S. PEOPLES: Absolutely. You’ve got it.

ASSEMBLYWOMAN HECK: So if you would send that, we could at least have that when we’re doing our review work.

M.S. PEOPLES: Absolutely.

ASSEMBLYWOMAN HECK: Very good.
Any other questions for Ms. Peoples? (no response)
So you’ll give us that information?
MS. PEOPLES: Absolutely.
ASSEMBLYWOMAN HECK: Thank you very much.
ASSEMBLYMAN CONAWAY: Thank you.
ASSEMBLYWOMAN HECK: And now we have--

EDITHE FULTON: I’m Edithe Fulton, Vice President of NJEA, and I’m a 30-year veteran, so I have been through all of these proposals. I know that many of you have been in the Legislature for quite a few terms, but I’ve been there for 30 years through all these proposals.

I just want to follow up on something that you mentioned with sending-receiving districts. When they gave the bonuses, the 30,000 and the 60,000 to K through 12 districts, we felt, personally in my district, which is a sending-receiving with the neighboring town for our high school students-- We proposed a-- This is one of the other problems. We have a K through 12 budget that we passed because we have to send tuition. Yet, we were denied that status when the bonuses came out, and we felt that it was a move toward mandated regionalization, or wherever you want to put it, but I think that’s another question. In most regional districts they have separate budgets. The K through 6 and K through 8 schools vote on their own budget, and then they vote on a separate regional budget just for the high school districts. In our case where you have a K through 8 district sending students, you actually prepare for a K through 12 budget even though your kids are not in your building. So that’s another future concern that you might have, but let me get to today’s concern, and I thank you.
I’m going to do a kind of cut version of the testimony, since I’m sure you’ll all go home and read the testimony through thoroughly. The issue that you’re talking about has been visited and revisited for many years and over the past decade in particular. But I think that what you need to know as far as NJEA policy is concerned that regionalization needs to be both financially and educationally sound. That we must never put the checkbook before the textbook. I think you heard some of that testimony today -- very interesting, especially in the -- I forget the name -- Plumsted, which happens to be in my county. And I’d say about 20 years ago, we were in a possible regionalization situation in voting with Manchester, Plumsted, and Lakehurst, which failed because two of the three communities voted it down. Be that as it may, now Plumsted is in another phase.

Secondly, the regionalization is not a panacea as you have heard. It is not a substitute for property tax reform, and there’s no evidence that combining school districts is a money-saving enterprise. In addition, I think we cannot lose sight of the possible negative ramifications of such a decision. As a long-term educator in a small district, I can tell you firsthand that bigger is not necessarily better.

NJEA believes, though, that any regionalization plan, therefore, must include the following components if it’s going to be successful. Regionalization must be voluntary on the part of the districts impacted; regionalization must be based upon local needs and concerns; and, it must be subject to all the requirements of law, including but not limited to a maintenance of racial balance.
All regionalization discussions invariably will include a debate over incentives. And while we believe that incentives are appropriate, they should not be manipulated to bring about inappropriate results. A major obstacle is the potential loss of State aid when the wealth factors of merging districts are combined. One of the ways of removing the obstacle to regionalization is to guarantee that maybe the total State aid in a regionalized district would not be less than the aid the individual districts had received before.

There was according to a final report of the New Jersey Regionalization Advisory Panel, which I believe was filed in January of 1998, and I quote, “Regionalization and shared services will not substitute for adequate funding of education. The most efficiently run school district will still incur considerable costs, including teachers’ salaries, maintenance of the physical plant, and investment in textbooks and technology.” Any regionalization plan must ensure the rights of the school employees in the districts impacted. Seniority, tenure, and health benefit rights must be protected. In addition, no regionalization plan should move forward without the meaningful participation of the local association.

Finally, I like to encourage you to ensure that any savings realized through a regionalization of districts will be invested in educational programs. These new dollars should be used to reduce class size, enhance professional development, and avoid program cuts. And if our goal is to ensure that every child receives the very best education possible, then regionalization should be considered. However, as I said at the beginning of the remarks, we must never put checkbooks before textbooks.

I would, please, ask for your consideration.
Mary Lou Mitchell is here with me. She is a UniServ Rep in Union County and has been part of this deregionalization process over the last few years, and she would like to add some comments--

ASSEMBLYMAN MALONE: Sure.

M.S. FULTON: --on a first real-life experience that she’s had in the past few years.

MARY LOU MITCHELL: Thank you.

Our NJEA Regional Office represented teachers and support staff in Berkeley Heights, Clark, Kenilworth, Springfield, Garwood, and Mountainside. Following the breakup of the Regional, we were directly involved in the negotiations in Berkeley Heights, Kenilworth, and Springfield. These three districts, as you know, went from K-eight districts to K-twelve districts and incorporated those employees from the regional district. Garwood and Mountainside remained K-eight, and Clark was represented in the negotiations by the American Federation of Teachers.

First consideration I think you need to hear about is that there was a very short period of time between the vote by the public to dissolve the Regional, which came in May of ‘96, the selection process by employees to go into the constituent districts was in December of ‘96, and the formal dissolution of the Regional June 30 of 1997. We’re talking about 13 months between the public vote and the total dissolution. Without any clear guidelines from the Department of Education, our locals encountered problems in the areas of terms and conditions of employment. Many of these issues were not resolved until the districts actually expanded and were in operation.
This was largely due to the protracted negotiations in each of these districts since there were no guidelines that anybody could follow.

In Berkeley Heights and Kenilworth, for example, the boards of education attempted to set terms and conditions of employment for their new high school without negotiations. Berkeley Heights planned on implementing a six-period teaching day when the practice in the middle school had been five periods. In Kenilworth, the district also planned on implementing a six-period teaching day.

In Berkeley Heights, prior to June 1, 1997, as I said, the district was a K-eight district. All the middle school teachers taught five periods. But the board in planning for the Regional thought that it would make more sense to have the teachers teach six periods at the high school. They felt they could then reduce the number of teaching staff members needed and save some money. Generally speaking, if teachers teach six periods per day instead of five, a 20 percent increase in their teaching load, it probably represents about a 20 percent decrease in the number of teaching staff members that are going to be needed.

Although the Berkeley Heights Education Association attempted to negotiate this issue with the board of education, the board insisted on implementing a six-teaching period day at the high school until PERC restrained them from doing so without any agreement from the association at the table. That restraint came August 1 of 1997. The school was to open September 1 of 1997. In Kenilworth, the parties did reach an agreement in negotiations on the high school teaching load.
Another issue that caused difficulties was the accrued vacation time of support staff. Employees coming from the Regional were paid for their vacation time so that they would have more work time to assist the Regional Board of Education to complete the dissolution process. I mean, if you could just think about the records and the clerical process that you had when, in fact, now, this whole system was going to be discontinued. Little questions like, who does the W-2 forms? Who keeps the records? Who does the pension reports? All this nobody really had any plan for.

The former Regional employees coming into the constituent districts in most cases were not entitled to vacation time until July 1 of the following year. This meant that some employees would have no time off in the form of vacation for a two-year period of time. No guidelines, nothing, we finally ended up making some accommodations for these employees where they could borrow against future vacation accrual. Again, without some regulations, this could be, and is, very haphazard.

The issue of benefits accrued under one contract that did not exist in the constituent districts’ contract, or existed in a different form, also caused problems. For example, employees at the Regional were entitled to compensation for unused sick days at retirement. The compensation for unused sick days in the constituent districts was in some cases lower than what the Regional employees had been entitled to. And although N.J.S.A. 18A:13-64 states, “All employees of the regional district shall continue in their respective positions in the withdrawing district or in each of the constituent districts in the event of a dissolution and all the rights of tenure, seniority, pension, leave of absence, and other ‘similar benefits’” -- and I’m adding that
emphasis -- “shall be recognized and preserved,” no one to date has clarified what similar benefits are.

Are the Regional employees still entitled to the same payment for unused sick days as in -- or the amount in the constituent districts? Are they entitled to the same family leave days or other types of leave days as they were in the regional district? Are they entitled to the same health benefits as they were in the regional district? Without any direction from the Department of Education, no answers, the former Regional employees are now entitled to the benefits in the constituent districts’ contracts.

The most difficult issue was the placement of the former Regional employees on the constituent districts’ salary guides. Some employees coming in from the Regional were paid much less than employees in the constituent districts with the same training and educational experience. There were cases, however, where some Regional employees were paid higher than similar employees in the constituent districts. In the Regional, as well as in the constituent districts, there were salary guides that had columns for different training levels and steps for years of service. There was no consistency between what one step meant in terms of experience from one district to another district.

The boards appeared to be coming from the position that the former Regional employees should be placed at a salary amount on the constituent salary guide closest to what they were paid in the regional. So if I made $40,000 in the Regional and there were a step in my new district, Clark, it was $41,000 -- that was the closest -- then their idea was to just plug me in at that amount. The associations believed that all employees in the same
district with the same training and the same number of years of service should be paid the same. So the associations would say, “Well, where does someone go who has taught for 13 years and has a bachelor’s degree. Whatever that step amounted to, that’s what that person should get. You can see very different points of view.

The issue then arose: Who pays for the placement costs of former Regional employees on the constituent salary guide? This cost ranged from 1 percent of the total salary base to over 2.3 percent of the total salary base. A lot of money. Does the board pay for it, or does the cost come out of the negotiated package? Meaning that the existing employees, the K-eight employees, would have to take a lower increase to help pay for the placement of the Regional employees. Yet, no guidelines on this.

Another salary issue arose: Does the constituent district have to recognize all of the prior service that the Regional Board of Education recognized? There was no consistency again among the districts. The Regional had in past recognized private school experience, as well as parochial school experience. Some of the constituent districts had not recognized such prior service of its employees, and in a couple of cases, they seldom recognized public school experience, insisting that beginning employees start at step one. In some other cases, the Regional had on initial employment given employees advancement on the salary guide beyond their actual years of experience. Were the constituent districts required to recognize this advancement on the guide? For employees whose Regional salaries would be higher than what their placement in the constituent districts would call for, it was understood under tenure laws that these employees salaries could not be reduced. However, it
was not clear what, if any, salary increase these employees should be given. In some cases, such employees would not have received salary increases for three, four, possibly up to eight years, if they continued to be what we call red-circled.

It became apparent during this whole process of breaking up the Regional and expanding the constituent districts into high school districts that boards of education were not prepared to deal with all of these issues from a financial point of view. Berkeley Heights had not planned on staffing so that teachers would teach only five periods. The constituent districts had not planned on paying for the placement of Regional employees on their salary guides. Although the issues had certainly been discussed between the boards and the associations, without having agreements in advance and without having any clear guidelines in advance, boards had one point of view and associations had another.

Only after protracted negotiations were these issues finally resolved. In some cases, employees were harmed by the breakup of the regional. Their terms and conditions of employment were changed, and in some cases, they were lessened. Fortunately, for the three associations that we represent and the employees that we represented in Berkeley Heights, Kenilworth, and Springfield, employees were placed on salary guides commensurate with their training, their years of service, and the boards of education paid for this placement. The placement costs were not part of the negotiated agreement. Hence, existing employees were not harmed by the districts expanding into high school districts. In Clark, this was not the case. The existing employees actually accepted a much lower settlement than any
other district in Union County so the former Regional employees could be placed on the salary guide.

To avoid harm coming to employees in the dissolution of a regional district or the forming of a regional district, employees should know in advance what positions they are selecting, what their salary will be in the district where their going, and what their terms and conditions of employment will be. This can only occur if negotiations are completed prior to the new district being formed or there are some guidelines that are actually given.

I’ll just add this one explanatory note. When employees selected their positions in December of 1996, Clark maintained that they would have five teaching periods. Berkeley Heights said, no, you’ll have six teaching periods. Kenilworth said, you’ll have six teaching periods. And Dr. Ortenzio said, “Well, they all chose Clark.” Well, they did because it was all this confusion about what would actually be the teaching load, and it was very confusing.

Thank you.

ASSEMBLYMAN MALONE: So we have -- has everyone survived? I mean, what’s your take of the situation now after all this turmoil? I mean, have things settled down?

MS. MITCHELL: Yes, things have settled down. Most of the litigation is finished as far as our representing individual members. We have a few cases -- we have one for custodians in Berkeley Heights regarding salary guide placement. We have a couple of other smaller ones, but most things have, in fact, settled out. All the contracts are finally settled, and we’re hoping now for a couple of years of just integrating the groups.
ASSEMBLYMAN MALONE: From an educational standpoint, do you think it’s been good or bad educationally to have this deregionalization?

MS. MITCHELL: I’ve really heard no comments about the real impact. So since I don’t have as good a handle as the superintendents do on the actual financial distribution--

ASSEMBLYMAN MALONE: I’m worried about the education -- what’s occurring with the teachers and the students. Do you feel good about that, bad about that? Forget the superintendents and forget the administration. From a teachers standpoint, is it a good thing or a bad thing?

MS. MITCHELL: I think in--

ASSEMBLYMAN MALONE: Taking into account the children and the education.

MS. MITCHELL: I think it varies from district to district. I think there is a severe worry among my members in Clark and in Garwood over resources because of the tax impact and the concern about -- are the supplies going to be there, are the classes growing-- My members in Clark are certainly worried about the class size growing.

ASSEMBLYMAN MALONE: That’s a normal worry. Would it be possible--

MS. MITCHELL: Sure.

ASSEMBLYMAN MALONE: --if you got maybe a couple people from each of the schools just to meet with me, just to give me their flavor as to what they feel as teaching professionals as to what the impact has meant to them?
M.S. MITCHELL: Sure. That’s not a problem.

ASSEMBLYMAN MALONE: I’m up in Somerset so--

M.S. FULTON: Because we don’t really know the impact of mixing the two different representative groups, too. The AFT at the regional, and now you have high school people in mostly our units except for Clark. So that’s also an aspect. But earlier today when you talked about whether things are real or political-- I’ve been in this business a long time, Joe. Everything is political. Everything.

ASSEMBLYMAN MALONE: And I guess that’s really-- In all honesty, I like to-- I’ve been in education for almost 30 years, and the thing is, you got to -- sometimes-- I’ve been in politics for almost 30 years. So I try realistically--

M.S. FULTON: Best of both worlds.

ASSEMBLYMAN MALONE: --sometimes-- There is a difference. When we get into complicated situations, you just have to sort of weed out what’s real and what’s political sometimes because, if you don’t, students and people and taxpayers get seriously hurt. Because it’s egos, it’s all kinds of other issues that have nothing to do with the real issue.

M.S. FULTON: Well, I think the Plumsted fellow said it best, it’s a case-by-case issue in some cases, and I thought maybe some of you didn’t realize the difference between the regional districts. I live in Toms River which is a true regional K through 12, one board with Pine Beach, Beachwood, South Toms River, and Dover Township. But you mentioned Seaside Heights, Seaside Park, who send to Central Regional, which is quite a trek. Lakehurst used to send to Central. They used to send to Lakewood. Now they send to
Manchester, which is much closer. So there are different types even of the regional districts and some work better than others. I guess for Toms River it’s a much more beneficial financial situation for them to be a regional district because it’s not a poor community as far as Andover Township is concerned. But some of your neighboring communities are less fortunate.

MS. MITCHELL: But I’d be happy to supply you with a group of teachers if you’d like to--

ASSEMBLYMAN MALONE: If you can-- I’ll talk to you afterwards, if you can give me a call-- I can come up there. It’s not that far.

MS. MITCHELL: Sure. Excellent. That’d be fine.

ASSEMBLYMAN MALONE: Maybe somebody else would like to join us or something.

MS. MITCHELL: I’m sure they’d love to talk to you.

ASSEMBLYMAN MALONE: I don’t know how far you are from Springfield and Mountainside, and so forth.

ASSEMBLYWOMAN HECK: I can’t walk it. (laughter)

MS. FULTON: I want to thank you. I think you really put in quite an extensive day today.

ASSEMBLYMAN MALONE: It’s been an interesting day. Are there any other questions from the panel members of this distinguished group? Okay. Thank you.

MS. FULTON: Don’t forget your homework assignment.

ASSEMBLYMAN MALONE: Yes.

ASSEMBLYWOMAN HECK: I read it already.
(MEETING CONCLUDED)