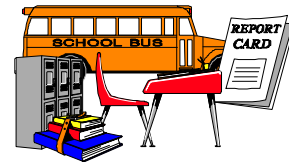
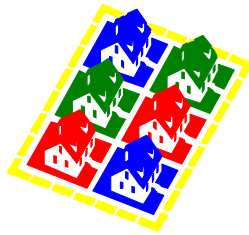
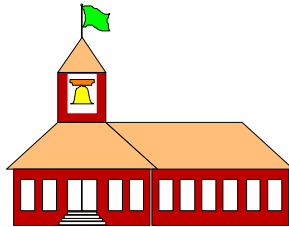
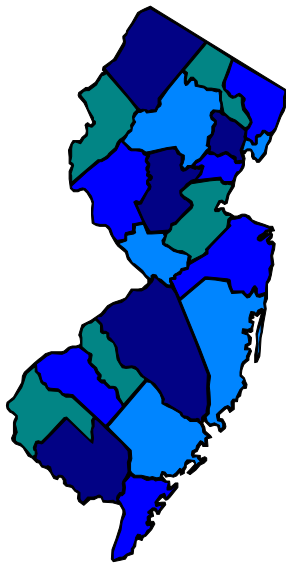


Assembly Task Force on School District Regionalization



Findings and Recommendations
February 25, 1999

Assemblyman Joseph Malone
Chairman

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February 25, 1999

The Honorable Jack Collins
Speaker of the New Jersey General Assembly

Dear Speaker Collins:

The Assembly Task Force on School District Regionalization, created by Assembly Resolution of 1996-1997 and reconvened by Assembly Resolution No. 1 of 1998, respectfully submits its final report in compliance with the provisions of its enabling legislation.

Assemblyman Joseph R. Malone, III
Chairman

ASSEMBLY TASK FORCE ON SCHOOL DISTRICT REGIONALIZATION

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ASSEMBLY TASK FORCE ON SCHOOL DISTRICT REGIONALIZATION

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EXECUTIVE SUMMARY OF FINDINGS

1. Past studies about school regionalization share certain consensus points.
 - ◆ Not every school district is conducive to a regionalized arrangement.
 - ◆ The diverse array of statutory and regulatory schemes has created financial disincentives (often unintended) for school regionalization.
 - ◆ “Forced regionalization” can be perceived as taking away local control and accountability.
 - ◆ Providing incentives for voluntary regionalization when positive educational and economic benefits accrue is a less contentious route.
2. School regionalization does not automatically reap major savings or improve the quality of education. In fact, some studies have shown the converse. For example, expenses relating to teachers’ salaries and transportation costs may actually increase.
3. Small school districts can produce excellent results and should not be regionalized simply because their enrollment falls below a certain number.
4. The disproportionate distribution of costs among constituent municipalities in regionalized districts is a major disincentive to regionalization. However, any formula change designed to bring parity in the per pupil costs of the constituent municipalities will result in “winners” and “losers.”
5. Smaller, more affluent communities in regional school districts, which are locked into paying based on their equalized valuation, as opposed to on a per-pupil basis, may wind up paying more than what they otherwise would pay in a non-regionalized district.
6. Development trends of constituent municipalities within a regional school district can also negatively impact on the cost inequity factor.
7. Shared services consolidation for non-instructional purposes may accomplish savings.
8. Many districts exhibit concern over regionalizing because the deregionalization process proves rigid and difficult. Major issues relating to division of debt service and assets, personnel retention policies, and the ability of each resulting district to adequately provide for the education of their students, must be considered.
9. Withdrawal from a regionalized arrangement by a constituent municipality may prove overwhelming since the current procedures require a majority of voters across the regional district in addition to a majority of voters in the constituent municipality which wants to exit from the arrangement.
10. Representation on regional school boards can also be a disincentive for regionalization. Small communities with limited representation may not see an advantage to regionalizing.

EXECUTIVE SUMMARY OF RECOMMENDATIONS

1. Regionalization agreements should be structured in such a way so as to allow reassessment of cost distribution if the per pupil cost deviates by more than 10% between any two constituent municipalities of the regional district, in order to reflect the growth of one or more of the constituent municipalities.
2. The equalized valuation method for apportioning costs in a regional school district, which almost all the existing regionalized school districts utilize, is a disincentive to school district regionalization. A new and fairer formula should be devised to provide for more equity among constituent municipalities. In order to eliminate or reduce some of the existing disincentives to regionalization, there should be a realistic mechanism which compels equitable adjustments in the distribution of costs among constituent municipalities for the small number of existing regionalized districts which currently evidence an extreme disproportionate distribution of costs.
3. Streamline the “deregionalization” process to ensure simpler and less arduous procedures without removing appropriate checks and balances and appropriate safeguards.
4. Establish site-based management and building level control groups to afford greater local control and parents’ participation consistent with district policies and curriculum.
5. Provide students with the option of completing their education at the school they attended prior to school district regionalization.
6. Some consideration should be given to the possibility of consolidating limited purpose regional school districts into K-12 regional school districts when the circumstances and conditions prove appropriate and conducive.
7. The Department of Education should thoroughly review the administrative costs of non-operating districts with an eye to possibly eliminating these districts when appropriate (i.e. there are 24 non-operating school districts in the State).
8. Study the advantages and disadvantages regarding sending-receiving districts merging into regional school districts.
9. Some financial incentives are necessary to encourage districts to regionalize when economic and educational benefits exist for regionalization.
10. State funds for regional school district start-ups seem appropriate under certain circumstances including funds for feasibility studies.

11. Prior to even considering regionalization, a preliminary study should show that such an arrangement will improve the education quality of the district's students and achieve savings.
12. Direct the Department of Education to identify those communities within the State that have the most to gain from school district regionalization.
13. Provide special aid to regionalized districts on a recurring, not just a one-time basis when economic and educational benefits exist for regionalization.
14. Offer special services on a regional level (i.e. special education, art, etc.) and consolidate recreational and vocational services into regional units.
15. Encourage sharing of services between school districts and municipalities. Such a move could avoid formal school district regionalization.
16. Some study should be given to the viability of county-wide servicing, at the level of the county superintendent of schools, of all administrative functions (i.e. bulk purchasing, sharing administrative staff, etc.).
17. Potential consideration should be given to the viability of county-wide school system structures.
18. Greater emphasis should be given to collecting comparative quantitative data to track the record of existing regionalized districts in terms of costs savings, improvement in education quality, greater efficiencies, and student performance.
19. The State statutes governing the withdrawal of a municipality from a regional school district should be amended to protect constituent municipalities from paying a disproportionately large percentage of the district costs. Such municipalities should have the choice of opting out of a regional district without major obstacles when a specified threshold deviation in the per pupil amount paid by each constituent municipality is reached, perhaps 10%. The statutes should be amended to provide a mechanism to permit the withdrawal of these constituent municipalities to join another regional district or enter into a sending/receiving relationship with another regional district, providing these arrangements incorporate appropriate safeguards and entail a long-term, and not a year-to-year arrangement.
20. Prior to regionalization and deregionalization, the affected communities should weigh factors such as tax increases, salary increases, loss of State aid, etc.
21. To ease the burden on communities which may deregionalize and prevent disproportionate State subsidies or increases, tax projections should be prepared prior to the actual process.
22. The State Department of Education should appoint a fiscal agent to assist in the regionalization or deregionalization process.

23. The Department of Education should do a case study analysis concerning the deregionalization process of the Union County Regional School District to provide guidance to other regional school districts contemplating deregionalization in the future.
24. The Department of Education should establish guidelines dealing with the deregionalization process including such items as staffing, salary scales and educational curriculum, as well as policies concerning debt assignment and asset redistribution.
25. Educate employees, who will be impacted by the formation or expansion of new districts, concerning their salary and benefit packages.
26. Any voluntary regionalization plan should, to the greatest extent possible, protect school employees' rights relating to seniority, tenure, and health benefits.
27. The decision to regionalize should be made on a case-by-case basis since it is apparent through the testimony received by the Assembly Task Force that school district regionalization does not necessarily result in cost-savings across the board.

REPORT OF FINDINGS AND RECOMMENDATIONS

I. CHARGE OF THE TASK FORCE

Assembly Resolution No. 127 of 1996, sponsored by Assemblymen Malone and Cottrell, created the Assembly Task Force on School District Regionalization. The Task Force held one hearing at the end of the 1996-1997 legislative session and was reconvened during the 1998-1999 legislative session pursuant to Assembly Resolution No. 1 of 1998. Assembly Resolution No. 127 required the Task Force to examine and make recommendations on issues pertaining to regionalization including, but not limited to: apportionment of costs, incentives and disincentives for regionalization, the financial impact of State aid on regionalization, and cost savings to taxpayers.

The Task Force consists of eleven members appointed by the Assembly Speaker - seven members of the Assembly and four public members. Pursuant to its enabling resolution, the Task Force is required to submit a report to the Speaker and General Assembly containing its findings, conclusions and recommendations. The Task Force will terminate 30 days after it submits its report.

II. PAST REPORTS CONCERNING REGIONALIZATION

Currently, New Jersey has 618 school districts. This high number of districts is in large part due to the long tradition of home rule in this State. Bergen County alone has 79 school districts; Passaic, 21 and Morris 41. One third of the school districts in the State have fewer than 1,000 students, and nine have fewer than 100 students.

Over the past thirty years, there have been an array of studies concerning school district regionalization. This section of the Task Force report summarizes and highlights some of these studies.

The *New Jersey Regionalization Advisory Panel Final Report* (January 1998) was the product of a panel established pursuant to the requirements of the "Comprehensive Educational Improvement and Financing Act of 1996" (CEIFA), P.L.1996, c.138. The report acknowledged that the statutory and regulatory codes have perpetuated the existing structure of school districts in New Jersey. The panel suggested that the Commissioner of Education and Office of Legislative Services complete a thorough review of statutes, regulations, commissioner's decisions, and court decisions that impact the school district regionalization process and suggest statutory remedies to support the panel's recommendations regarding regionalization.

The panel acknowledged that there are many instances in which regionalization was or should have been considered by local districts, but the regionalization process failed due to financial

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disincentives inherent in the current system of school funding. For example, a district with relatively high ratables or a relatively small number of children may find its tax burden increasing after regionalization. In that regard, the panel recognized that legislative action is warranted and could involve: the creation of a formula to allow for adjustments in property tax assessments for education for a fixed period of time to prevent districts with relatively high ratables from immediately facing an unacceptable property tax increase after regionalization; provision of "hold harmless" aid to protect districts that regionalize from losing State aid for a certain period of time; the creation of a new category of categorical aid to cover additional costs associated with a merger; the exclusion of costs related to a regionalization from cap calculations; and the creation of a formula to address potential increases in transportation costs.

While the New Jersey Regionalization Advisory Panel acquiesced that voluntary regionalization is more politically palatable, the panel believed that for voluntary regionalization to succeed, the State must first commit a substantial amount of resources (technical and financial). The State must also be willing to allow the local school boards to make the decision concerning whether or not to regionalize. The school board is in the panel's view more able than voters at large to evaluate the financial and educational benefits of regionalization and to separate the emotional issues from the analysis.

The panel was convinced that permitting a phase-in period could result in more successful regionalization of school districts. One of the panel's recommendations was to empower the Commissioner of Education to develop procedures which would permit phase-in periods not to exceed five years in which the districts that are candidates for regionalization could adopt a plan for gradual regionalization involving the sharing, for example, of administrative services, business services, personnel, transportation, staff development and technology.

The panel also admitted to being skeptical that inducements and encouragements to regionalize will be effective in substantially decreasing the number of districts. Therefore, the panel recommended the elimination of non-operating school districts and recommended that the Legislature direct and empower the Commissioner of Education to initiate the process of reducing the number of school districts by first identifying those districts that could benefit financially and educationally from regionalization. If a district does not accept such a plan, the burden would fall upon that district to justify why it should not be implemented.

The report also promoted consolidation or shared services for non-instructional services such as administration, purchasing, transportation, budgeting and accounting, and instructional planning and services, and the use of expanded technology (i.e. interactive television) to foster shared services. The county superintendent of schools would play a role in assessing and preparing such plans in collaboration with local school districts, municipalities, county government and community colleges.

The New Jersey Association of School Business Officials Regionalization Study Committee Final Report (April 1997) examined the advantages and disadvantages of regionalization

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from three perspectives: educational, political, and financial. The most important positive educational issue concerned K-12 program articulation and program expansion possibilities due to higher district enrollment. Political considerations revolved around the loss of local control and the pervasive concern of the smaller communities that they would lose their identities and neighborhood schools. The financial picture was found to be the most troublesome. Winners and losers were identified on the issue of property taxes and cost savings through the elimination of duplicative services were often found to be offset by start-up or transition expenses. The report states that the study committee "found no absolute connection between the reduction of costs and the formation of regional districts." While the study committee found areas where expenditures could be reduced, other hidden costs either minimized or negated the entire savings. There was also great concern over the uncertainty of State aid.

Reducing the Number of New Jersey School Districts: Regionalization and Consolidation Options (April 1996), a report prepared by the Public Affairs Research Institute of New Jersey, Inc., recommended that progress toward school district regionalization could be achieved through increasing financial incentives; facilitating public understanding of the costs and benefits of the State's current system with over 600 school districts as compared to a system with larger, regional operations; eliminating current barriers to voluntary mergers of school districts; expanding the State's technical support for school districts contemplating possible mergers; and encouraging regional approaches in areas such as pupil transportation and school construction.

A Plan for School District Consolidation in New Jersey (July 1995), written by Dr. Ernest C. Reock, Jr., detailed a proposal to eliminate half of New Jersey's school districts. The plan would consolidate existing limited purpose regional high school districts with their constituent elementary districts and would also merge districts that have sending-receiving relationships. The plan would result in an average number of students per school system of 3,645 as compared to 1,787 students per school system without the plan. The changes were estimated to save \$32 million in annual administrative costs, and more than \$200 million a year overall, less than 2 percent of the approximate \$12 billion that New Jersey spends on schools annually.

The Commission on Business Efficiency of the Public Schools Report (December 1995) recommended that the Department of Education create a model to identify suitable target districts for regionalization and provide special incentive funding for the regionalization to be carried out.

The Mancuso Report (April 1969) recommended that all school districts be organized on a K-12 basis with a minimum of 3,500 students, with exceptions to this minimum for districts with severe transportation problems or districts where growth is projected to be sufficient to meet the minimum within a stated time period. This type of organization is considered essential in order to maximize the educational and financial benefits to students and taxpayers.

III. STATUTORY BASIS FOR COST APPORTIONMENT AND INCENTIVES FOR REGIONAL SCHOOLS

N.J.S.A.18A:13-23 provides for the method used to determine the apportionment of regional school district costs among the constituent municipalities included within the regional school district. Pursuant to this section costs may be apportioned on the basis of:

- the portion of each municipality's equalized valuation allocated to the regional district;
- the proportional number of pupils enrolled from each municipality on Oct. 15th of the pre-budget year; or
- any combination of apportionment based upon equalized valuations and pupil enrollments.

Currently, all regional school districts apportion costs on the basis of equalized valuation, except the two most recently regionalized districts, Great Meadows Regional and Somerset Hills Regional. Great Meadows uses a formula based only on enrollment and Somerset Hills uses an apportionment formula based 95% on student enrollment and 5% on equalized valuation.

N.J.S.A. 18A:13-23.3 provides for the modification of the method by which a regional district apportions its costs pursuant to N.J.S.A.18A:13-23. N.J.S.A.18A:13-23.3 permits a modification only upon the occurrence of one of the following events:

- Ten years have elapsed since the last school election in which the apportionment of costs was approved by the voters;
- A school year in which the equalized valuation of any constituent municipality has increased or decreased by a certain critical amount;
- A school year in which the pupil population of any constituent municipality has increased or decreased by a certain critical amount;
- A school year in which the regional district is enlarged by the admission of one or more districts;
- During any school year if the regional district was formed prior to March 8, 1993 and has never revised its cost apportionment basis.

The statute has been interpreted as requiring a majority vote of those voting in each of the constituent municipalities.

Currently, N.J.S.A.18A:7F-32 provides the only financial incentive for school districts to regionalize. This statute provides that for a specified period of time following regionalization, each regional school district formed after the 1996 effective date of CEIFA, is entitled to receive supplemental State aid. That State aid is equal to the difference between the regional district's core curriculum standards aid and the sum of core curriculum standards aid received by each constituent

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district of the regional school in the year prior to regionalization. The aid is provided for a five year period on a declining basis.

IV. CERTAIN CONSENSUS POINTS ABOUT REGIONALIZATION THAT UNDERLIE MANY FINDINGS IN VARIOUS REPORTS AND STUDIES

Not every school district is conducive to a regionalized arrangement. Regionalization arrangements work best when the constituent communities have similar socio-economic compositions. It is very clear that the New Jersey Regionalization Advisory Panel Final Report acknowledged this factor when it recommended that the Commissioner of Education be empowered to initiate and finance studies in cooperation with local studies as to which school districts would have the most to gain economically and educationally through a regionalized approach.

It is very important to make the distinction between **formal regionalization arrangements involving the actual formation of a new school district for the instruction of students** versus **consolidation of certain non-instructional services**. The former involves students of constituent communities within a regional school district attending regional schools and the latter covers consolidation of non-instructional services like administration, procurement, transportation etc. whereby students are enrolled in different school districts but, in an attempt to produce savings, personnel and administration reorganization among those districts is arranged.

The **diverse array of statutory and regulatory schemes has created financial disincentives (often unintended) for regionalization.** Thus, in those districts which could realize cost savings via regionalization, certain technical and financial incentives are warranted or else no new movement towards regionalization will occur. The New Jersey Regionalization Advisory Panel Final Report acknowledged that these flaws must be reformed and that inventory of these statutes and regulations would be the first step towards encouraging regionalization.

Because New Jersey has traditionally boasted its home rule orientation, **“forced regionalization” can be construed as taking away local accountability on the part of the citizenry of a particular constituent community which may regionalize.** **Providing financial and other incentives** to reach the goal of regionalization only when it has been documented that economic and educational benefits will accrue **seems the less controversial route.** The most recent report is not specific as to what financial incentives should be provided and from where those monies would emanate.

Proponents of regionalization have argued that shared staffing, the elimination of duplicative positions, savings in central administration, increased fiscal borrowing power from a larger tax base, savings in transportation and the sale of unneeded property which could raise revenue will create efficiency and overall savings.

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Opponents argue that at least one constituent district per regionalized area will suffer a tax increase, that State aid is uncertain after regionalization, and that debts may be incurred if a new facility is needed or if debts from other districts are absorbed. Additionally, opponents point to additional problems of potential loss of federal impact aid, Title I funding and categorical aid, and with a greater number of students needing transportation services, an increase in transportation costs.

V. N.J. COURT DECISIONS CONCERNING REGIONALIZATION

New Jersey court decisions which impact on regionalization are outlined in this section of the report.

- Borough of Sea Bright v. Department of Education, 242 N.J.Super. 225 (App. Div. 1990). In this case the Borough of Sea Bright, which is a member of Shore Regional High School District, brought a suit challenging the constitutionality of the method of allocating the costs of regional school districts. The Superior Court, Appellate Division, held that requiring the borough to contribute to the costs of the regional school district based upon its proportion of total equalized value of property in the district, rather than the percentage of students who were borough residents, did not violate the tax clause of the New Jersey Constitution, or the equal protection clauses of the New Jersey and the United States Constitutions.
- Borough of Haledon v. Board of Education of the Manchester Regional High School District, 305 N.J.Super. 19 (App. Div. 1997). The Borough of North Haledon in this case was appealing a determination of the State Board of Education that the ballot measure concerning the modification of the apportionment of costs of the regional district was defeated by the failure of two of the three municipalities comprising the regional school district to adopt it. The Superior Court, Appellate Division, held that the applicable statute, N.J.S.A.18A:13-23, required that changes in the method of apportionment among constituent municipalities be approved by a majority of voters in each affected municipality.

VI. INTEREST GROUP POSITIONS CONCERNING REGIONALIZATION

A May 23, 1997 memo from the New Jersey Education Association (NJEA) to the Office of Legislative Services staff and subsequent testimony before the Assembly Task Force provide some insight into its official policy position on regionalization and deregionalization. The following points were made by the NJEA in regard to this issue:

- Regionalization should only occur on a voluntary basis on the part of the districts impacted;
- The desire to regionalize must stem from local needs and concerns;
- Regionalization must meet the requirements of the law including, but not limited to,

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- the maintenance of racial balance;
- It must guarantee that for the first ten years, total State aid for a regionalized district will not be less than the aid the individual districts would have otherwise received;
- It must protect the rights of school employees as it relates to seniority, tenure, and health benefits;
- Local NJEA chapters should secure equal partnership with the school board, administration, and community members ultimately affected by deregionalization; and
- Any savings generated from deregionalization should be channeled to educational initiatives aimed at reducing class size, enhancing professional development, and avoiding program cuts within that regional district.

The New Jersey Association of School Business Officials testified that increased efficiency or financial savings may not necessarily result from school regionalization. The New Jersey School Boards Association (NJSBA) provided testimony to the Task Force. A past NJSBA report encouraged school districts to regionalize when educational and/or financial benefits resulted.

It is interesting to note that researchers and school officials maintain that “savings may be no more than pennies per household, and taxes in some districts might even grow.” In addition, it is reported that “Associations representing school boards and business administrators warn that property taxes might actually grow if schools merge.” (**Bergen Record**, January 15, 1998)

VII. INCENTIVES WHICH HAVE BEEN RECOMMENDED FOR REGIONALIZATION

The body of literature existing on the subject of school district regionalization is more in general terms than detailed. However, it is interesting to note that in the past, the following types of incentives were floated to promote school districts' participation in voluntary regionalization programs:

- initiate apportionment method changes so that the tax levy would be apportioned on the basis of property values and income and enrollment, with equal weight;
- provide a new per pupil categorical aid for new regional districts, phased out over 7 to 10 years;
- keep start-up costs (regionalization studies, program expansions) outside of the budget cap calculation;
- provide a hold harmless aid to ensure that newly regionalized districts receive the same level of aid previously received by its constituent districts; **
- provide a State transportation grant to help cover State-approved transportation start-up costs in new regional districts;

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- assure that all new regional districts receive debt service aid in the amount of 50% or its State share percentage, whichever is greater (to be phased out);
- give new regional districts priority status in any facilities grant program;
- relax the obstacles to withdraw from a regional district by limiting the commissioner's reasons for denying withdrawal, eliminating the Board of Review, and requiring a vote only in the withdrawing district;
- provide a 50% State match for the cost of formal regionalization studies in districts considering such a move.**

(** Denotes that an incentive similar in nature has been implemented.)

An approach which focuses on reforming statutory and regulatory schemes and fostering financial incentives when appropriate can provide sufficient tools for voluntary regionalization.

“Shared services consolidation” for non-instructional purposes should be carefully studied and considered as a means to accomplish savings; some contend that reducing administration size can cut costs. According to federal Department of Education statistics, New Jersey spends more per pupil on school support and administration than most other states.

VIII. CONCERNS ABOUT SCHOOL DISTRICT REGIONALIZATION

IT MUST NOT BE AUTOMATICALLY ASSUMED THAT SCHOOL CONSOLIDATION WILL REAP MAJOR SAVINGS OR IMPROVE THE QUALITY OF EDUCATION

Findings

- Fewer school districts and larger schools do not necessarily result in greater efficiency, more savings or better quality education. In fact, some past studies indicate the converse.

“While larger districts in lower income areas may access greater resources than do small districts, the higher incidence of ‘exceptional problems’ (e.g. delinquency, drug abuse, learning disabilities) in such contexts introduces constraints and contributes to reduced organizational performance.”

(Anthony S. Bryk, Valerie E. Lee, Julia B. Smith, “High School Organization and its Effects on Teachers and Students: An Interpretative Summary of the Research,” Invitational Conference on Choice and Control in American Education, November 1, 1989, p 10-11).

- Despite the fact that there are approximately 618 school districts in New Jersey, the Department of Education has never recommended an optimal number of school districts for the State nor has it recommended any specific plan for reducing the number of school districts.
- Many small school districts, due in part to their size, produce excellent results, and should not

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be regionalized simply because their enrollment is less than a certain number. There's nothing inherently wrong with small school districts. The "model school district" included in the Department of Education's Comprehensive Plan for Educational Improvement and Financing is based on several assumptions which can be challenged.

"If you say small schools aren't efficient, why are we having charter schools? Why is the administration saying that charter schools are the way out?" -- Eugene Keyek, Ed.D., (Assistant Executive Director, N.J. Association of School Business Officials)

"We didn't want to set up a standard that said all districts under a certain size must regionalize, that there is something just wrong about that. Well, some of those districts truly are doing an excellent job. They are having great test results. The students are doing very well and they are efficient. So our thought was that if a district could show that truly it was doing a good job and that perhaps in that situation the benefits of the smallness -- and there are benefits to smallness in terms of the personal touch and the relationship between administration and students -- if the district can show that there really are benefits to remaining small that they should not be then put in a position of being required to regionalize." -- Virginia Hardwick, Esq. (Member, N.J. Regionalization Advisory Panel)

FINANCIAL SAVINGS, WHICH MANY ADVOCATES OF SCHOOL REGIONALIZATION EXPECT, DO NOT NECESSARILY MATERIALIZE

Findings

- Certain studies show that school district consolidation does not always result in cost reduction. A report published by the Center for Government Services at Rutgers University entitled "The Cost Impact of School District Creation and Consolidation in New Jersey," shows that regionalization does not save money in all instances.
 - A study of 43 clusters of communities which created limited purpose 7-12 or 9-12 regional school districts revealed that expenditures per pupil increased in the first four years after regionalization. Expenditure levels declined after the first four years of regionalization but never back to pre-regionalization levels.

"It was quite clear that the creation of new limited-purpose high school regionals increased our costs in New Jersey." -- Dr. Ernest Reock (Center for Government Services, Rutgers)
 - A study of six clusters of communities which consolidated into all purpose K-12 regional districts produced mixed results. There were "three quite wealthy districts showing moderate increases in costs, while the middle-income districts showed fairly substantial expenditure reductions after consolidation." -- Dr. Ernest Reock

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- Administrative costs may actually increase when school districts regionalize. Teacher tenure laws and increased responsibilities for personnel administering the larger school district may contribute to greater expenditures.
 - Sharing administrative services doesn't necessarily cut costs, because as personnel begin to take on region-wide responsibilities, it often becomes necessary to hire more staff to support them. Furthermore, the increased responsibilities delegated to these employees may result in them performing their jobs less efficiently or it may result in the need for additional compensation for these employees.

“The cost savings is minimal, because while the business administrator is no longer there, they have hired an accountant or some other individual in that business office for that district. So that this great savings just didn't materialize.” - - *Eugene Keyek, Ed.D.*
- By regionalizing, expenses related to teachers' salaries may increase because tenured teachers at the top of the salary guide have priority over non-tenured lower-paid teachers.

“If you have 80% of your staff at the top of the salary guide, no matter what you do, you're not going to cut costs. It's still there. People aren't retiring as readily today as they have done in the past.” -- *Eugene Keyek, Ed.D.*
- Not only might some savings fail to materialize but other costs such as student transportation will most likely increase.
- The Assembly Task Force received testimony that federal Impact Aid may also decrease under certain circumstances if school districts regionalize. Federal Impact Aid is provided based on the ratio of federally connected students to local students in a district. If a district receiving federal Impact Aid regionalizes with a district which does not receive this aid, the ratio of federally connected students to local students would be lower, which would decrease the federal aid.
- Loss of State aid for poorer districts when they join a richer district also creates a disincentive for regionalization.

LOWER-PAID SUPPORT PERSONNEL AND NON-TENURED AND LOW-SENIORITY TEACHERS MAY LOSE THEIR JOBS AS A RESULT OF REGIONALIZATION IN SOME DISTRICTS

Findings

- Some savings may be achieved by terminating teachers who would be unnecessary or redundant. Of course, by maintaining such teachers, class sizes may decrease.

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- Informal promises by school administrators and union opposition may hinder real staff reductions.
 - Some districts, in order to ensure that a plan for regionalization succeeds, promise not to fire any staff. Instead, they retain all their employees and as people retire those position vacancies are not filled.

“If a union senses that there is a threat to job security, then I would not be surprised if the position of the union is to oppose the vote or to oppose the approval of the vote.” -- Dr. John Sherry (Assistant Commissioner, N.J. Department of Education)

THE DISPROPORTIONATE DISTRIBUTION OF COSTS AMONG CONSTITUENT MUNICIPALITIES IN REGIONALIZED DISTRICTS IS A MAJOR DISINCENTIVE TO REGIONALIZATION

Eliminating the disparity of costs among constituent municipalities which belong to existing regional school districts is an important goal. Cost equalization is consistent with the concept of creating financial incentives to encourage regionalization. Currently, if the regional district uses the equalized valuation methodology to apportion costs, the cost per pupil will vary from constituent municipality to constituent municipality, with substantial variances in certain districts. However, ***any formula change designed to bring parity in the per pupil costs of the constituent municipalities in a regional district will result in “winners” and “losers.”*** Some of the current "winners," who are sending a large number of pupils into the regional school district, but are paying a low cost per pupil, would have to absorb increased costs and have their taxes increased. The current “losers,” who are paying a higher cost per pupil but sending fewer pupils into the regional school district, would then become “winners.” Notwithstanding the feasibility of designing a new formula, the only other option would be more State aid - from the General Treasury - to be channeled to the current losers, and to amend current law to require, under limited circumstances, constituent municipalities to negotiate a fair distribution of costs formula.

Findings

- Most regional school districts apportion costs in the district based on equalized valuation. Municipalities with higher property wealth pay a higher per pupil percentage of the costs in a regional district compared to municipalities with low property wealth.

“Regionalization occurring voluntarily -- that, in my estimation, is not going to happen very frequently. It will happen only when both districts, or all of the districts stand to gain, whether it be educationally, and just as importantly, financially.” -- Michael Doney (Superintendent, Great Meadows Regional School District)

- The Assembly Task Force was provided with examples of inequities in the distribution of

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costs. For instance, cost/enrollment data for Northern Burlington County Regional School District includes: Mansfield - 37.3% of the cost - 19.5% of the students (278 students); Chesterfield - 23.2% of the cost - 14.1% of the students (201 students); North Hanover - 17% of the cost - 51.5% of the students (733 students); Springfield - 22.1% of the cost - 14.7% of the students (209 students).

“Our particular town [Seaside Park], for example, is paying approximately \$25,000 per student, whereas another town in the district was around \$4,000. The average is around \$7,800. There is absolutely no way under the statute passed in [1993] that the district is ever going to voluntarily address that.” -- Mr. John Peterson, Esq. (Member of Assembly Task Force on School District Regionalization)

“We have communities [which] have a lot of property wealth, and shore communities in some cases, where there is not a lot of income wealth behind. And we have some communities, as I said, in New Jersey, which have contributions per pupil which are two or three times other communities.” -- Mel Wyns (Director, Office of School Finance, N.J. Department of Education)

- For a regional school district to change the method of the apportionment of costs, each constituent municipality within the regional district must vote in favor of doing so. Those municipalities paying low tax rates inevitably vote against such changes. To date, no regional school district has modified the manner in which the amounts raised for annual appropriations for the district are apportioned.

THE DEVELOPMENT TRENDS OF CONSTITUENT MUNICIPALITIES WITHIN A REGIONAL SCHOOL DISTRICT CAN ALSO NEGATIVELY IMPACT ON THE COST INEQUITY FACTOR

Findings

- Examples of the negative impact of consolidation where the constituent municipalities have varying patterns of development were provided to the Assembly Task Force. In 1950, Berkeley Township and four other municipalities created a regional school district, Central Regional School District.
 - Since 1950, Berkeley Township’s population has increased from 1,500 residents to 50,000, and more growth is expected; Seaside Park in 1950 had a population of 1,000 which has increased to a current figure of 2,000 and is not expected to grow significantly in the future; the smaller municipalities which comprise Central Regional represent 20% of the regional school’s student population whereas Berkeley Township alone provides 80% of the students; Seaside Park students contribute 5% of the population, yet Seaside Park shoulders 12% of the costs.
- The smaller, more affluent communities in regional school districts, which are locked into

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paying based on their equalized valuation, as opposed to on a per-pupil basis, may wind up paying more than what they otherwise would pay in a non-regionalized district.

“If we have a regional and we have two communities -- one is completely saturated, it’s dense in population, and you’re not going to build in that town unless you knock something down, and then you have a situation like a Winslow Township, which is land rich -- you can understand the citizens in the densely populated town saying, ‘We don’t want to continue to pay to add classrooms for those people who are growing.’ So there’s the fear of the loss of their income and revenue if they leave, but there’s the understanding that if there’s going to be a growth area, maybe it would be better to jettison them so we don’t have to pay for that expansion.” -- *Dr. John Sherry, (N.J. Department of Education)*

Recommendations

1. School district regionalization agreements should contain clauses that allow for a reassessment of the distribution of costs, if the per pupil cost deviates by more than 10% between any two constituent municipalities of the regional district, in order to take into account the growth of one or more of the constituent municipalities.
2. The distribution of costs among constituent municipalities of existing regionalized school districts should become more equitable. The equalized valuation method for apportioning costs in a regional school district, which almost all the existing regionalized school districts utilize, is a disincentive to school regionalization. Therefore a new, fairer formula should be developed for these existing regional school districts, perhaps incorporating aspects of both cost apportionment methodologies. In order to eliminate or reduce some of the existing disincentives to regionalization, there should be a realistic mechanism which compels equitable adjustments in the distribution of costs among constituent municipalities for the small number of existing regionalized districts which currently evidence an extreme disproportionate distribution of costs.

REPRESENTATION OF ALL CONSTITUENT MEMBERS ON THE REGIONAL SCHOOL BOARD IS AN IMPORTANT TOOL IN ENCOURAGING REGIONALIZATION

Findings

- Representation among constituent members on a regional school board is a contentious issue.

“If the distribution of membership on the board still is effectively handled by one district, the small districts who have limited representation don’t see that as an advantage to regionalizing.” -- *Eugene Keyek, Ed.D.*
- Some claim that the interests of the smaller communities are not being served as it relates to

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representation. For example, Berkeley Township has five out of nine seats on the Central Regional School District Board of Education.

- A February 4, 1998 federal district court ruling regarding apportionment of representation on the Freehold Regional High School Board of Education could have an effect on other regional school district boards. The Freehold Regional High School District is comprised of eight municipalities, and has a nine member board, as provided by N.J.S.A.18A:13-8. Each municipality was represented by one member, and the largest town, Howell, elected two members. The court, on the “one man, one vote” principle, declared such an arrangement to be unconstitutional.

MANY PARENTS VEHEMENTLY OPPOSE BUSING THEIR CHILDREN TO SCHOOLS IN OTHER AREAS

Findings

- Parents have legitimate concerns about their children spending significant periods of time each day on a bus to and from school under a regionalized arrangement.

“Some boards have policies which say that no student shall be on the bus more than thirty minutes, others say one hour... we begin to get into this battle with parents once we regionalize.” --
Eugene Keyek, Ed.D.

MANY DISTRICTS EXHIBIT CONCERN OVER REGIONALIZING BECAUSE THE DEREGIONALIZATION PROCESS PROVES RIGID AND DIFFICULT

Findings

- The process of the withdrawal from or dissolution of a regional school district is set forth at N.J.S.A.18A:13-52 et seq., for limited purpose regional school districts and at N.J.S.A.18A:13-66 et seq., for all purpose regional school districts. The process for a limited purpose regional school district includes the following steps:
 - A resolution must be passed by a local board of education or by the governing body of a constituent municipality indicating that they are applying to the county superintendent of schools to make an investigation as to the advisability of withdrawal from or dissolution of the regional district.
 - The county superintendent must, within twenty-one days, call a meeting of representatives from the district’s board of education and school administrators, as well as representatives from each of the constituent municipalities including mayors and council members. At this meeting, the superintendent reviews the process for withdrawal from or dissolution of the district.

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- A feasibility study may be required to be conducted by the constituent municipalities and school districts and the regional district.
 - The superintendent then has sixty days to complete an advisability report.
 - The municipal governing bodies and the boards of education have thirty days to consider the advisability report. In order to proceed, a petition must be made to the Commissioner of Education requesting permission to submit to the voters of the regional district the question whether or not to withdraw from or to dissolve the regional district. Within 15 days after the filing of the petition the commissioner must submit the petition to a board of review, consisting of the Commissioner of Education, the State Treasurer or his designee and the Director of the Division of Local Government Services in the Department of Community Affairs.
 - The board of review must make its finding and determination within 60 days of the receipt of the petition.
 - If the application is granted a referendum is held. A majority of voters in the regional school district must vote in favor of dissolving it. For the withdrawal of one constituent member, a majority of voters within that constituent municipality, as well as a majority of voters across the regional district, must support the proposal.
- Many existing regional districts want to deregionalize for a variety of reasons. The difficult process of deregionalization prevents many school districts from wanting to take the risk of regionalization in the first place.

“In many circumstances, it’s an absolute impossibility [to deregionalize], and it’s just something that is never going to happen.” -- Mr. John Peterson, Esq.

“Dissolving a regional school district or allowing a district to withdraw from a regional situation is a very serious and a very important decision, and it has tremendous impact on communities, as well as the lives of our students.... the process, as it stands right now, frustrates some of our superintendents and some of our school board members... but I think there is a lot of logic in having the process. That’s not to say you couldn’t look at it and maybe streamline it a bit, but I think you need to have the checks and balances that are in there.” -- Dr. John Sherry, (N.J. Department of Education)
 - Major issues that must be considered when deregionalization occurs include: division of debt service and assets; personnel retention policies (i.e. seniority issues); and the ability of each resulting district to adequately provide for the education of its students.

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“The way that the system is currently structured the building goes to the town where it is located, and what they all say is ‘well, I’ve been a dues-paying member of this regional for twenty-five years. I’ve been paying on the debt service, and now that it’s time to divorce I don’t get any compensation for the buildings that are there.’” --*Dr. John Sherry, (N.J. Department of Education)*

"[Regarding Resulting Districts from a Deregionalization Process, the Board of Review asks], ‘How are they going to provide for those children in the future? Are they going to build their own high school? Are they going to seek a sending-receiving relationship with another district? Are they going to attempt to join another regional? What is their vision?’” -- *Dr. John Sherry, (N.J. Department of Education)*

[Under current law] “If you had no building [in your constituent district] then you’re not assigned any of the debt. You only get assigned debt if you have a building... you can’t change the total amount of the debt. It’s just that [upon deregionalizing] you have fewer parties left to pay that debt.” -- *Mel Wyns, (N.J. Department of Education)*

“The debt is many times an impediment to successful withdrawal or dissolution.” -- *Dr. John Sherry, (N.J. Department of Education)*

- Two major deregionalization efforts have occurred. The dissolution of the Union County Regional School District (which has succeeded) and the Lower Camden County Regional District (which is pending).

Recommendations

3. Streamline the “deregionalization” process to ensure simpler and less arduous procedures without removing appropriate checks and balances and appropriate safeguards.

MANY NEW JERSEY PARENTS BELIEVE IN LOCAL CONTROL OF PUBLIC SCHOOLS; THEY FAVOR SMALLER, LOCAL SCHOOL DISTRICTS OVER LARGER REGIONALIZED DISTRICTS

Findings

- School districts currently have a great amount of flexibility in personnel contracts and negotiations, which comprise 62%-65% of a school district’s budget.

Recommendations

4. In regional school districts, establish site-based management and building level control groups, consistent with school district policies and curriculum. This mechanism

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encourages parents' participation and promotes local control.

"It would provide some efficiencies, but at the same time, would give people an opportunity to both identify with and have some say in what happens in those local schools." --Robert E. Smith, Ph.D. (Member, N.J. Regionalization Advisory Panel)

THE REGIONALIZATION OF SCHOOL DISTRICTS MAY INITIALLY BE DISRUPTIVE

Findings

- The benefits of regionalization may not be realized immediately. Therefore, there may be students, for example those in high school, who because they are attending school during this transition period, may entirely miss any positive outcomes of the regionalization.
- It can be extremely stressful for students to be told that in the middle of their school careers they must attend a different school, potentially away from the friends and faculty to whom they have grown accustomed.

Recommendations

- 5. Provide students with the option of completing their education at the school they attended prior to the regionalization of the district.**

"I had suggested to Lower Camden County the last time around that... no student who is currently in the high school should be denied the opportunity to finish his or her high school career in that building. I think if you can take that policy approach now, you avoid the threat that I've started high school and I'm not going to be able to finish with my classmates and my friends." -- Dr. John Sherry, (N.J. Department of Education)

IX. BENEFITS OF SCHOOL DISTRICT REGIONALIZATION

CONSOLIDATION OF SEVERAL SMALL DISTRICTS INTO A LARGER REGIONAL DISTRICT WITH MORE RESOURCES CAN REAP SOME BENEFITS

Findings

- A regional school may offer more courses taught by specialists (i.e. art and music classes, physical education and more advanced placement courses).

"By combining a school system into a larger regional structure you have more resources. You can

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save money and put the money into where the programs will benefit the children's education a lot better." -- *Michael C. Bibb, Esq. (Chairman, N.J. Regionalization Advisory Panel)*

- A regional school may have access to greater educational tools and resources like high-tech computers and technology and more extra-curricular programs (i.e. mock trial teams, forensics and debate teams).
- Potential savings may accrue by eliminating redundant services among districts.

"An estimation was made [in The Cost Impact of School District Creation and Consolidation in New Jersey report] based on the experience of the middle-income districts that savings of 8.3% percent might be possible. From this analysis, it appeared that consolidation into K-12 regionals had a significant potential for reducing school costs" -- *Dr. Ernest Reock*

- A regionalized district may be more able to finance the cost of needed educational facilities.

"We asked ourselves why would two...proud, successful school districts consider jeopardizing their status quo by voluntarily forfeiting their total local control? Our answer to that was because we had a shared vision for improvement, there was a win-win scenario... Great Meadows Regional [a K-8 limited purpose regional district in Warren county] shared vision was that we would be able to build a new middle school, which neither of the separate districts were able to afford by themselves." -- *Michael Doney (Superintendent, Great Meadows Regional School District)*

- Regionalization provides sending districts with the benefit of representation on a school board. The benefits of regionalizing for this purpose, however, were somewhat lessened with the passage of N.J.S.A.18A:38-8.1 and 8.2 which provide that sending districts will be entitled to a seat on the receiving district's board according to the percentage of pupils attending the receiving district's schools.

"The joint regionalization study that we [the current members of the Somerset Hills Regional School District - Bernardsville, Far Hills, and Peapack and Gladstone] undertook in 1993 and 1994 resulted in a negotiated tax levy apportionment formula based on 95% student enrollment and 5% equalized valuation... For Peapack and Gladstone, the ... tax levy apportionment formula meant a significant tax increase over the pre-regionalization cost of education for that community. Yet, ...when it was voted on, it was approved by a two-to-one margin. I think that what made the difference there was the gain that the community of Peapack and Gladstone assumed by picking up two voting seats on the regional board of education. It was a long-standing interest, voiced within the community, to have some greater say over school issues and control and decision-making authority." -- *Dr. Richard Noonan (Superintendent, Somerset Hills Regional School District)*

- Regionalization may improve educational program articulation. The problem of program articulation may be serious, for example, in the case of K-6 sending districts that send their seventh through twelfth grade students to a receiving high school. The sending district in many situations has no representation on the receiving district's board and therefore has no control over the curriculum of the high school. The receiving district is not required to

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cooperate with the boards of education of the sending districts in the development of a joint program. If rather than a sending-receiving relationship, however, the districts formed a limited purpose regional high school district, the problems of program articulation could be addressed through representation on the regional school board.

While the Task Force did not receive a large degree of testimony regarding the benefits of school district regionalization, it believes it is appropriate to note some of the findings relating to benefits that have appeared in other reports.

The New Jersey Association of School Business Officials' Regionalization Study Commission, for instance, examined the advantages of regionalization from three broad perspectives: educational, political and financial. As to educational advantages the study found that: special education and basic skills programs are easier to coordinate and administer in a single large unit than in smaller units; if larger middle/high schools or multiple elementary schools with flexible attendance areas are a result of regionalization, then there can be less variance in class size; and desirable curricular and extra-curricular programs can be maintained through increased enrollment.

From a financial vantage point, the study found the following advantages: shared staffing promotes efficiency while shared programming promotes student interest; savings in central administration for staff and other costs may accrue; an increased fiscal borrowing power results from a larger tax base; the costs for needed facility improvements are spread over a larger tax base; the sale of property could offset addition or renovation costs; possible savings may result from regionalized transportation services; lower per pupil costs may be possible through centralization; stabilization of taxes will occur once the district is regionalized; and a better bond rating may be achieved because the regional district will have a larger pool of ratables to back the bonds.

The study also found some political advantages to regionalization: a larger single unit results in consistent and uniform policies for more students; support from private/parochial families may occur from possible increase in non-public transportation; K-12 budgets, with generally lower costs than 9-12 limited purpose budgets, are easier to pass; and common problems are solved more easily in the larger unit.

X. MANDATED REGIONALIZATION

MANDATING REGIONALIZATION IS A CONTENTIOUS ISSUE AND SHOULD BE CAUTIOUSLY CONSIDERED

Findings

- Forced regionalization is an extreme measure that can cause resentment among the constituent municipalities and should be cautiously considered.

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In Pennsylvania, which mandated regionalization in the 1960's and 1970's, "[The State] took on the initiative of building the high school [for a few school districts that were regionalized into one district], but then they bulldozed the two other high schools to make sure they would never be used again... forced regionalization created a tremendous uproar in those communities." -- *Eugene Keyek, Ed.D.*

"We feel that it's going to require strong leadership... we have to take a look at doing it [voluntarily], but if you can't, eventually, we are going to have to make the choice of mandating it if it is not done." -- *Michael C. Bibb, Esq.*

"The best approach is voluntary and that's the way it should be done." -- *Douglas B. Groff (Member, N.J. Regionalization Advisory Panel)*

- Many districts may benefit from regionalizing, but choose not to, due to concerns regarding education quality, autonomy, personal attention, transportation distances, and the inherent difficulties of amalgamating students from various municipalities. In these instances, for regionalization to occur, it would have to be compulsory.

"Regionalization occurring voluntarily -- that, in my estimation, is not going to happen frequently." -- *Michael Doney (Superintendent, Great Meadows Regional School District)*

Recommendations

6. Consideration should be given to consolidating limited purpose regional school districts into K-12 regional school districts when the circumstances and conditions prove appropriate and conducive.
7. The Department of Education should thoroughly review the administrative costs of non-operating districts with an eye to possibly eliminating these districts when appropriate (i.e. there are 24 non-operating school districts in the State which spend a total of over \$2 million on administrative costs). (See Attachment I)
8. Study the advantages and disadvantages regarding sending-receiving districts merging into regional school districts.

XI. ALTERNATIVES TO FORCED REGIONALIZATION

PROVIDE INCENTIVES FOR VOLUNTARY REGIONALIZATION

Findings and Recommendations

9. Some financial incentives are necessary to encourage districts to regionalize when economic and educational benefits exist for regionalization.

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- 10. Have the State provide funds for the start-up of regional school districts when appropriate, including funds for feasibility studies.**
- 11. Prior to even considering regionalization, a preliminary study should show that regionalization will improve the quality of education for the district's students and achieve savings.**

“The only real incentive is when you go to the citizens in a school district and say this will provide a marked improvement in the education of your child... if they can't be convinced that they are going to have a marked improvement in the education of their children, they are probably not going to make that move.”-- Dennis Smeltzer (Executive Director, Commission on Business Efficiency of the Public Schools)

UTILIZE APPROPRIATE STATE AGENCIES AND/OR OTHER TOOLS TO SPUR REGIONALIZATION WHEN APPROPRIATE

Findings and Recommendations

- 12. Call on the Department of Education to identify which communities within the State have the most to gain from regionalization. Demographic studies should be completed to ascertain whether sufficient similarities exist among particular constituent municipalities to warrant regionalization K-12, K-8, 9-12 etc. among the 618 school districts.**

- Testimony provided to the Assembly Task Force indicated that the Commissioner of Education should become more pro-active in studying districts that would gain economically and otherwise by regionalization.

“...When one community is growing, there seems to be a natural divisiveness to the process. It appears that in some instances, the growing communities want to sever ties with the regional district and create separate districts. In others, the more stable districts want the changing district out of the region. Let them build their own school.” -- Dr. James Sarruda (Superintendent, Northern Burlington County Regional School District)

INCENTIVES FOR VOLUNTARY REGIONALIZATION SHOULD SPAN SEVERAL YEARS

Findings

- Many districts, which might potentially regionalize, feel somewhat insecure because

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incentives and agreements which are promised by the State may have no value months down the line.

- 13. Provide special aid to regionalized districts on a recurring, not just a one-time basis, when economic and educational benefits exist for regionalization.**

EXPLORE WAYS OF INCREASING EFFICIENCY WITHOUT FORMAL SCHOOL REGIONALIZATION

Findings and Recommendations

- 14. Offer special services on a regional level (i.e. special education, art, etc.). Consolidate recreational and vocational services into regional units.**

- The Burlington County Special Services School District received a grant under the Consolidation of Services Grant Program established under CEIFA (N.J.S.A.18A:7F-30) to promote shared services and the regionalization of certain services. The Burlington County Special Services School District was able to hire a team of physical and occupational therapists that could be used by 26 school districts, for approximately \$30 less per hour than the cost that would have had to have been paid if each district went out on its own to provide these services to their special education students.

- 15. Encourage school districts and municipalities to share services. Such a move could avoid formal school district regionalization.**

“Through sharing of services, it’s possible for a district to reduce its [costs] and, therefore, might be able to avoid the requirement of regionalization when a study is done showing that there would be benefits to be derived.” -- *Robert E. Smith, Ph.D.*

- 16. Potential consideration should be given to county-wide servicing of all administrative functions.**

- The Assembly Task Force received testimony that promotes shared support services concerning cooperative transportation, the use of technology in education administration, regional bulk purchasing, shared administrative functions including,

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but not limited to, sharing administrative staff, and providing extra-curricular activities on a regional basis.

17. Potential consideration should be given to the viability of county-wide school system structures.

- Several states which predominantly operate under county structures include Florida, Georgia, Louisiana, Maryland, Nevada, South Carolina, and West Virginia. (*Education Commission of the States, 1992-1993 period*)

CONCLUSIVELY DEMONSTRATE THE BENEFITS OF REGIONALIZATION FOR ALL DISTRICTS INVOLVED IN ORDER TO ENCOURAGE VOLUNTARY REGIONALIZATION

18. The Department of Education should gather comparative quantitative data in a consistent and uniform fashion to indicate the track record of existing regionalized districts in terms of costs savings, improvement in educational curricula, greater efficiencies (administrative and otherwise), and student performance. Until all this data is compiled for comparison of pre- and post-regionalization results, the cost benefits of school district regionalization will continue to be nebulous. Consistent monitoring and routine compilation of empirical data by the department is necessary to essentially prove or disprove what preliminary regionalization studies have indicated.

- There is a lack of available data to quantify the effects of regionalization on school districts. (See Attachments II, III and IV - Correspondence between the Chairman of the Assembly Task Force and the State Department of Education)

COMPONENTS OF SUCCESSFUL REGIONALIZATION

Findings

- The regionalization arrangement should come as close as possible to being a win-win situation for all parties.
- Good communication should exist with board of education members, parents, and the professional faculty regarding their specific concerns and questions.

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"We must be able to show advantages for all concerned. There must be advantages for children, there must be advantages for parents, non-parents, seniors. There must be advantages for taxpayers." -- *Michael Doney, (Superintendent, Great Meadows Regional School District)*

- Formal and informal studies of demographics, facilities, and financial considerations are important.

"You must be able to maintain pride and success. Economy and efficiency must be addressed and improved." -- *Michael Doney, (Superintendent, Great Meadows Regional School District)*

- Curriculum, budgets, and staff should be consolidated.

XII. EXAMPLES OF REGIONALIZATION EFFORTS

GREAT MEADOWS AND SOMERSET HILLS REGIONALIZATION EXPERIENCES

Findings

- Great Meadows is composed of Liberty and Independence Townships in Warren County.
 - Prior to regionalization, Liberty Township School District and Independence Township School District were two separate K-8 districts with small populations and a rural character; both districts sent their high school students to Hackettstown on a tuition basis; Independence, because of space concerns, also sent its 150 seventh and eighth graders to Hackettstown on a tuition basis at a cost of almost \$1 million annually; Independence - 21 square miles, population of 4,500; Liberty - 14 square miles, population of 2,800; both towns' populations were growing and additional school space was needed; prior to 1972, all the children from Liberty Township attended Independence Township schools on a tuition basis, so there was prior experience with student population incorporation.
 - The Great Meadows Regional District is a K-8 operating district of approximately 35 square miles. High school students are sent on a tuition basis to Hackettstown High School. Now, each municipality has a local K-4 building, and they share a newly built, modern middle school for grades 5-8.

"We received about \$50,000 [from the State] and we used that money to back a lease-purchase so that we could wire both of our existing schools for voice, video, and data in each classroom, so all of our classrooms have at least one computer. They have access to the internet. We have wall-mounted televisions." -- *Michael Doney, (Superintendent, Great Meadows Regional School District)*

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- Pupil costs for K-8 in the Great Meadows Regional District is \$6,100 per student. Independence pays 65% and Liberty pays 35% of the costs of the regional district based on enrollment only. At the time of regionalization, this was also somewhat equivalent to property values. Tuition costs paid to Hackettstown for high school is \$8,900 per student (330 students total). No teachers were terminated during the consolidation; only one administrator was relieved of duties.

“Was it worth it for our district? I believe it was worth it. Would it happen again voluntarily? I’m not sure.” -- Michael Doney, (Superintendent, Great Meadows Regional School District)

- Somerset Hills Regional School District is a K-12 district composed of Bernardsville, Far Hills, and Peapack - Gladstone. Prior to regionalization, Far Hills and Peapack-Gladstone were separate, sending all their students, K-12, to Bernardsville Schools.

“The divisive issues at that time really concerned the cost of tuition, the tuition that was assessed our sending districts, and a lack of control - or perceived lack of control - and influence on the part of our sending-district communities.” -- Dr. Richard Noonan (Superintendent, Somerset Hills Regional School District)

- The Somerset Hills Regional District has approximately 1,500 students. It is funded through a negotiated tax levy apportionment formula based on 95% student enrollment and 5% equalized valuation. Bernardsville experienced a school tax decrease. Far Hills and Peapack-Gladstone each gained voting seats on the regionalized school board, but Peapack-Gladstone suffered significant tax increases. Despite the tax increase, it maintains that the increased representation was well worth it. The State provided \$5,000 in seed money for a regionalization study.

CENTRAL REGIONAL HIGH SCHOOL DISTRICT (OCEAN COUNTY) EXPERIENCE

Findings

- The Central Regional High School District comprises Berkeley, Island Heights and Ocean Gate to the West of Barnegat Bay and the barrier island communities of Seaside Park and Seaside Heights. Seaside Park had little choice but to join in the creation of a new 7-12 regional district since Toms River High School and Point Pleasant High School were becoming too overcrowded to absorb students from the barrier islands. However, barrier island students now have to travel twice the distance that they traveled when they attended the Toms River High School.
- While modest population growth had occurred in Seaside Park from 1970 to 1990 (30.6%),

Assembly Task Force on School District Regionalization

the interior areas experienced tremendous growth. For instance, Berkeley Township grew by 371%. The census projections indicate that this pattern of growth has continued unabated throughout the 1990's. (See Attachment V, Chart A)

- An “Analysis of Tax Levy Apportionment,” prepared by the Seaside Park Borough, also shows that disproportionate growth existed in the general population and district school enrollment between constituent municipalities such as Berkeley Township and Seaside Park. (See Attachment VI) In the 1997-1998 school year, Berkeley Township contributed 76% of the student population at Central Regional, while Seaside Park, with its stable population, contributed less than 5% (4.9%). For the 1997-1998 school year, the average regional school per pupil tax levy for the 1,911 students attending the Central Regional system was \$8,312. However, Seaside Park’s share was \$19,702 each for the 93 students it sends to Central Regional - 2 ½ to 6 times greater than the other constituent municipalities.
- According to information provided to the Task Force, from the 1982-1983 school year to the 1994-1995 school year, Seaside Park saw a per-pupil tax levy increase of \$15,692, compared to an average increase among the other four municipalities of \$3,163. The per-pupil tax contribution of Seaside Park rose five times more than the other four municipalities during this time period.
- Those individuals from the barrier island communities testifying before and/or providing subsequent documentation to this Assembly Task Force noted that the other four constituent municipalities would have to approve Seaside Park’s withdrawal from the regional district since the current statute provides for such a requirement. Despite the fact that the regional school is overcrowded and in need of expansion and a move to withdraw from this arrangement by Seaside Park could ameliorate the overcrowding problem, the high contribution rate by Seaside Park to this regional school system is a disincentive for the other municipalities’ agreeing to its withdrawal. In addition, other school facilities (outside the Central Regional system) have the capacity to absorb new students since their school populations have dropped. For instance, Point Pleasant Beach High School has the capacity for 250 more students and is in closer proximity to Seaside Park.

Recommendations

- 19. The State statutes governing the withdrawal of a municipality from a regional school district should be amended to protect constituent municipalities from paying a disproportionately large percentage of district costs. Such municipalities should have the choice of opting out of a regional district without major obstacles when a specified threshold deviation in the per pupil amount paid by each constituent municipality is**

Assembly Task Force on School District Regionalization

reached, perhaps 10%. The statutes should be amended to provide a mechanism to permit the withdrawal of these constituent municipalities to join another regional district or enter into a sending/receiving relationship with another regional district, providing these arrangements incorporate appropriate safeguards and entail a long-term, and not a year-to-year arrangement.

XIII. THE DEREGIONALIZATION PROCESS

FACTORS LEADING TO UNION COUNTY DEREGIONALIZATION

Findings

- Berkeley Heights, Clark, Garwood, Kenilworth, Mountainside and Springfield formed the limited purpose Union County Regional District No. 1 in 1937. At the high point, total enrollment within the district was under 2,000 and the school district was operating four high school buildings. At the time of deregionalization, the enrollment was close to 1,800.
- By 1993, formal requests from various communities led to the introduction and eventual enactment of legislation relating to dissolution procedures for regional school districts.
- Certain factors led to deregionalization in Union County: regional board members and administrators seemed unresponsive to the community's desires as witnessed by the board of education's decision to close the high school building in Kenilworth; school curriculum did not meet the specific needs of each town; there were concerns about the efficiency of the district - the district had the highest per pupil cost in the State (\$16,376) for regular education; Mountainside paid over \$20,000 per student while Garwood paid \$8,600 because the costs were allocated on the basis of equalized valuation.
- A referendum occurred on May 14, 1996. Clark and Garwood voted against dissolution. The other four towns supported deregionalization. The superintendents and regional school board made decisions relating to the transfer of properties, organization, and staff. The process of dividing the liquid assets of the regional district continues.

Recommendations

- 20. Communities considering regionalization and deregionalization should weigh factors such as tax increases, salary increases, and loss of State aid; the existing law or amendments thereto should protect the best interests of all communities involved in the process.**

NEGATIVE CONSEQUENCES OF THE UNION COUNTY REGIONAL DEREGIONALIZATION PROCESS

Findings

- According to some of the constituent municipalities of the regional district testifying before the Assembly Task Force, the Department of Education offered no assistance during the deregionalization process.
- The financial impact on Clark has been somewhat catastrophic. There was a \$0.77 per \$100 of assessed valuation increase in property taxes, and a budget reduction of \$975,000. Clark also experienced a loss of the subsidy it was receiving from the other members of the regional school district, because even though Clark students represented 25% of the student body, Clark only paid 22% of the costs. Clark also was burdened with increased costs due to the fact that the law permitted staff members of the regional district based on seniority to choose districts for which they wished to work and the overwhelming number of senior staff members chose Clark.
- Union County Regional spent over \$1 million in legal fees during the dissolution process.

Recommendations

- 21. Tax projections must be prepared for all communities involved in deregionalization to equalize the share of taxes without creating disproportionate State subsidies and/or increases.**
- 22. The State Department of Education should appoint a fiscal agent to act as liaison to a regional district which formally opts to regionalize or deregionalize.**
- 23. The Department of Education should do a case study analysis of the Union County Regional deregionalization process to provide guidance to other regional school districts contemplating deregionalization.**
- 24. The Department of Education should establish guidelines dealing with the deregionalization process including such items as staffing, salary scales and educational curriculum, as well as policies concerning debt assignment and asset redistribution.**

Assembly Task Force on School District Regionalization

THE TRANSFER OF REGIONAL EMPLOYEES TO THE NEW SCHOOL DISTRICTS AS A RESULT OF DEREGIONALIZATION PRESENTS A MAJOR CHALLENGE

Findings

- Union County representatives who testified before the Assembly Task Force maintained that due to the absence of clear guidelines from the Department of Education, the constituent municipalities of the former regional district encountered problems regarding employment terms and conditions when the district dissolved. There was a very short time between the vote by the public to dissolve in May 1996, the selection process of employees in December 1996, and the formal dissolution on June 30, 1997. Many of the issues were not resolved until the districts were actually in operation, since negotiations were protracted due to lack of guidelines.
- Questions arose whether regional district employees were entitled to the same payment for unused sick days, family leave days, and the same health benefits in the constituent districts as they were entitled to previously. According to the testimony of Union County representatives, these issues were resolved without any direction from the Department of Education.
- The placement of former regional employees on the salary guides of the new districts was an arduous task. Initially, no consistency existed among the various districts in the compensation given to employees of various training and seniority levels. The question also arose as to who would cover the cost of placing the former regional employees on the new constituent district's salary guide (the boards of education or the employees through lower increases).

Recommendations

- 25. Employees should have advance knowledge of their positions, salaries, terms and conditions in new districts. Teacher placement as well as salary and benefit package negotiations should occur prior to the formation or expansion of new districts.**
- 26. Any voluntary regionalization plan should, to the greatest extent possible, protect the rights of school employees relating to seniority, tenure, and health benefits.**

XIV. REPRESENTATION ON REGIONAL SCHOOL BOARDS

Findings

- Prior to 1972, the statute regarding apportionment of membership on a regional school district board of education (N.J.S.A.18A:13-8) provided that, for those districts made up of nine or fewer constituent municipalities, the board would consist of nine members, with each constituent municipality receiving one seat. Any remaining seats would be distributed in proportion to the population. For larger regional districts, those with more than nine constituent municipalities, each municipality was given a seat on the board. North Hunterdon Regional High School District was, and still is, the only regional district with more than nine constituent municipalities that ranged in population from approximately 800 to 5,000 persons in 1972.
- In 1972, N.J.S.A.18A:13-8 was amended in an attempt to provide fairer representation to those persons residing in the North Hunterdon Regional High School District. Franklin Township, a member of the regional district, decided that even under this new system it was not being represented fairly and brought suit challenging the apportionment of seats on the board. (Township of Franklin v. Board of Ed. of the North Hunterdon Regional High School, 74 N.J. 345 (1977))
- The court in this case held that the range of relative deviation from the largest to the smallest number of persons represented by each board member may not exceed 10% of the average number of persons represented per board member. The amendment in 1972 merely changed the range of relative deviation from 173% to 50%, which did not meet the 10% mark set by the court. In 1979, the law was changed to reflect the court's decision, and has remained essentially the same since that time. For North Hunterdon Regional High School District, the apportionment on the board is accomplished by following a multi-step process. The board number is set at the number of constituent municipalities plus one. The small constituent municipalities are then grouped together forming representative districts large enough to justify one seat on the board. The final step is determining the weighted voting for each member of the board.
- In the most recent case involving the apportionment of membership on a regional school district board of education, the federal district court in New Jersey, applying the "one-person, one-vote" principle, declared unconstitutional N.J.S.A.18A:13-8 as it applied to the Freehold Regional High School District Board of Education. (Township of Marlboro v. Board of Education of the Freehold Regional High School, 992 F.Supp. 756 (D. N.J. 1998) and 9

Assembly Task Force on School District Regionalization

F.Supp.2d 500 (D. N.J. 1998)). The range of relative deviation was found to be 171.2%, or 17 times the maximum allowable divergence suggested by the courts. The plan agreed to by Judge Wolin in this case, that will be used to determine the apportionment of the membership of the board, is similar to the method used in North Hunterdon Regional High School District for apportioning its board membership. The plan fosters balanced decision-making and still permits parity of voting between the larger and smaller constituent municipalities. It is important to note that the decision in this case only applied to this particular regional school district.

- Dr. Reock in his Assembly Task Force testimony referred to his report done in 1983, "*Apportionment of Membership on New Jersey Regional School District Boards of Education*," in which he found that 55 of the 68 regional school district boards of education did not meet the maximum acceptable range of deviation set by the courts.

XV. CASE STUDY: REJECTION OF REGIONALIZATION AND WITHDRAWAL FROM A SENDING-RECEIVING RELATIONSHIP

Findings

- Plumsted, which was in a very costly sending-receiving relationship with Upper Freehold Regional School District, completed feasibility studies to determine the effects that regionalizing with Upper Freehold, Roosevelt, Millstone and Allentown would have on its municipality. Initially they found that although the other towns' taxes would stabilize, Plumsted's taxes would rise. Other phases of the study revealed that Plumsted would:
 - Lose Federal Impact Aid (\$400,000 per year);
 - Incur costs because it would have to become involved again in the delivery of services it had previously privatized;
 - Have to pay teacher and support staff salaries and provide benefits matching the new regional salary guide; such a request would incur additional salary costs of approximately \$300,000.
- After abandoning the proposed regionalization plan, Plumsted began to look for a sending-receiving partner other than Upper Freehold. They contacted municipalities with high schools located within a forty-five mile radius around Plumsted, but all of them declined to become a receiving district despite the fact that they would gain additional income and property tax reductions. Some districts that declined to receive would have had to build more facilities to accommodate the Plumsted students. Hometown territoriality also was cited as a reason for lack of interest on the receiving district's part.
- Plumsted considered remaining in its current sending-receiving relationship with Upper

Assembly Task Force on School District Regionalization

Freehold. However, a concern existed about increasing tuition costs. The Upper Freehold Regional District was about to proceed with a building program to enlarge a high school for the purposes of accommodating students from Plumsted. The costs of the building program would have resulted in substantial tuition increases for Plumsted. Although tuition costs being charged by Upper Freehold were expected to increase, the amount of State aid which Plumsted would receive would remain constant. One way to pay for the increased tuition was to increase property taxes, which Plumsted could not support. The only other solution was to scale back the K-8 program offerings. Plumsted had already been forced to eliminate algebra in the eighth grade and also some extra-curricular activities as a cost saving measure.

- Plumsted, in order to not increase property taxes, decided to build its own high school. Plumsted's feasibility study evaluating racial balance, economic impact and academic impact found that in five years it would save \$5 million in five years if it built its own high school. Upper Freehold Township did not fight Plumsted's decision to withdraw students from the sending-receiving relationship due to the influx of students from Millstone.
- Plumsted anticipates its high school will be completed in 1999 but it will take four years to integrate each grade level. The municipality made the decision to construct its own high school in light of its projection that such a move would reduce costs without impairing educational quality.

Recommendations

- 27. The decision to regionalize should be made on a case-by-case basis. According to testimony received by the Assembly Task Force, school regionalization does not necessarily save money across the board. Preserve racial balance, analyze economic impact, and evaluate academic curriculum to ensure that school district regionalization is a sound initiative.**

XVI. CASE STUDY: ENDORSEMENT OF CONSOLIDATION ON THE BASIS OF EDUCATIONAL ADVANTAGES AND A RELATIVELY NEUTRAL ECONOMIC EFFECT

- The Upper Freehold Regional School District, consisting of Allentown Borough and Upper Freehold Township, has considered expanding to include the Millstone Township School District. The two districts are contiguous and Millstone Township high school students attend Allentown High School on a sending-receiving basis. Upper Freehold Township and Millstone Township have experienced residential growth resulting in increased enrollments.
- **“A Study of the Feasibility of the Expansion of the Upper Freehold Regional School**

Assembly Task Force on School District Regionalization

District to Include the Millstone Township School District’ (October 15, 1998) indicated the advantages of an expanded regional district, citing new opportunities for curriculum development, common textbooks, teacher in-service, and coordinated curriculum for all grade levels to reduce gaps in instructional areas. Under an expanded regional district, a state-of-the-art middle school would be built with an expanded and inter-disciplinary program of studies and increased co-curricular activities and programs.

- Under consolidation, the study maintained that several fiscal advantages could be realized. Approximately \$362,000 in savings would occur with the expansion. The borrowing margin of the expanded district would increase. Tax rates in Upper Freehold Township and Millstone Township would vary only tenths of a cent. Allentown’s tax rate would increase because of the low assessment of property in the borough. If Millstone Township elected to build its own high school and end its sending-receiving relationship with Allentown High School, Millstone would experience an increase in the tax levy for each homeowner of about \$500 per year.
- The October 1998 study recommended that the Millstone Township School District and the Upper Freehold Regional School District consolidate based largely on the significant educational advantages that the students from both school districts would achieve and the relatively neutral economic effect of consolidating these districts. However, it should be noted that final recommendations are still pending.

XVII. IMPORTANT POLICY CONSIDERATIONS

Does School Consolidation/Regionalization Result in Greater Savings and Efficiency?

1. While it appears that most of the testimony the Assembly Task Force received illustrates that school consolidation does not always translate into savings, the Assembly Task Force lacks comparative quantifiable data which measures efficiency, education curriculum quality, and savings due to administrative and personnel cost reductions in existing regional school districts. To our knowledge, this data has simply not been gathered by the N.J. Department of Education. Two letters have been sent to the N.J. Department of Education requesting available data. A department response indicates that quantitative data concerning regionalized school districts does not exist. Thus, the Assembly Task Force recommends in its report that the State Department of Education begin gathering information to measure outcomes of regional school district arrangements by applying consistent standards. (See Recommendation # 18)

Is It Feasible to Devise a New Formula for Eliminating Disparity of Costs among Constituent Municipalities Within a Regional School District?

2. While those testifying before the Assembly Task Force and prior reports on the subject matter generally agree that the elimination of the disparity of costs among constituent communities which belong to existing regional school districts is an important goal, no one has offered specific or detailed ways of achieving this objective. Inevitably, any formula change will result in “winners” and “losers.” Notwithstanding the feasibility of designing a new formula, the only other option would be State aid from the General Treasury. However, the Assembly Task Force believes that an important question must be answered in connection with State financial aid to regionalized school districts. Is it worth pumping financial aid into an arrangement which has not definitively proven to be cost-effective and efficient in all circumstances?

3. In Chapter III of the Property Tax Commission’s September 1998 Report, the group states that “the tax-supported costs of education must be lowered, either by regionalizing districts or by increasing their efficiency through regional and shared services.” They acknowledge the NJ Regionalization Advisory Panel January 1998 report and recommend “revising the funding mechanism for regional school districts to make sure that cost inequities among merging districts are eliminated.” The commission calls upon the Governor to direct the Commissioner of Education to develop such a formula for regional school districts.

What Type of Financial Incentives Should Be Offered to Promote Voluntary Regionalization?

4. Some of the past reports prepared about school consolidation/regionalization recommend financial incentives but they do not detail the type of incentives other than citing they should be

Assembly Task Force on School District Regionalization

offered for a longer period of time.

The Assembly Task Force notes that analysis should be given to the following question. Will the financial incentives outweigh the potential cost-savings associated with actual school district regionalization?

What Kind of Statutory and Regulatory Changes Can Be Made to Promote Voluntary Regionalization?

5. Certain reports (i.e. N.J. Regionalization Advisory Panel) recommended statutory and regulatory changes to provide sufficient tools for voluntary regionalization, however, they also fall short of specific recommendations. The Assembly Task Force recommends several changes to the current statutes with regard to: permitting a reassessment of the method of cost distribution if the per pupil cost deviates by more than 10% between any two constituent municipalities of the regional district; streamlining the deregionalization process; providing financial incentives when appropriate to encourage school district regionalization; and permitting the withdrawal from a regional school district when a specified threshold deviation in the per pupil amount paid by each constituent municipality is reached.

Are Regional and Shared Services Sufficient to Realize Savings Rather than Formal Regional School Districts Where Physical Facility and Curriculum Consolidation Becomes a Necessity?

6. It should be noted that the Property Tax Commission and other prior reports “make a clear distinction between instructional and school-related matters, and management and support functions.” The commission report states that “management and support functions...are more suitable to area-wide efforts.” The Assembly Task Force recommends that the sharing of services between school districts and municipalities be encouraged; that the viability of county-wide servicing of all administrative functions, such as bulk purchasing and the sharing of administrative staff, be examined; and that consideration be given to the viability of county-wide school system structures.

ATTACHMENT V

CHART A: TOTAL MUNICIPAL POPULATION

	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>% Change 1970 - 1990</u>
Berkeley	7,918	23,151	37,319	+371.3
Island Heights	1,397	1,575	1,470	+ 5.2
Ocean Gate	1,081	1,385	2,078	+92.2
Seaside Heights	1,248	1,802	2,366	+ 89.5
Seaside Park	1,432	1,795	1,871	+ 30.6
TOTALS	13,076	29,708	45,104	+244.9

Prepared By Borough of Seaside Park

ATTACHMENTS

ATTACHMENT I

**Non-Operating School Districts in SY 1998-99 -
Total Budget vs. Tuition Appropriated**

21-Dec-98

	<u>Total Budget</u> <u>SY 98-99</u>	<u>Tuition Appropriated</u> <u>SY 98-99</u>	<u>Difference</u>	<u>Tuition as %</u> <u>of Total Budget</u>
ATLANTIC				
CORBIN CITY	761,386	573,113	188,273	75%
LONGPORT	643,841	542,368	101,473	84%
BERGEN				
ROCKLEIGH	229,135	174,652	54,483	76%
TETERBORO	14,225	9,146	5,079	64%
CAMDEN				
AUDUBON PARK BORO	1,247,516	1,193,059	54,457	96%
HINELLA	1,040,045	885,539	154,506	85%
PINE VALLEY	41	0	41	0%
TAVISTOCK	17,077	16,995	82	100%
CAPE MAY				
CAPE MAY POINT	140,281	103,126	37,155	74%
WEST WILDWOOD	427,037	391,512	35,525	92%
HUNTERDON				
GLEN GARDNER BORO	2,103,268	1,852,205	251,063	88%

Prepared by the Office of Legislative Services using data provided by the NJ Department of Education. This table includes all school districts identified as non-operating by the NJDOE, except for the Passaic County Educational Services Commission, for which the analysis herein is not illustrative. Total Budget includes all State aid, local levy, miscellaneous revenue and the district's general fund balance. Tuition appropriated is all tuition to be paid by the district in SY 1998-99 to other districts, schools and facilities, as reported in the district's budget submission to the NJDOE.

ATTACHMENT I

	<u>Total Budget SY 98-99</u>	<u>Tuition Appropriated SY 98-99</u>	<u>Difference</u>	<u>Tuition as % of Total Budget</u>
MIDDLESEX				
HELMETTA BORO	1,856,889	1,701,387	155,502	92%
MONMOUTH				
ALLENHURST	293,696	119,225	174,471	41%
INTERLAKEN	277,941	171,131	106,810	62%
SEA BRIGHT BORO	799,498	669,737	129,761	84%
SOUTH BELMAR	1,884,129	1,753,332	130,797	93%
MORRIS				
VICTORY GARDENS	2,254,701	2,020,184	234,517	90%
OCEAN				
MANTOLOKING	229,882	155,191	74,691	68%
SOMERSET				
MILLSTONE	464,055	388,320	75,735	84%
ROCKY HILL	744,669	645,968	98,701	87%
SUSSEX				
BRANCHVILLE BORO	1,180,557	1,084,542	96,015	92%
WARREN				
HARDWICK TWP	1,148,682	1,019,727	128,955	89%
PAHAQUARRY TWP	0	0	0	N/A

Prepared by the Office of Legislative Services using data provided by the NJ Department of Education. This table includes all school districts identified as non-operating by the NJDOE, except for the Passaic County Educational Services Commission, for which the analysis herein is not illustrative. Total Budget includes all State aid, local levy, miscellaneous revenue and the district's general fund balance. Tuition appropriated is all tuition to be paid by the district in SY 1998-99 to other districts, schools and facilities, as reported in the district's budget submission to the NJDOE.

ATTACHMENT I

<u>Total Budget</u> <u>SY 98-99</u>	<u>Tuition Appropriated</u> <u>SY 98-99</u>	<u>Difference</u>	<u>Tuition as %</u> <u>of Total Budget</u>
\$17,758,551	\$15,470,459	\$2,288,092	87%

State Totals =

Prepared by the Office of Legislative Services using data provided by the NJ Department of Education. This table includes all school districts identified as non-operating by the NJDOE, except for the Passaic County Educational Services Commission, for which the analysis herein is not illustrative. Total Budget includes all State aid, local levy, miscellaneous revenue and the district's general fund balance. Tuition appropriated is all tuition to be paid by the district in SY 1998-99 to other districts, schools and facilities, as reported in the district's budget submission to the NJDOE.



JOSEPH R. MALONE III
Chairman

FRANCIS J. BLUE
Vice-Chairman

PETER I. BIONDI
ROSE MARIE HICK
CAROL J. MURPHY
VILFREDO CARABALLO
HERBERT C. CONAWAY JR.
ANTHONY D'OVIEDO
FRED CARUSO
HON. JOHN PETERSON
MURCE M. QUINN

ANITA SAYNICH
Office of Legislative Services
Secretary
(609) 964-6643

New Jersey State Legislature
ASSEMBLY TASK FORCE ON SCHOOL DISTRICT
REGIONALIZATION
STATE HOUSE ANNEX
PO BOX 068
TRENTON NJ 08625-0068

October 5, 1998

Mr. John Sherry
Assistant Commissioner, Division of Field Services
Department of Education
100 River View Executive Plaza
Trenton, New Jersey 08625

Dear Assistant Commissioner Sherry:

We appreciated your testimony before the Assembly Task Force on School District Regionalization on March 26, 1998. The task force is continuing to gather information on school district regionalization and would appreciate any quantitative data that the Department of Education has compiled on the effects of regionalization on improving the curriculum and increasing the efficiency of districts. The task force would also appreciate any quantitative data on any actual cost savings due to regionalization.

We thank you in advance for your cooperation on this matter.

Sincerely,

Joseph R. Malone III
Chairman

Assembly Task Force on School District Regionalization

ATTACHMENT III



NEW JERSEY GENERAL ASSEMBLY

STATE OF NEW JERSEY
JOSEPH R. MALONE III
ASSEMBLYMAN, 30TH DISTRICT
246 ROUTE 130 SOUTH
BORDENTOWN, NJ 08505
(609) 298-6250
FAX (609) 298-6359

COMMITTEES
VICE-CHAIR
EDUCATION
MEMBER, APPROPRIATIONS

November 24, 1998

Mr. John Sherry
Assistant Commissioner, Division of Field Services
Department of Education
100 River View Executive Plaza
Trenton, NJ 08625

Dear Assistant Commissioner Sherry:

We appreciate your past testimony before the Assembly Task Force on School District Regionalization. We are now in the process of compiling information for our draft report.

As a follow-up to my October 5, 1998 letter to you, the Task Force is interested in receiving any quantitative data that the Department may have on file in connection with costs savings, improved educational curricula and increased efficiency that has resulted in existing regionalized districts. While we heard from a number of regionalized districts, there appears to be a lack of comparative qualitative data concerning the effects of regionalization on the latter areas. Thus, if the department has gathered this type of information in a systematic fashion, it would be extremely helpful to our deliberations.

If at all possible, I would appreciate a response in the affirmative or in the negative by mid-December since such information would benefit our Task Force inquiry. It would be helpful if you could also copy Deb Smarth, Director of Special Projects at the Assembly Majority Office, with your response.

We thank you in advance for your cooperation on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "J. R. Malone III".

Joseph R. Malone III
Chairman, Assembly Task Force
on School District Regionalization

ATTACHMENT IV



State of New Jersey

DEPARTMENT OF EDUCATION
PO Box 500
TRENTON NJ 08625-0500

CHRISTINE TODD WHITMAN
Governor

LEO KLAGHOLZ
Commissioner

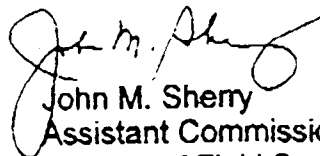
December 11, 1998

Assemblyman Joseph R. Malone III
Chairman, Assembly Task Force on
School District Regionalization
State House Annex
P.O. Box 068
Trenton, NJ 08625-0068

Dear Assemblyman Malone:

This is in response to your letter in which you requested any quantitative data that the Department has compiled regarding the effects of school district regionalization. I have researched our files and have consulted with Department staff. The Department has not conducted any studies or generated any reports on this topic. Please let me know if I can be of further assistance.

Sincerely,


John M. Sherry
Assistant Commissioner
Division of Field Services

JMS:PJC:malone
c: Richard Wright

ATTACHMENT V

CHART A: TOTAL MUNICIPAL POPULATION

	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>% Change</u> <u>1970 - 1990</u>
Berkeley	7,918	23,151	37,319	+371.3
Island Heights	1,397	1,575	1,470	+ 5.2
Ocean Gate	1,081	1,385	2,078	+92.2
Seaside Heights	1,248	1,802	2,366	+ 89.5
Seaside Park	1,432	1,795	1,871	+ 30.6
TOTALS	13,076	29,708	45,104	+244.9

Prepared By Borough of Seaside Park

ATTACHMENT VI

BOROUGH OF SEASIDE PARK
 Central Regional School District - Analysis of Tax Levy Appropriateness
 March 19, 1997

	Equalized Valuation \$	Elementary Enrollment	Regional Enrollment #	% of Total	Total District Enrollment	Regional Enrollment #	% of Total	Regional Equalized Valuation \$	% of Total	Regional School Tax Levy	Regional School Tax per Student	Approx. # of Taxable Properties	Average Equalized Assessment	Reg. School Tax on Av. Property	Equalized Reg. School Tax Rate
1997-98 (Applied to Proposed Central Regional Budget Tax Levy)															
Berkeley Township	2,386,590,410	74.5%	1,785.0	1,452.0	76.0%	3,237.0	44.86%	1,070,624,458	76.2653898%	12,116,784	\$8,345	26,067	\$91,556	\$464,83	0.508
Island Heights	125,426,531	3.9%	141.0	93.5	4.9%	234.5	39.87%	50,007,558	3.5622630%	565,960	\$6,053	880	\$142,530	\$643.14	0.451
Ocean Gate	97,807,909	3.1%	220.0	135.5	7.1%	355.5	38.12%	37,284,375	2.6559335%	421,966	\$3,114	1,096	\$89,241	\$385.01	0.431
Seaside Heights	222,043,609	6.9%	226.0	137.5	7.2%	363.5	37.83%	83,999,097	5.9836330%	950,659	\$6,914	1,924	\$115,407	\$494.11	0.428
Seaside Park	370,817,284	11.6%	120.0	93.0	4.9%	213.0	43.66%	161,898,826	11.5327807%	1,832,289	\$19,702	2,031	\$182,579	\$902.16	0.494
Totals	3,202,685,743	100.0%	2,492.0	1,911.5	100.0%	4,403.5		1,403,814,314	100.0000000%	15,887,657	\$8,312	31,998	\$496.52	\$496.52	Average
1996-97															
Berkeley Township	2,272,209,896	73.1%	1,780.0	1,462.0	78.3%	3,242.0	45.10%	1,024,766,663	76.7963514%	12,196,178	\$8,342	26,067	\$87,168	\$467.88	0.537
Island Heights	125,835,948	4.0%	130.0	90.0	4.8%	220.0	40.91%	51,479,486	3.8578896%	612,679	\$6,808	880	\$142,995	\$696.23	0.487
Ocean Gate	99,073,997	3.2%	197.0	115.5	6.2%	312.5	36.96%	36,617,749	2.7441467%	435,803	\$3,773	1,096	\$90,396	\$397.63	0.440
Seaside Heights	225,064,538	7.2%	209.0	118.0	6.3%	327.0	36.09%	81,225,792	6.0870876%	966,702	\$8,192	1,924	\$116,977	\$502.44	0.430
Seaside Park	386,515,971	12.4%	143.0	81.5	4.4%	224.5	36.30%	140,305,297	10.5145252%	1,669,832	\$20,489	2,031	\$190,308	\$822.17	0.432
Totals	3,108,700,350	100.0%	2,459.0	1,867.0	100.0%	4,326.0		1,334,394,987	100.0000000%	15,881,194	\$8,506	31,998	\$496.32	\$496.32	Average
1995-96															
Berkeley Township	2,170,992,680	72.0%	1,774.0	1,426.0	79.4%	3,200.0	44.56%	967,394,338	76.0091893%	11,792,471	\$8,270	26,067	\$83,285	\$452.39	0.543
Island Heights	116,544,321	3.9%	140.0	84.5	4.7%	224.5	37.64%	43,867,282	3.4466984%	554,739	\$6,328	880	\$132,437	\$607.66	0.459
Ocean Gate	98,043,677	3.2%	191.0	103.0	5.7%	294.0	35.03%	34,344,700	2.6984992%	418,660	\$4,065	1,096	\$89,456	\$381.99	0.427
Seaside Heights	240,805,465	8.0%	197.0	106.5	5.9%	303.5	35.09%	84,498,638	6.6391467%	1,030,033	\$9,672	1,924	\$125,159	\$335.36	0.428
Seaside Park	390,548,854	12.9%	133.0	76.5	4.3%	209.5	36.52%	142,628,441	11.2064664%	1,738,631	\$22,727	2,031	\$192,294	\$856.05	0.445
Totals	3,016,934,997	100.0%	2,435.0	1,796.5	100.0%	4,231.5		1,272,733,399	100.0000000%	15,514,533	\$8,636	31,998	\$484.86	\$484.86	Average
1994-95															
Berkeley Township	2,140,599,487	70.8%	1,775.0	1,352.0	78.1%	3,127.0	43.24%	925,595,218	73.9886732%	11,282,039	\$8,345	25,649	\$83,457	\$439.86	0.527
Island Heights	120,101,498	4.0%	130.0	82.5	4.8%	212.5	38.82%	46,623,402	3.7269031%	568,291	\$6,888	880	\$136,479	\$645.78	0.473
Ocean Gate	102,225,059	3.4%	194.0	93.5	5.4%	287.5	32.52%	33,243,589	2.6573701%	405,205	\$4,334	1,096	\$93,271	\$369.71	0.396
Seaside Heights	255,544,820	8.4%	258.0	118.5	6.8%	376.5	31.47%	80,419,955	6.4284750%	980,235	\$8,272	1,924	\$132,820	\$509.48	0.384
Seaside Park	406,884,349	13.4%	123.0	84.0	4.9%	207.0	40.58%	165,113,669	13.1985787%	2,012,563	\$23,959	2,031	\$200,337	\$990.92	0.495
Totals	3,025,355,213	100.0%	2,480.0	1,730.5	100.0%	4,210.5		1,250,995,833	100.0000000%	15,248,333	\$8,812	31,580	\$482.85	\$482.85	Average

Prepared by the Borough of Seaside Park