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Factors Considered When Deciding To Regionalize Or Deregionalize As Identified In Feasibility Studies Undertaken By Boards of Education

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**FACTORS CONSIDERED WHEN DECIDING TO REGIONALIZE OR
DEREGIONALIZE AS IDENTIFIED IN FEASIBILITY STUDIES
UNDERTAKEN BY BOARDS OF EDUCATION**

BY

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Of the Requirements for the Degree
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ABSTRACT

Factors Considered When Deciding To Regionalize Or Deregionalize As Identified In Feasibility Studies Undertaken By Boards Of Education

By: Anthony P. Sciarrillo

Boards of education in the State of New Jersey have attempted to lower their costs of education while still maintaining efficient programs of learning for their students. Regionalization has been investigated in some circumstances to achieve this balance.

Nineteen regionalization or deregionalization feasibility studies are reviewed to gain a better understanding of what factors may have a major impact in a board of education's decision to consolidate or deconsolidate a regional district. The author notes and analyzes the major qualitative and quantitative factors that influence a board of education's decision to proceed with consolidation or deconsolidation. Myths behind regionalization decision-making are examined, trends in regionalization and deregionalization are recognized, and common problems in feasibility studies are identified.

Various studies and guidelines composed by the State of New Jersey are also considered in this analysis. Recommendations are included for additional studies concerning regionalization and deregionalization within New Jersey.

Acknowledgements

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Chapter I

Introduction

The issue of regionalization or deregionalization has been the subject of a number of feasibility studies undertaken by boards of education throughout New Jersey. Regionalization is authorized by statute to unite two or more school districts to provide educational services to the students of the constituent school districts. Regional school districts are governed by the same provisions as are Type II school districts unless otherwise provided by law (N.J.S.A. 18A:13-1). There are two types of regional school districts. All-purpose regional school districts are organized to run all the schools of the municipalities included in the regional district. Limited purpose regional school districts are organized to provide and operate in the territory comprised within such districts of one or more of the following: elementary schools, junior or middle schools, high schools, vocational schools, special schools, health facilities or particular educational services or facilities (N.J.S.A. 18A:13-2).

Regional school districts are supervised by the county superintendent of the county of the constituent district with the greatest amount of ratables (N.J.S.A. 18A:13-4). The board of education of the regional school district consists of nine members, unless there are more than nine constituent districts, in which case the number of members will be one more than the number of districts. Regionalization consolidates “a sufficient number of pupils and financial resources to offer a broad, articulated, and comprehensive educational program” (Klagholz and Contini, 1993, p. 9). New Jersey

encourages consolidation as a step towards fiscal savings and efficiency (Bipp, et al., 1998). The process also grants financial incentives for most districts through tax relief. However, this occurs at the expense of at least one district in a newly regionalized district and at the cost of local control.

Regionalization should not occur for every independent school district. However, in some circumstances, it can reduce costs. The goal of regionalization is to eliminate possible redundancies within the school districts. Districts must be willing to spend a significant amount of money to study the benefits and savings in comparison to the drawbacks of regionalization. Transportation costs must be examined closely because they may increase due to expanded routes. Strong consideration towards the effects of consolidating faculty and administrators is essential. The removal of redundant positions can cut costs, but salaries as a whole may increase due to transferable tenure rights and renegotiations for all bargaining units. The biggest concern for consolidation is preventing any one constituent from property tax increases. This is difficult to achieve because one school district must compensate for lower taxes in other municipalities.

Studies are unclear, as they support and oppose the effect of large schools on scholastic achievement. The expenses of a complex regionalization process, the cost of studies to determine the effectiveness of regionalization, the lack of state aid, and a difficult deregionalization process make regionalization unappealing to most districts. However, districts under 300 students or of a single school district may improve efficiency and costs through consolidation. Otherwise, money may be allocated more efficiently to sending-receiving districts or completely independent school districts. Mandated regionalization is extremely unpopular and does not appear to be a prudent

action in any circumstance. A considerable amount of time, thinking, planning, and money are necessary to form a regional school district, which therefore requires more state aid to become more popular and successful.

Deregionalization is a partial or complete dismantling of an existing regional school district. A partial deregionalization is completed when one or more school districts withdraws from an existing regional school district and creates an independent, typically K-12, school district contiguous with the geographic boundaries of the municipality. Complete deregionalization results in the complete dissolution of the regional school district into two or more independent K-12 school districts with or without a possible send-receive relationship. A send-receive relationship is a contractual relationship between two or more school districts where one or more districts (the sending districts) send students to the hosts (the receiving districts) for the education of its students. This relationship is pursuant to a multi-year contract that specifies services and the annual per pupil tuition rate. Upon complete dissolution and based on the date of dissolution, the former members divide up all assets and provide educational services to their students.

Statement of the Problem

The purpose of this study is to identify and analyze the factors taken into account by boards of education when they consider the possibility of creating a regional school district or withdrawing from or dissolving an existing regional school district.

It is the intention of this researcher and the design of this study to examine the factors considered by the boards of education as addressed in their feasibility studies and how those factors impacted the board's decisions.

Research Questions

There have been a number of studies addressing the feasibility of regionalization.

These studies share certain consensus points:

1. Not every school district is conducive to a regionalized arrangement.
2. The diverse array of statutory and regulatory schemes has created financial disincentives (often unintended) to school regionalization.
3. Providing incentives for voluntary regionalization when positive educational and economic benefits accrue is a less contentious route.

Deregionalization is a much more personal or local issue. There are no statewide or global studies addressing the issue. Deregionalization or withdrawal studies while done on a local level share a perspective even when their specific points do not align:

1. Deregionalization studies spring from the dissatisfaction of one or multiple members of the district.
2. The reason for dissatisfaction is local. It may be the per pupil cost, lack of impact, curricular programs, athletic success, fluctuation in student population, or change in political influence.

This study will focus on the following questions regarding the decision to regionalize or deregionalize:

1. Do boards of education consider the same factors when making a decision to regionalize?
2. Is there a hierarchy of factors and if so, what is their relative impact on the decision to regionalize?

3. Do boards of education consider the same factors when making a decision to deregionalize?
4. Is there a history of factors and if so, what is their relative impact on the decision to deregionalize?

Significance of the Study

This study is significant because it will be the first study to examine a sampling of feasibility studies on the issues of regionalization and deregionalization.

New Jersey has approximately 600 school districts. The large number of school districts is due, at least in part, to a long tradition of local control and "home rule".

Over the past 30 years there have been a number of studies concerning regionalization. While studies have identified inducements to encourage regionalization and the reasons that the regionalization process has failed, no study has examined the factors considered by the individual board of education when making a decision to regionalize.

Deregionalization has become an increasingly chosen consideration in spite of increasing per pupil costs and the apparent political pressure to regionalize. This study will examine the factors taken into account by boards of education when considering withdrawal from or dissolution of a regional school district.

This study will expand the field of information concerning regionalization and deregionalization by examining the factors considered by boards of education and providing a compilation and analysis of those factors from a sampling of feasibility studies.

Limitations of the Study

This study is limited to a review of nineteen feasibility studies. Time does not permit the study to be expanded to include any other feasibility studies and to examine whether the boards of education who undertook the studies regionalized or deregionalized.

The study does not examine the position of the other participants in a decision to regionalize or deregionalize. The study is limited by the willingness of the authors or subjects of the feasibility studies to share the information that lead to the study or the study itself. While the information falls within the public domain, there is an unwillingness to provide copies and many school districts only did so upon significant prodding.

Time also does not permit a follow-up on the studies to determine where and when the studies resulted in school district organization or structure.

Definition of Terms

The Advisory Administrative Procedures, Questions and Answers Concerning the Formation of Regional School Districts – It was published by the New Jersey Department of Education in 1993. It outlines the history of regionalization in New Jersey, provides procedures for pursuing regionalization, recommends a format for determining the feasibility of regionalization, and answers frequently asked questions (Klagholz & Contini, 1993).

All Purpose Regional School Districts – These are organized to operate as a wholly new and separate regional school district from its constituent districts. It offers full educational services for its constituents (N.J.S.A. 18A:13-2a).

Assessed Valuations – A proportional value for property, assessed by tax assessors, for real property taxes in a municipality (NJ Dept. of Community Affairs, n.d.).

Board of Education – The governing body which conducts and supervises a school district (N.J.S.A. 18A:10-1). It shall hold public meetings at least once every 2 months when schools are in session (N.J.S.A. 18A:10-6). It may create, amend, or repeal rules, but it must always act consistently with the rules of the State Board of Education (N.J.S.A. 18A:11-1c).

Chief School Administrator – A term for a school district superintendent (NJ Department of Education, 2005).

Constituent Districts – Member districts/municipalities of a regionalized school district.

Core Curriculum Content Standards (CCCS) – Adopted by the State Board of Education in 1996 to establish a framework of standards that a student should know from his/her public education. It also provides guidelines for teachers and curriculum coordinators for content areas that must be taught in class. It aims to better prepare students for post secondary education and employment. The CCCS are for all students of all ages, ambitions, races, abilities, and disabilities in New Jersey (NJ Dept. of Education, n.d.).

Debt Service –

Means and includes payments of principal and interest upon school bonds and other obligations issued to finance the purchase or construction of school facilities, additions to school facilities, or the reconstruction, remodeling, alteration, modernization, renovation or repair of school facilities, including furnishings, equipment, architect fees and the costs of issuance of such obligations shall include payments of principal and interest upon bonds heretofore

issued to fund or refund such obligations and upon municipal bonds and other obligations which the Commissioner approves as having been issued for such purposes. N.J.S.A. 18A:7F-3)

Deregionalization – The removal of one or more districts from a regional school district. Deregionalization can lead to the dissolution of a regional school district or its continued existence but smaller size.

District Factor Groups (DFG) – A form of measuring a community's socioeconomic status. It takes into account six factors based on the census: “1. Percent of adults with no high school diploma (18.5%), 2. Percent of adults with some college education (18.4%), 3. Occupational status (19.0%), 4. Unemployment rate (12.7%), 5. Percent of individuals in poverty (14.3%), 6. Median family income (17.1%)” (NJ Dept. of Education, n.d.a). It is significantly applied for “1. analysis of student performance on statewide assessment examinations, 2. Abbott district classification, and, to a lesser degree, 3. the provision of State education aid” (NJ Dept. of Education, n.d.a). Communities are grouped together with similar socioeconomic scores. DFG groups ascend in order: A, B, CD, DE, FG, GH, I, and J (NJ Dept. of Education, n.d.a).

Enrollment Only Formula – Constituent districts in a regional school district pay the per pupil cost for the students living in their own districts. Thus, if the per pupil cost of a regional school district is \$6,000, and Constituent District A sends 500 students and Constituent District B sends 1,000 students, \$3,000,000 would be the cost for district A and \$6,000,000 would be the cost for district B (Malone, et al., 1999).

Equalized Valuation – It attempts to reflect the fair market value for property, through taking the assessed value and multiplying it by a property value multiplier to equalize values by local assessors (Wisconsin Dept. of Public Instruction, 2005). This is

the value applied to the tax rate to determine how much is to be paid in property taxes (“Finance – Property Tax Terms”, n.d.).

Feasibility Study – An in-depth review that takes into consideration how a regionalized school district would impact the constituent members in terms of enrollment, demographics, racial composition, fiscally (taxes and budgets), facilities, legally, and educationally (students, faculty, administrators) (Klagholz and Contini, 1993).

Home Rule – A municipality manages its own individual departments and organizations: police department, fire department, education, politics, utilities, etc. The Home Rule Act of 1917 granted this right to tax, fire and police departments, and welfare and health services. Each municipality funds its own services (Trafford, 1995).

Legislature – Stands for State Legislature, whose responsibility is to enact state laws. It may also adopt a resolution which presents opinions or recommendations from the Legislature’s members. The State Legislature is comprised of a 40-member Senate and 8-member General Assembly.

Limited Purpose Regional School Districts – The organization of a school district to offer one or more of the following limited services for constituents, “elementary schools, junior high schools, vocational schools, special schools, health facilities, or particular educational services or facilities” (N.J.S.A. 18A:13-2b).

Per Pupil Costs – The average spending on each pupil by the State for the services provided by the district which may include early childhood education programs, special education, bilingual education, vocational schools, etc. (NJ Department of Education, 2005, March). It also represents the sum of tuition, related services, and residential costs

that would be charged for an out of district student to receive a district's educational services (NJ Department of Education, n.d.c)

Regional Efficiency Development Incentive Program (REDI) – Department of Education program that was enacted by the State Legislature in 1999. It provides monetary incentives for conducting feasibility studies.

Regional School District – One or more school districts united to provide educational services and governed by the same provisions as Type II school districts unless otherwise provided by law. Regional school districts are under the supervision of the county superintendent of the county in which the constituent districts having the greatest amount of ratables are located (N.J.S.A. 18A:13-1, *et. seq.*).

Regionalization – The merging of school districts to form a larger “regional” school district. It may combine facilities, student bodies, faculties, administrators, and services (Morley, 1997).

School District – Established by N.J.S.A. 18A-8. There are two different types of school districts. Type I districts are formed when its board of education members are appointed by the municipality's mayor. Type II districts' board members are elected and its school budget is submitted for voter approval (NJ Dept. of Education, n.d.b).

School Site Council – An assembled body, composed of teachers, parents, administrators, and other interested community members who collaborate on the development and maintenance of a school's improvement plan (School Wise Press, Inc.).

Tax Levy – The property tax rate expressed in \$X/\$100.00 of assessed valuation for a municipality's taxes (Churchill County Office of Assessor, n.d.).

Taxing District – An area with clear boundaries that establishes the jurisdiction of a taxing body, e.g. town, city, state (“Finance - Property Tax Terms”, n.d.).

Chapter II

Review of Studies and Guidelines Regarding the Formation and Dissolution of Regional School Districts

Multiple studies and guidelines issued by the State, its agencies, and legislative committees examine the formation and dissolution of regional school districts across New Jersey. While these studies fail to agree upon the ideal conditions for successful school district regionalization, they outline the various advantages and disadvantages of regionalization, pinpoint problems and potential solutions with the current system, summarize the pertinent processes districts must follow, and identify relevant factors in the decision-making process. A summary of the relevant studies and guidelines from 1993 until present follows.

Advisory administrative procedures, questions and answers concerning the formation of regional school districts

Historical review

The “Advisory Administrative Procedures, Questions and Answers Concerning the Formation of Regional School District” was published in 1993. It begins with a historical review of regionalization in New Jersey. The State attempted as early as 1871 to reduce the number of school districts from the 1,390 then-existing districts by withdrawing State aid when enrollment fell below a certain level. While the number of districts initially fell, it rose again to 1,408 by 1893. The later-enacted Township Act

abolished school districts by making the township and school district boundaries identical, and reduced the number of districts to 374 (Klagholz and Contini, 1993).

In 1931, school districts were statutorily authorized to create regional districts. Incentive aid was offered in 1954 to encourage regionalization, but resulted in only 69 regional school districts. A deregionalization statute was subsequently created in response to the population boom of the sixties and seventies. The continued interest in regionalization has resulted in multiple studies regarding the costs and benefits of regionalization and deregionalization, according to the report (Klagholz and Contini, 1993).

Administrative procedures for forming a regional school district

The Advisory Report (Klagholz and Contini, 1993) outlines the procedures school districts must follow when regionalizing. First, the board of education considering regionalization should request an informal fact-finding meeting with the County Superintendent to identify the relevant issues. The County Superintendent arranges an informal fact-finding meeting with all interested boards and chief school administrators to discuss the initiation of a feasibility study, including fiscal responsibility for the study and the need for each school district to pass an authorizing resolution.

If the feasibility study is approved, an advisory committee is established, comprised of at least two board members from each district, the chief school administrator, the board solicitor, and community representatives appointed by the board of each district (Klagholz and Contini, 1993). The advisory committee develops a plan to implement the study; reviews the study as it progresses; and reports the content and progress of the study to the boards.

If regionalization is advised, the study is submitted to the County Superintendent for review. Each board must also submit its final action on the proposed plan, with copies of the adopted resolutions and final reports, to the County Superintendent. The County Superintendent submits a written request to the Commissioner of Education for approval of the plan and permission to set a date for referendum (Klagholz and Contini, 1993).

The County Superintendent also forwards the feasibility study to the Division of Urban and Field Services for review by a committee. Upon completion of the committee's review, the final report with recommendations is submitted to the Assistant Commissioner of the Division of Urban and Field Services (Klagholz and Contini, 1993).

If the Commissioner of Education grants permission to set a referendum date, a special election must be held (Klagholz and Contini, 1993). The referendum may include a request for authorization to issue promissory notes or temporary loan bonds to pay for the current expenses of regionalization. If the voters in each district approve the proposition, the County Superintendent sets the date for formation, organization, and operation of the new regional district, and appoints board members to the new regional board. The new regional board requests that the County Superintendent approve a chief school administrator, subject to State Board of Education approval.

Recommended feasibility study format

The Advisory Report (Klagholz and Contini, 1993), noting that no recommended format for feasibility studies exists, recommends the factors and issues such studies should address so that districts can make well-informed decisions.

First, the study should analyze the constituent districts, including: (a) a brief history of the district; (b) a map of the proposed regional district which identifies the present and proposed regional districts' schools; (c) a list of the buildings in the proposed regional district and the constituencies, including the buildings' dates of construction, additions, size of sites, present and anticipated grades, number of classrooms, present and anticipated enrollment, curricula, portable classrooms, and the placement of any student overflow; (d) the instructional adequacy of the constituencies' facilities; (e) safety and structural evaluations of the facilities; (f) the population of each constituency; (g) the demographics of each constituency; (h) former regionalization activities; and (i) proposed housing construction within the constituencies (Klagholz and Contini, 1993).

Current and projected enrollment must also be provided in a consistent manner (Klagholz and Contini, 1993). Specifically, the study must outline enrollment data for the past 5 years, by grade, of each constituency; and the projected enrollment for the ensuing 5 years for each constituency and the proposed regional district. To enable districts to understand potential population growth, the Advisory Report suggests using: (a) the cohort survival ratio projection, which is a short-range forecasting tool based on the number of students in one grade who will survive and attend the following grade, accounting for migration and retention; (b) demographic information including percent of population, where the percentage of school-age children in the population is compared to anticipated population growth to determine future pupil population; and (c) past enrollment of the constituent districts.

The Advisory Report (Klagholz and Contini, 1993) emphasizes that straight line enrollment projections are not acceptable, and that projected populations are subject to

interpretation and should be analyzed in light of the economic, social, and local characteristics of the particular district in question. Additionally, such projections should account for migration to and from private schools, which occurs most frequently before first and ninth grades.

A detailed education plan, including class size, educational specifications, grade level organization, curriculum, student travel times, support services, staffing, special education, and information regarding the adequacy of facilities should also be outlined in the study, according to the Advisory Report (Klagholz and Contini, 1993). The effect of regionalization on the racial balance within the district, and the racial composition of the student population within each constituent, should also be articulated.

The cost of regionalization remains one of the most important decision-making factors (Klagholz and Contini, 1993). Accordingly, the accuracy of financial information in a feasibility study is critical, and should include the following: (a) equalized assessed valuations of each constituency, which are used to apportion costs among the districts; (b) the borrowing margin of each district, using an average of three years; (c) the apportioned share of current expense and debt service among the constituents, assuming the existence of the proposed regional district; (d) a comparison of the per pupil costs of the constituents versus the proposed regional district; (e) the existing debt service of the constituent districts applicable to the proposed regional district; and (f) an estimated tax levy for the proposed regional district.

For all purpose regional districts, the tax levy is estimated based on the equalized assessed valuations of the constituents, which are used to determine the apportionment of the costs of current expenses and debt service among the districts.

For limited purpose regional districts, the annual appropriations, including the amounts to be raised for debt service, are appropriated among the municipalities based on the portion of each municipality's equalized valuation allocated to the regional district (Klagholz and Contini, 1993). The amount allocated to the regional district is calculated by comparing the total student enrollment in the constituent districts to the total number in the regional district who reside in the constituent district. The resulting percentage is then multiplied by the equalized valuation of the municipality. This product is the percentage share of the municipality's equalized ratable assigned to the constituent district, with the remaining percentage assigned to the limited purpose regional. Each constituent district's ratable assigned to the limited purpose regional is then divided into the total equalized valuations of the regional. This percentage is the share of the total tax levy assigned to the municipality (Klagholz and Contini).

Increases in equalized valuations must also be estimated in the feasibility study to project apportioned costs in the future (Klagholz and Contini, 1993). The estimated increases are based upon the average increases for at least five years prior to regionalization.

Estimated increases in budgets must also be included in the study (Klagholz and Contini, 1993). For all purpose regionals, the estimated budget is calculated using the constituent districts' audit reports of expenditures for at least 5 previous years, and adjusting the budget by the percentage of pupils who would have enrolled in the regional had it existed. The expenditures for the previous 5 years are analyzed to calculate the average yearly increase. The adjusted budget for the 5th year is used as a baseline to project the average increase for the 3 years following regionalization. To estimate the

budget for limited purpose regionals, the calculation is based upon the same percentage used to determine the annual appropriations as outlined above.

For the three years following regionalization, the costs of transportation (accounting for the possibility of increased and longer bus routes), special education, and other needs must also be estimated in the study (Klagholz and Contini, 1993). The financial portion of the feasibility study should also include a review of the constituent districts' annual audits for the previous 5 years, identifying any information that may influence the financial stability of the proposed regional.

The information concerning the facility needs of the proposed regional is also crucial to the study (Klagholz and Contini, 1993). The conversions of buildings, costs for existing facilities, construction needs, and costs of new facilities must be identified. These costs should be then added to the existing debt service to be assumed by the proposed regional. The impact of regionalization on existing schools must also be analyzed, including: (a) the appropriateness of the facility relative to the overall program, (b) identification of special instructional areas and anticipated expanded programs, (c) age and functional capacity, and (d) an updated long-range facility plan for each school.

Legal considerations should be set forth in the study and should include: (a) an apportionment of seats and terms of office on the proposed regional board; (b) the impact on staff tenure and seniority; (c) a plan for the transitional phase of the regional; (d) a plan for the reallocation of staff; (e) the issues concerning ownership of buildings and the name of the proposed district; and (f) the date of the special election (Klagholz and Contini, 1993, p. 13).

A plan to make the public aware of the proposed regional district, and to offer a forum for public input, must be detailed in the study (Klagholz and Contini, 1993). Additionally, a projected budget to cover the costs of transitioning to a regional district should be articulated.

Finally, the feasibility should include a summary which describes the advantages and disadvantages of regionalization, including: (1) educational program, (2) facilities, (3) pupil distribution, (4) racial balance, (5) fiscal information, (6) governance and management, and (7) state certification and classification status (Advisory Report, 13).

According to the Advisory Report (Klagholz and Contini, 1993), the foregoing information, if included in the feasibility study using data that is consistent, compatible, and current, is sufficient to adequately inform a district as to whether regionalization is feasible.

Questions and answers concerning the formation of regional districts

The Advisory Report (Klagholz and Contini, 1993) provides information regarding the formation of regional school districts in a question-answer format. The following is a summary of the information provided.

Types of district; designation of district; formation of districts; district elections

According to the Advisory Report (Klagholz and Contini, 1993), regional school districts are categorized as Type II districts. Regional districts are created as either all purpose or limited purpose districts, but the process of creating either is identical. The operation of a regional district is essentially the same as any other school district, and the board functions in the same manner as any Type II board. Type I and Type II districts

may regionalize; two or more districts, a consolidated district, or a district comprising two or more municipalities may regionalize.

According to the Advisory Report (Klagholz and Contini, 1993), the benefits of regionalization include: a broad, articulated, and comprehensive educational program due to increased financial resources and pupil population; the opportunity for constituents to participate in the policies, governance and costs of the district, which is precluded in sending-receiving relationships; and the possibility of an economical cost of operation, although the report notes that “in some cases the original start-up costs of operation may be higher” (pp. 15-16).

According to the Advisory Report (Klagholz and Contini, 1993), a regional district may be formed whenever a board of education and the Commissioner of Education determine it is advisable. The majority of the voters of each proposed constituent district must approve the creation of a regional district at a special election. If approved, a regional district becomes effective on the 20th day following the special election. The report also notes that the Commissioner of Education may mandate the formation of a regional district pursuant to N.J.S.A. 18A:13-34.

The board proposing the regional district, upon approval by the Commissioner of Education, must call a special election to obtain voter approval (Klagholz and Contini, 1993). The special election must occur on the same date in each of the proposed constituent districts, but it cannot take place on any day before April 15 or after December 1 of any calendar year. The election is conducted in the manner set forth for special elections in Type II districts.

At the special election, the board may also request approval for the issuance of bonds for any purpose stated in N.J.S.A. 18A:24-5 (Klagholz and Contini, 1993). In limited purpose districts, the board may request approval for promissory notes or temporary loans. Boards may also submit to the voters provisions for operational funds and building referenda. Additionally, the proposed operational budget may be included for all purpose regionals.

According to the Advisory Report (Klagholz and Contini, 1993), the County Superintendent determines the results of the special election and notifies the constituent boards following receipt of the certificate of the election results from the board secretary of each constituent. The regional district, along with any approved proposals, becomes effective on the twentieth day following the special election.

Regional district elections for the purpose of raising annual appropriations must be conducted in accordance with the election process for Type II districts, except that there must be at least one polling place in each of the constituencies (Klagholz and Contini, 1993). The annual regional school district election is held on the third Tuesday in April, at which the proposed amount of money required for current expense and capital outlay, in addition to other proposals permitted by statute, are submitted to the voters. Any school elections following the creation of the regional district are determined by counting the total vote of the entire regional district without regard to the constituent districts.

According to the Advisory Report (Klagholz and Contini, 1993), if the voters reject the entire appropriation or any items necessary to meet the annual costs of

education in the regional district, the rejected items are submitted to the governing body of the municipality comprising the regional district. After consulting with the regional board, the municipality must certify to the County Board of Taxation the amount necessary to provide a thorough and efficient system of education. The certified amount must be included in the tax levied by the municipality for such appropriation. If the municipality fails to certify or fails to agree and certifies different amounts, the Commissioner of Education determines and certifies the amount necessary, in his judgment, to provide a thorough and efficient system of education.

When constituent districts join to form an all purpose regional, the constituent municipalities of the regional district are considered to be constituent districts of the regional district (Klagholz and Contini, 1993). The board of a regional district is a corporate body and is known as “the board of education of the regional school district including the school districts of [names of constituent districts and names of counties in which each is situated]” (p. 17). If a shorter name is preferred, the regional board may adopt another title, subject to Commissioner of Education approval and certification to the Secretary of State.

Enlarged districts

Additional constituent districts may join an existing regional, provided: (a) the regional board, Commissioner of Education, and board of the proposed constituent determine that regionalization is advisable; and (b) the proposal is approved by the Commissioner of Education, a majority of voters in the regional district, and a majority of voters in each district seeking inclusion (Klagholz and Contini, 1993). According to the

Advisory Report (Klagholz and Contini, 1993), to enlarge a regional district, a special election similar to the election held to create the regional must be conducted, except that the secretaries of the boards of education must transmit the statements of the election results within 5 days to the County Superintendent. The County Superintendent must notify the regional board, the constituent boards, and the Commissioner of Education of the results. Enlargement of a regional district becomes effective on the twentieth day following the special election.

If a regional district is enlarged, the composition of the board is adjusted by the County Superintendent (or superintendents of the county or counties in which the constituents are located) as follows: (a) within 30 days after the election, the board is reapportioned based on the population of each of the constituents; (b) the number of members to be elected from each constituent at the succeeding annual regional school district election is determined; and (c) a qualified citizen of each new district is appointed as a member of the regional board until the first Monday following the first annual election of the enlarged regional district (Klagholz and Contini, 1993).

Each new constituent is responsible for the outstanding or authorized but unissued indebtedness of the regional district as if the new constituent was included in the regional's initial creation, according to the Advisory Report (Klagholz and Contini, 1993). The corporate existence of a regional district continues without interruption following enlargement, and the enlarged district's name remains the same unless the regional board adopts another corporate title approved by the State Board of Education and certified to the Secretary of State.

The enlarged board consists of members of the original board and a member appointed from each new constituent (Klagholz and Contini, 1993). According to the Advisory Report (Klagholz and Contini, 1993), the board of an enlarged regional must not exercise authority over the educational facilities in the new constituent before July 1 of the calendar year following the special election to include the constituent. However, the Commissioner of Education may accelerate or postpone the time for exercising such authority. Upon taking control of the educational facilities of the enlarged district, the board has full authority and control of the enlarged regional district.

Regional board membership and authority

Regional board members must be residents of the constituent district they represent for at least 1 year immediately preceding appointment or election, according to the Advisory Report (Klagholz and Contini, 1993). Nine members serve on the board of a regional district, unless the regional district has more than nine constituents, in which case the number of seats on the board equals the number of constituent districts plus one. The County Superintendent determines the weight given to each board member's vote.

If there are less than nine constituents, each district has one board seat and the County Superintendent apportions the remaining seats based upon population (Klagholz and Contini, 1993). Populations include all inhabitants of a constituent district, including military personnel (Klagholz and Contini, 1993).

According to the Advisory Report (Klagholz and Contini, 1993), the apportionment of board membership remains constant until reapportionment is necessary due to the official promulgation of a federal census or the enlargement of the regional

district. If reapportionment is necessary, the current members of the board serve the remainder of the terms to which they were initially appointed or elected. If a constituent is entitled to additional board members, they are elected at the next annual election of the regional district.

If a district joining a regional district is a consolidated district or a district composed of two or more municipalities, the apportionment process is the same as that of a single district per the Advisory Report (Klagholz and Contini, 1993). The consolidated or multiple-municipality district must have membership on the regional board. Membership on the board must be apportioned, and if necessary reapportioned, among the municipalities of the district by the County Superintendent according to the number of the inhabitants of the constituent municipalities. Thereafter, board members must be elected in the same manner and at the same time as if each municipality of a district were a constituent of the regional district.

The Advisory Report (Klagholz and Contini, 1993) stipulates that the County Superintendent in which any constituent district is located must appoint the number of qualified members necessary to represent the constituent districts. For a nine member board, the County Superintendent appoints three members for 3 year terms, three members for 2 year terms, and three members for 1 year terms

Regarding the regional board, the Advisory Report (Klagholz and Contini, 1993), notes that the first elected members of a newly created regional board are elected at the annual election held in the calendar year succeeding the year in which the special election for the creation of the district was held. At this initial election, the terms of the members

initially appointed for 1 year terms are placed on the ballot for 3 year terms. In the annual election the following year, the terms of the members initially appointed for 2 years are placed on the ballot for 3 year terms, and at the subsequent year election, the remaining seats are placed on the ballot.

Vacancies in a regional board are filled from the constituent district represented by the initial member. Such vacancies are filled in the same manner as vacancies in any elected board of a Type II district.

The board must organize immediately after its first appointment and annually thereafter during the first or second week commencing the first Monday following the annual election. The board must elect one of its members as president and one as vice-president, whose terms continue until the organizational meeting following the next annual meeting. The board must also appoint a secretary, who may or may not be a board member, for a term of 1 year beginning on July 1 and continuing until a successor is appointed and qualified (despite annual expiration of the term on June 30 of each year).

If a board fails to properly organize within 2 weeks of the required date, the County Superintendent must appoint a president and vice-president, who will serve until the next succeeding election. The County Superintendent will also appoint a secretary if one is not appointed after 60 days.

If a vacancy occurs in the office of president or vice-president, the board must fill the position for the unexpired term within 30 days of the vacancy (Klagholz and Contini, 1993). If the board fails to fill the position, the County Superintendent must fill the vacancy.

The regional board assumes responsibility for the educational facilities of the constituent districts when the Commissioner of Education certifies that suitable facilities are available for pupil instruction, but not earlier than July 1 of the calendar year following the date of the special election (Klagholz and Contini, 1993). However, such control may be exercised earlier if the regional board and constituent boards agree, and the Commissioner of Education approves.

The chief administrative officer of a regional school district is officially known as "Superintendent of Schools, Regional School District." The chief administrative officer is designated superintendent upon application of the board to the County Superintendent, subject to State Board of Education approval.

The regional board must appoint a treasurer, who may be a board member and whose term expires on June 30 of each year. If the treasurer is a municipal officer, his term ceases if he fails to hold his municipal office, except he must continue after the expiration of his term until a qualified successor is appointed. The powers and duties of the treasurer are set forth in N.J.S.A. 18A:17-35, et. seq. (Klagholz and Contini, 1993).

The treasurer must be bonded in the amount required by the regional board and in accordance with the minimum limits issued by the State Board of Education. However, if the treasurer is an officer of the municipality constituting the district and the bondsman certifies that the amount of the bond for those duties is sufficient to cover the original and additional liability, an additional bond is not required (Klagholz and Contini, 1993).

The powers and duties of a regional board are set forth in N.J.S.A. 18A:13, which provides the authority for boards of Type II school districts to carry out the purposes for which the regional district is created (Klazholz and Contini, 1993).

Dissolution of local districts

For an all purpose regional, the constituent districts must dissolve when the regional board assumes control of its educational facilities. The board dissolves the existing districts at its initial meeting, and each municipality becomes a constituent district of the regional at that time.

The dissolving district transfers its property and assets to the all purpose regional as follows: (a) the officer having custody of the funds of each district must deliver all such funds to the secretary of the regional board, who must provide the officer with a receipt and immediately transfer the funds to the treasurer of the regional district; (b) all personal property, books, papers, vouchers, and other documents of the district must also be transferred to the secretary of the regional board who must have a complete inventory of the assets created; (c) all tax proceeds raised or to be levied, including the right and claims regarding such proceeds, must be vested in the regional district, (d) all the property, funds, moneys, and assets of the dissolving districts must be vested in the regional district and the regional district becomes subject to all of the contracts, debts and other obligations of the dissolving district; (e) all issued and outstanding bonds and notes of the dissolving district, and all issued and outstanding bonds and notes of any municipality comprised within any dissolving district, which were issued to acquire property, become obligations of, payable as to both principal and interest, the regional

school district in the same manner and to the same extent as if such bonds and notes were issued by the regional district; and (f) an audit and settlement of all accounts of officers of the dissolving district must be made forthwith by the regional board (Klagholz and Contini, 1993).

In a limited purpose district for high school or junior high school, the tenure and pension rights of teachers must be recognized and preserved. Employment in the constituent districts must be counted toward the acquisition of tenure in the regional district. However, the superintendent and high school and junior high school principals do not accrue tenure in the constituent districts. High school and junior high teachers are defined as teachers who, at the time of the election to create the regional district, were assigned for a majority of time in grades 7-12.

For all-purpose regional districts, all principals, teachers, and employees of the dissolving districts must be transferred to and continue in their respective employment in the regional district. Additionally, their statutory rights to tenure, pension, and accumulated leaves of absence must not be affected. Accumulated sick leave rights of employees must also be recognized and preserved by the regional board if such employees become employees of the regional. However, superintendents and board secretaries retain no such rights.

Supervision of regional districts

If the constituents of a regional district exist in more than one county, the County Superintendent with the greatest amount of ratables supervises the regional district.

Regional high schools

According to Klagholz and Contini (1993), in selecting the program of a regional high school, the board should: (a) study the curricular and co-curricular choices of pupils in the constituent high schools, (b) study the role a modern high school should play in society, (c) study the post-school occupations and activities of graduates of regional schools to review program availability in larger districts, and (d) visit model high school settings. These steps are most efficiently taken if a regional district employs a principal or superintendent at least one year before opening the regional high school.

Extension of credit, bonds, and notes

The debt limitation for regional districts is based on the average equalized valuations of the last 3 years of all municipalities within the regional boundary pursuant to this table:

Table 1

Debt Limitation for Regional Districts based on the Average Equalized
Valuations of the Last 3 Years

Grade	Percentage	
K-6	2.5%	
K-8	3%	
K-9	3.5%	
K-12	4%	
7-9	1.5%	
10-12	2%	
9-12	3%	
7-12	3.5%	

Source: Klagholz & Contini (1993)

Except as otherwise provided by N.J.S.A. 18A:24-20 to 24-27, bonds may be authorized for the purposes of a school district in a city of the second class with a population in excess of 80,000 if the principal amount thereof shall, when added to the net debt of the district, not exceed 6% of the average equalized valuation of the taxable property in such district (Klagholz and Contini, 1993). Regional districts must apply for an extension of credit once the debt limitation is exceeded. The extension is granted upon application to, and formal hearings with, the Commissioner of Education and local finance board. Regional districts cannot use the municipal margin.

According to Klagholz and Contini (1993), to pay for the current expenses of an all purpose or limited purpose regional district until the appropriations for the operation of the district are available, the regional district may seek voter authorization to issue promissory notes or temporary loan bonds. Such promissory notes or temporary loan bonds must be issued in the corporate name of the regional district and pursuant to the laws governing the issuances of bonds by Type II districts. The notes or bonds must mature not later than one year from the date of issuance of the first of such notes or bonds. However, the notes or bonds may be renewed without further certification or submission to voters, to mature not later than two years from the date of the first notes or bonds.

Klagholz and Contini (1993) note that a regional board is authorized to issue bonds in the name of the regional district for the purpose and in the amount specified in the initial referendum for bonds authorized but unissued by a consolidated district or

school district comprising two or more municipalities which join an all purpose regional district.

According to Klagholz and Contini (1993), all bonds and notes issued by and for regional districts must be dated and sold pursuant to N.J.S.A. 18A:24-36 and must mature within the time frames set forth in N.J.S.A. 18A:13-26. The bonds and notes issued by a regional district constitute a lien upon the property in all of the constituent districts.

According to Klagholz and Contini (1993), when the voters of a regional district authorize the issuance of bonds for the purchase, taking, or condemnation of land for school purposes, authorization is also provided for the purchase of any school or other buildings situated on the land and the furniture and other necessary equipment, materials and supplies for such school or other buildings. The issuance of the bonds in the amount set forth in the resolution, proposition, question, or proposal is additionally authorized.

Acquisition, sale, and conveyance of land

According to Klagholz and Contini (1993), a regional district may acquire only 45 or less acres for school purposes by purchase, condemnation or otherwise. The land must be situated in whole or part in any one or more municipalities of the regional district.

The board of a constituent district may convey land, buildings, and equipment to a limited purpose regional, according to Klagholz and Contini, 1993. At the election to create or enlarge a regional district or at a subsequent election, the board may include a resolution to authorize the purchase of real or personal property from one or more of the constituent districts and the issuance of bonds. The constituent districts may sell or convey the property as if it is no longer useful to the district at the price and terms

designated in the resolution. The regional district may purchase the property at a private sale and issue and sell bonds with maturities as prescribed by N.J.S.A 18A:13-31. The proceeds of such a sale may be expended for any purpose for which bonds might be issued if the board has been properly authorized to make the expenditure. All or part of the proceeds not expended must be applied to the payment of the principal of any outstanding bonds or notes of the district. Any remaining surplus must be paid into the capital account of the local district. Pending such use, the proceeds must be invested in savings bonds or other obligations of the U.S.

Appropriations

According to Klagholz and Contini (1993), the Commissioner of Education is responsible for determining and certifying to the County Board of Taxation the amount judged to be necessary to provide a thorough and efficient system of education in the regional district if the governing bodies fail to certify the amount within the required time or fail to agree and certify different amounts.

The amounts to be raised for interest and the redemption of bonds of a regional district must also be certified to the County Board of Taxation. If the constituent districts are situated in more than one county, certification must be made to the County Board of Taxation of the county with the largest number of resident regional district pupils.

According to Klagholz and Contini (1993), the County Board of Taxation apportions certified amounts to be raised for interest and the redemption of bonds among the constituents based on the portion of each municipality's equalized valuation allocated to the regional district. If the districts are situated in different counties, annual

apportionment is made in the same manner as for other regional districts, except that the County Tax Board making the apportionment will be the board of the county in which the largest number of regional district pupils are residents.

The annual or special appropriations for regional districts, including the amounts to be raised for interest, and the redemption of bonds payable by the district are apportioned based upon each municipality's equalized valuation allocated to the district as described in N.J.S.A. 18A:7D-3 (West 1999). The equalized valuation is defined as the equalized valuation of the taxing district as certified by the Director of the Division of Taxation on October 1 of the pre-budgeted year (Klagholz and Contini, 1993). The equalized valuations of regional districts and their constituents are allocated in proportion to the number of pupils in each of them (Klagholz and Contini, 1993).

Adoption of additional purposes to a limited purpose regional

A regional district organized for one or more limited purposes may add to the purpose for which it was initially created, provided the regional board and the Commissioner of Education determine it is advisable, and a majority of the votes cast in the entire regional district approve the proposition. If the proposed additional purpose will convert the limited purpose regional to an all purpose regional, the voters of each constituent district must approve the proposition (Klagholz and Contini, 1993).

Appendix: Segregated/imbalanced school enrollment requiring corrective action

School districts may use a variety of strategies to reassign students to balance school enrollment by race and national origin, according to the report. Some strategies may create better balance than others in different schools or at different grade

organization levels. It is important that the strategy be adequate to correct the imbalanced enrollment without creating or sustaining other types of discrimination according to Klagholz and Contini, 1993.

The Advisory Report (Klagholz and Contini, 1993) notes that student enrollment within each school reflect the district-wide percentages. Enrollment in all schools serving the same grade organization levels may deviate within permissible limits. The permissible deviation range for White, Black, and national origin students should be computed separately for each grade organization level: elementary, middle or junior high, and high school, as racial and national origin percentages may vary accordingly, the Advisory Report claims (Klagholz and Contini, 1993).

The process for computing the permissible deviations is as follows: (a) identify the grade organization being assessed; (b) determine the district-wide percentage at that level for white, black, and national origin students; (c) compute the deviation for the two smaller groups of students first; multiply the district-wide percentage of each group by .3 (this becomes the percent of permissible deviation for each of the two smaller groups); (d) add together the permissible deviation percentages of the two smaller groups, and then divide that sum by two (this becomes the percent of permissible deviation for the largest group of students); and (e) compute the permissible deviation limits for each group of students separately: the upper limit is calculated by adding the deviation percentage to the district-wide percentage for that group and the lower limit is calculated by subtracting the deviation percentage from the district-wide percentage for that group (Klagholz and Contini, 1993). An example is as follows:

Table 2

Example of Permissible Deviation Range of Student Enrollment

District-wide percentages in grades 6-8: Black: 10%; White: 20%; National Origin: 70%

$.10 \times .3 = .03$ permissible deviation for black students = 3%

$.20 \times .3 = .06$ permissible deviation for white students = 6%

$.03 + .06 = .09/2 = .045$ permissible deviation for national origin students = 4.5%

Upper and Lower Limits are as follows:

Black: 13%; 10%; 7%

White: 26%; 20%; 14%

National Origin: 74.5%; 70%; 65.5%

Source: Klagholz and Contini, 1993, p. 40

Districts claiming an inability to reassign students, voluntarily or involuntarily, to correct imbalanced school enrollment or eliminate segregated schools must make their case in writing to the Office of Equal Educational Opportunity according to Klagholz and Contini, (1993). If the claim is substantiated, the district may be permitted to use an Integrated Quality Education strategy especially designed to fit its specific situation.

The Advisory Report (Klagholz and Contini, 1993) concludes with a sample regional study proposal, a sample special school election ballot, and a sample notification of special election results.

New Jersey regionalization advisory panel – Final report

The New Jersey Regionalization Advisory Panel was created via legislation in late 1996 to study regionalization and develop recommendations to encourage school districts to regionalize or share services. The Advisory Panel was specifically directed to study the continuing problem of regionalizing while maintaining local control and to recommend solutions to the current impediments to regionalization. The New Jersey Regionalization Advisory Panel Final Report (Bipp, et al., 1998) was issued in January 1998.

Executive summary

Bipp, et al. (1998) note that efforts to address the New Jersey educational system have been primarily incentive-based, with districts encouraged to consider regionalizing and sharing services. However, such efforts, according to the report, have failed to produce fewer schools districts within the State.

In conducting its study, Bipp, et al. (1998) considered several models for school reform, including regionalizing certain smaller districts, county-wide shared services, or other shared services. The Advisory Panel held three public hearings at which educators, legislators, and the general public were invited to participate.

Bipp, et al. (1998) noted that regionalization is an individualized decision, and can only be successful given the specific circumstances of each situation. Therefore, mandated regionalization for districts meeting certain criteria may cause problems worse than those of the current system.

One major problem with an incentive-based system according to Bipp, et al. (1998), however, is the inherent conflict of interest which exists when a board considers action which will potentially abolish its employees. Feasibility studies conducted by a district considering regionalization may also be biased and more reflective of community opinion than the long term interests of the district. The effort needed to analyze and consider regionalization may also be more than board members and administrators are willing to assume (Bipp, et al., 1998).

Bipp, et al. (1998) emphasize that the State must provide strong leadership to: reduce the number of districts, ease the duplication of efforts by separate entities, lower the highest average per pupil cost in the country, and reduce inconsistencies in the delivery of education. Bipp, et al. therefore recommend that the Legislature empower the Commissioner of Education to identify districts that may benefit financially and educationally from regionalization. The Department of Education would be required to

undertake the studies of regionalization, and the cost of the studies would be underwritten by the State.

If these studies indicate that regionalization is financially and educationally beneficial, but short-term financial disincentives exist, Bipp, et al. (1998) recommend that the Commissioner of Education seek relief or subsidies from the State to overcome such barriers. The districts identified by the Commissioner would be required to regionalize or justify why regionalization is not in the best interests of their students.

Bipp, et al. (1998) claim that while regionalization cannot be used as a substitute for adequate school funding, any savings which result could be used to reduce class size, enhance professional development or avoid program cuts. Regionalization also allows professionals to share expertise across district boundaries.

Introduction

On December 20, 1996, former Governor Christine Todd Whitman signed into law the Comprehensive Educational Improvement and Financing Act of 1996 (as cited by Bipp, et al., 1998). One component of this legislation created the Panel to study regionalization and develop recommendations to encourage districts to regionalize or share services. The Panel reviewed and studied key issues of regionalization over an 8 month time frame.

To draft their report, Bipp, et al. held three meetings with its members; held three public hearings to receive testimony from 14 individuals; met for a 2 day working retreat; created a subcommittee to draft the report; submitted the report to Commissioner of Education Klagholz for review and comment; and made final edits for the finished report.

According to Bipp, et al. (1998), many citizens of New Jersey historically believed too many districts exist with an insufficient number of students to offer a broad, articulated, and comprehensive program. However, social, political, and economic issues create resistance to forced regionalization. The report claims that the challenge facing New Jersey is how to encourage regionalization without sacrificing educational quality.

At the time of the report, New Jersey was comprised of 618 districts and 24 non-operating districts. During their study, Bipp, et al. (1998) heard frequent testimony regarding the strength of public sentiment against regionalization. The Panel believes such sentiments may be based in fear and categorized them as non-educational in nature. The strengths of smaller schools, such as: the intimacy and personal nature of a small system, more individual focus on students, more parent and community involvement, less bureaucracy, and greater autonomy to make decisions may also fuel public sentiment against regionalization (Bipp, et al.). Bipp, et al. believe many of these strengths could be retained after regionalization by maintaining neighborhood schools and expanding the use of local parent advisory councils and site-based management.

Historical context

Bipp, et al. (1998) recognize that “New Jersey school districts have held to the idea that local control of the education programs for young people ensures that the will of the people will prevail in the design and delivery of educational programming” (p. 5). However, as “geographic and cultural boundaries have become blurred through technological and transportation advances, educational needs are no longer limited by the

boundaries of local municipalities”, according to Bipp, et al. (p. 5). Education can therefore no longer remain a local issue.

Bipp, et al. (1998) claim that nearly every state has recognized the need to re-define local control to more effectively provide educational opportunities. Virtually all reports concerning districts in New Jersey written since 1965, according to Bipp, et al., agree that 600 districts, two-thirds of which are categorized as “small”, cannot provide consistent educational quality or economies of scale. Bipp, et al. argue that “New Jersey must muster the political will to adopt and implement a new law that will enable the merger of small, programmatically limited, and economically costly districts into larger, programmatically rich and economically efficient units” (p. 5).

Issues and remedies

Bipp, et al. (1998) suggest that the disjointed laws enacted in New Jersey regarding regionalization, beginning with former Governor Florio’s initiative in 1993, have provided both incentives and disincentives for voluntary district regionalization. Legislative and administrative efforts have failed to overcome the obstacles that regionalization presents to districts, including tax apportionments, board representation, limitations on aid, and school construction financing (Bipp, et al., 1998). Bipp, et al. therefore conclude that the Legislature, together with the Commissioner of Education, should direct the Office of Legislative Services, Division of Governmental Relations, to conduct a comprehensive review of all relevant New Jersey statutes, the Administrative Code, Commissioner’s decisions, and court decisions to prepare a report outlining the specific statutory remedies necessary to support the Panel’s final recommendations.

Bipp, et al. (1998) note that a significant obstacle to regionalization is the current method of school funding. Typically, districts with relatively high ratables or a relatively low number of children will suffer a tax increase as a result of regionalization. Additionally, if less-wealthy districts regionalize with wealthier districts, State aid is often lost.

To remedy the financial disincentives created from the current method of school funding, Bipp, et al. (1998) recommend that the Legislature: (a) allow adjustments in property tax assessments for education for a fixed period of time, so that a district with relatively high ratables is not immediately faced with an unacceptable property tax increase following regionalization; (b) create “hold harmless” aid to protect districts from losing State aid for a certain period of time following regionalization; (c) establish aid to cover costs associated with a merger; (d) exclude regionalization costs from cap calculations; and (e) alleviate increased transportation costs.

Bipp, et al. (1998) claim that the financial incentives offered to districts have been ineffective because they are insufficient to overcome the short-term financial and political drawbacks to regionalization. However, some of the bills introduced at the time, which the Panel claims were “a good starting point”, included increased financial rewards; penalties for excessive administrative spending; and rewards for administrative efficiency (p. 7). These bills also eliminate some of the financial disincentives to regionalization by providing supplemental aid for 5 years following regionalization.

Despite this progress, Bipp, et al. (1998) also recommend that the Legislature and State Board of Education play a leadership role in educating the public about the benefits

of regionalization, including the long-term financial and educational benefits, improved professional development, and increased availability of a wider range of course and program offerings.

While Bipp, et al. (1998) conclude that voluntary, rather than State mandated, regionalization is preferable, they believe that the State must commit substantial resources to support regionalization and must allow the local boards, rather than voters at large, to make the final decision concerning regionalization. The Panel claims that voluntary regionalization is politically more palatable and engenders greater cooperation and good will from constituents. Additionally, board members, according to Bipp, et al. are more likely than voters at large to appreciate the financial and educational benefits of regionalization and have the ability to remove emotional issues from the process. Acknowledging that local boards may face pressure against regionalization, but determine that regionalization is beneficial nonetheless, the report claims that such a difficult decision should not be subject to veto by referendum.

Despite their preference for voluntary regionalization, Bipp, et al. (1998) opine that the Legislature must conduct a systematic review of school districts and require regionalization where appropriate, claiming that inducements to regionalize will not effectively reduce the number of districts within the State. The process of mandated regionalization would begin with empowering the Commissioner of Education to eliminate non-operating school districts and to identify the districts that may benefit financially and educationally from regionalization. If a district identified by the Commissioner refuses to regionalize, the burden would fall upon the district to justify its

refusal. According to the Panel, “local control can no longer be accepted as a justification to perpetuate economic inefficiencies and to limit the educational experiences afforded the students in these school districts” (p. 8).

Recommendations to promote regionalization

Strong leadership from the State is necessary to effect meaningful change in the number and efficiency of New Jersey’s schools as fear of change, loss of local control, loss of valuable staff, and real or perceived social or economic differences may cause districts to resist regionalization, notwithstanding the elimination of the current financial disincentives (Bipp, et al., 1998). To alleviate the political, financial, and emotional burden from local boards, which face significant pressure from their constituents against regionalization, Bipp, et al. suggest that the Legislature direct the Commissioner of Education to study the benefits of regionalization in certain districts.

Bipp, et al.’s (1998) recommendations to promote regionalization are focused on identifying the types of districts that are most likely to benefit from regionalization; ensuring that the benefits of regionalization are studied; and providing incentives and technical assistance for voluntary regionalization. With the exception of non-operating school districts, the Panel stresses that it does not recommend regionalization for all districts of particular size or configuration. Similarly, districts should not be required to regionalize simply because they are considered “small”. However, the Panel asserts that if an objective study reveals that a district will receive a substantial benefit from regionalization, the district should be required to regionalize unless it can demonstrate that regionalization is not in the best interest of its students.

Specifically, the Panel believes that to adequately promote regionalization in the State the Legislature must:

1. Empower the Commissioner of Education to conduct and finance regionalization studies in the following districts: “(a) all K-8 and K-6 districts with 300 or fewer students; (b) all limited purpose regional school districts” (Bipp, et al., 1998, p. 9); (c) school districts which are wholly surrounded by another district; and “(d) all districts in sending/receiving relationships” (p. 9).
2. “Direct and empower the Commissioner of Education...to prepare a public information program describing the advantages and benefits of school regionalization” (p.10).
3. “Eliminate non-operating school districts” (p.10).
4. “Direct and empower the Department of Education to offer financial incentives for voluntary regionalization within a set time period if the studies demonstrate substantial educational or efficiency benefits” (p. 10).
5. “Direct and empower the Department of Education to require regionalization...unless the district can justify why regionalization is not educationally or economically in the best interests of the students” (p.10).
6. “Direct and empower the Department of Education to provide technical assistance to districts that regionalize” (p. 10).
7. “Direct and empower the Department of Education to engage in periodic review of existing regionalized districts to assess the educational effectiveness and efficiency” (p. 10).

8. “Direct and empower the Department of Education to develop procedures to expedite the creation or dissolution of regionalized districts” (p. 11).

9. “Direct and empower the Commissioner of Education to develop procedures for a phase-in period of regionalization not to exceed 5 years” (p. 11).

Recommendations to promote consolidation or shared services

To create operational and educational efficiencies, Bipp, et al. (1998) also suggest the use of shared services for instructional and non-instructional services, such as administration, purchasing, maintenance, transportation, budgeting and accounting, technology and library services, and instructional planning and services. Sharing services is appealing since it allows districts to maintain local control while achieving some benefits of regionalization.

To facilitate shared services, Bipp, et al. (1998) specifically recommend that the Legislature:

1. “Direct and empower the Commissioner of Education to require each County Superintendent to assess and prepare plans for the consolidation of all non-instructional services in collaboration with local school districts, municipalities, county government and community colleges” (p. 12).

2. “Enact legislation that requires municipalities and county government to participate in collaborative efforts to consolidate non-instructional services in conjunction with school districts” (p. 11).

3. “Direct and empower the Commissioner of Education to require each County Superintendent to assess and prepare plans for collaboration and consolidation of instructional planning and services” (p. 12).

4. “Expand to all counties over the next three years the pilot programs provided for in the Comprehensive Educational Improvement and Financing Act, providing \$600,000 for three consolidated county service units” (p. 13).

5. “Continue and expand efforts to utilize technology in promoting shared services” (p. 13).

Conclusion

Bipp, et al. (1998) agree that every effort should be made to encourage voluntary regionalization among districts. However, Bipp, et al. note that since school districts remain unwilling to voluntarily regionalize, the State must take a strong leadership role to assist districts in confronting the difficult issues associated with regionalization.

School district regionalization: Current status and issues – Background paper

Introduction

“School District Regionalization: Current Status and Issues - Background Paper” (“Background Paper”), written in November 1998 by Pearsall, et al., states that its purpose is to “provide county offices and other Department of Education units an overview of regionalization and a review of the current process governing the formation of regional school districts” (Pearsall, et al., 1998, p. 1). The paper begins by noting that the tradition of local control in New Jersey has created more than 600 districts since the

19th century (Pearsall, et al., 1998). This unusually large and disproportionate number of districts has caused intense debate regarding regionalization.

The paper (Pearsall, et al., 1998) claims that the many analyses regarding regionalization in New Jersey have resulted in conflicting evidence concerning its advantages and disadvantages. However, the study argues that Aone theme clearly has emerged from the ongoing public discussion about regionalization. No one B individual, special interest group, political partisan - appears to be in favor of “forced consolidation” (Pearsall, et al., 1998, p. 1). Pearsall, et al. claim that although parents are “fiercely loyal” to their children’s schools, they are equally opposed to the rising taxes which result from “home rule” (p. 1). Such rising taxes, according to the paper, could be moderated through regionalization.

Review of impediments to regionalization

Pearsall, et al. (1998) note that current legislation has failed to encourage districts to regionalize voluntarily. In fact, Pearsall, et al. acknowledge a trend to dissolve long-standing limited purpose regionals. Therefore, changes in legislation, regulation, and administrative procedures are necessary to facilitate regionalization, according to Pearsall, et al.

The actual and perceived barriers to regionalization are outlined by Pearsall, et al.

Financial issues

Financial considerations often attract major attention. Pearsall, et al. (1998) note that significant financial disincentives to regionalization exist, such as: the current tax

apportionment method, which often results in wealthier districts paying a greater share of the tax levy; the loss of State aid that results when districts of different economic status regionalize; the increased start-up costs which result from “planning, curriculum, equipment, textbooks, salary guides, and other activities,” (p. 4); the increased transportation costs, due to the need for additional buses and longer routes; the increased debt for land, buildings and renovations; and the costs of feasibility studies themselves (Pearsall, et al.).

To remedy these disincentives, Pearsall, et al. (1998) suggest the Legislature alter the tax apportionment scheme to ensure that costs are appropriately charged to each constituent district; create additional aid to prevent losses when districts merge; and cover the start-up costs associated with regionalization. Pearsall, et al. also recommend that the State provide additional debt service aid to regionalized districts. The Department of Education should also collect data, conduct research, and publish a final report regarding districts which have regionalized so that districts considering the option have current and available information regarding the actual costs and benefits of regionalization.

Home rule issues

Since constituencies are often represented on a regionalized board in proportion to their student population, small communities have less influence on school issues and in regional elections according to Pearsall, et al., (1998). To increase local influence, Pearsall, et al. recommend that the regional boards relinquish significant management powers to school site councils. Additionally, emphasizing cost effectiveness and additional services is critical to gaining support in smaller communities.

Regionalization can also result in the loss of neighborhood schools and longer bus rides for students, according to Pearsall, et al. (1998). To help remedy these problems, Pearsall, et al. suggest prohibiting regionals from abolishing local schools for a certain period of time following regionalization and allowing greater flexibility in the design of bus routes and schedules to reduce transit times.

Legal issues

Legal issues may arise from pre-existing rights and relationships, such as sending/receiving relationships, which are difficult to dissolve according to Pearsall, et al. (1998). Pearsall, et al. suggest that the Commissioner of Education be empowered to resolve all such legal barriers to regionalization. Tenure and seniority rights are statutorily protected following regionalization, but parents may fear the loss of their local teachers.

Personal and special interest issues

An additional obstacle to regionalization is the expectation of heavy opposition from administrators and teachers due to the need for less faculty and administration in a regionalized district according to Pearsall, et al., (1998). Pearsall, et al. suggest that districts provide the public with information regarding the economic and educational benefits of regionalization before special interest groups begin their campaigns to alleviate potential problems.

Pearsall, et al. (1998) note that many of the foregoing obstacles to regionalization were also articulated in the January 1998 Final Report (Bipp, et al., 1998). Based on this and other reports, Pearsall, et al. claim that voters will support regionalization only if

financial gains can be realized, while parents will support regionalization only if their children will receive educational benefits and more personal attention, and their neighborhood schools will be preserved.

Review of the potential benefits of regionalization

Pearsall, et al. (1998) acknowledge that previous studies of regionalization have thoroughly addressed its benefits, and particularly notes that the Final Report (Bipp, et al., 1998) provides the most complete discussion of regionalization and its advantages.

Pearsall, et al. (1998) claim that while economies of scale can be achieved through regionalization, the educational benefits of a regionalized district, such as the greater range and number of courses and extra-curricular activities, are more evident than its financial benefits. Additionally, the core curriculum content standards can be delivered from kindergarten through graduation in a consistent and efficient manner, and the special education needs of students can be better served in regional district (Pearsall, et al.). Employees may also receive superior supervision and training in regionalized districts. These advantages, claim Pearsall, et al., coupled with site based management to allow for greater local participation in the district, should encourage districts to regionalize voluntarily.

Assembly task force on school district regionalization

The Assembly Task Force on School District Regionalization ("Task Force") was created by legislation to examine regionalization and make recommendations for improvements regarding the methods of cost apportionment, incentives and disincentives,

loss of State aid, and cost savings for taxpayers. The Task Force, written by Malone, et al., published its report, "Task Force Report" in February 1999.

Statutory basis for cost apportionment

The Task Force Report (Malone, et al., 1999) begins with a review of the past reports regarding regionalization in New Jersey and then outlines the methods of calculating the apportionment of costs among constituent school districts when they regionalize. The Task Force notes that pursuant to N.J.S.A. 18A: 13-23, costs may be apportioned based upon: (a) the portion of each municipality's equalized valuation allocated to the regional district; (b) the proportional number of pupils enrolled from each municipality on October 15 of the pre-budget year; or (c) any combination of apportionment based upon equalized valuations and pupil enrollments.

Malone, et al. (1999) note that, with the exception of the Great Meadows Regional and Somerset Hills Regional School Districts, all regional districts' apportioned costs are based on equalized valuation. The Task Force found that Great Meadows applies an enrollment-only formula and Somerset Hills uses a formula based 95% on student enrollment and 5% on equalized valuation.

Pursuant to N.J.S.A. 18A: 13-23.3 (as cited in Malone, et al., 1999), modifications to the selected apportionment method may occur only when: (a) 10 years have elapsed since the last school election in which the apportionment of costs was approved by the voters; (b) a school year in which the equalized valuation of any constituent municipality has increased or decreased by a certain critical amount; (c) a school year in which the pupil population of any constituent municipality has increased or decreased by a certain

critical amount; (d) a school year in which the regional district is enlarged by the admission of one or more districts; or (e) during any school year if the regional district was formed prior to March 8, 1993 and has never revised its cost apportionment basis. A majority vote of the constituent municipalities is required for the modification.

The sole financial incentive for districts to regionalize is derived from N.J.S.A. 18A: 7F-32 (West, 1999) according to the Task Force Report (Malone, et al., 1999). Pursuant to this statute, each regional district receives supplemental State aid on a declining basis for 5 years following regionalization. The aid equals “the difference between the regional district’s core curriculum standards aid and the sum of the core curriculum standards aid received by each district” (Malone, et al., pp. 4-5) in the year preceding regionalization.

Consensus points regarding regionalization

Malone, et al. (1999) identifies multiple consensus points regarding regionalization as reported in various studies over the years, including the findings that: (a) not every school district is conducive to a regionalized arrangement, and regionalization is most successful between districts with similar socio-economic compositions; (b) the distinction between formal regionalization and shared non-instructional services must be made; (c) financial disincentives have been created by multiple statutory and regulatory schemes and these disincentives must be removed; (d) constituent school districts often view forced regionalization as removing local accountability, and offering financial incentives appears to be the less controversial route to encouraging regionalization; (e) proponents of regionalization argue that shared

staffing, eliminating duplicative positions, savings in central administration, increased fiscal borrowing power, savings in transportation, and the sale of unneeded property create efficiency and overall savings; and (f) opponents of regionalization argue that the increased taxes often suffered by one district; uncertainty of State aid; increased debts which result when a new facility is needed or constituent debts are absorbed; the loss of Federal Impact Aid, Title I funding, and categorical aid; and increased transportation costs make regionalization untenable.

Court decisions regarding regionalization

The Task Force Report (Malone, et al., 1999) identifies two New Jersey court decisions regarding regionalization, *Borough of Sea Bright v. Department of Education*, 242 N.J. Super. 225 (App. Div. 1990) and *Borough of Haledon v. Board of Education of the Manchester Regional High School District*, 305 N.J. Super. 19 (App. Div. 1997). In *Borough of Sea Bright*, the Borough, which was a member of the Shore Regional High School District, challenged the constitutionality of the method of allocating the costs of regional school districts. The Court held that the Borough's costs, based upon its proportion of the total equalized value of regional district property, rather than the percentage of students who were Borough residents, did not violate the New Jersey or United States Constitutions. In *Borough of Haledon*, the Court held that any modification to the apportionment of costs in a regional school district must be approved by a majority of voters in each affected municipality.

Interest group positions regarding regionalization

Malone, et al. (1999) also accounts for the position of various interest groups regarding regionalization. Specifically, the New Jersey Education Association, "NJEA", (as cited by Malone, et al.) opined that regionalization should occur voluntarily with local districts keeping in mind local needs and concerns. The NJEA also stressed the importance of maintaining racial balance following regionalization, continuing the State aid received by the constituent districts absent regionalization, and protecting employee rights with respect to seniority, tenure, and health benefits. The New Jersey Association of School Business Officials, "NJASBO," (as cited by Malone, et al.) testified that neither increased efficiencies nor financial savings may result from regionalization. The NJASBO, however, encouraged districts to regionalize when educational and financial benefits do exist. The Bergen Record also reported that "Associations representing boards and business administrators warn that property taxes might actually grow if schools merge" (Bergen Record, January 15, 1998; Malone, et al., p. 7).

Suggested incentives for regionalization

The Task Force Report (Malone, et al., 1999) then suggests incentives to encourage voluntary regionalization, such as apportioning the tax levy on the basis of property values, income, and enrollment, creating per pupil aid for new regional districts, and excluding start-up costs from the budget cap. Additional suggestions for incentives include providing grants for increased transportation costs, and ensuring that regional districts receive debt service aid of 50% or its State share percentage, whichever is greater. Previous reports have also recommended granting priority to regional districts in

facilities grant programs, relaxing the obstacles to deregionalization, and defraying the costs of formal regionalization studies.

The Task Force Report (Malone, et al., 1999) noted that New Jersey had implemented two of these frequently-suggested recommendations. First, "hold harmless" aid was created to ensure that regional districts receive the same level of aid previously received by the constituent districts for a specified period of time. Second, the State has provided a 50% match for the costs of a formal feasibility study.

Concerns regarding regionalization

The Task Force Report (Malone, et al., 1999) warns that fewer districts and larger schools do not necessarily result in greater efficiency, financial benefits, or improved education. Important considerations regarding regionalization (and deregionalization) include the impact on taxes, salaries, State aid, racial balance, and academic curriculum. The individualized impact of regionalization requires that the decision be made on a case-by-case basis. Malone, et al. also note that the State of New Jersey has failed to articulate an ideal number of districts within the State, and that many small districts produce excellent results and should not be regionalized based solely on the small number of students educated therein (pp. 8-9).

Recognizing that mergers do not always produce cost savings, the Task Force Report (Malone, et al., 1999) advised that a preliminary study would demonstrate that regionalization will benefit the district financially. For example, administrative costs may increase due to the need for additional staff, increased responsibility for employees, and teacher tenure laws. Increased transportation costs and the loss of Federal Impact

Aid and State aid also create financial disincentives for regionalization, according to the Task Force Report. Promises by administration not to terminate employees, made to facilitate regionalization, may also decrease any potential savings.

The method of cost apportionment used at the time of the Task Force Report (Malone, et al., 1999) also acts as a serious disincentive for regionalization, as constituent districts do not benefit equally. If the regional district uses equalized valuations to apportion costs, which the majority of regionalized districts use, the per pupil cost varies substantially between constituents. Constituents with higher property wealth pay a higher percentage of costs. According to Malone, et al., further exacerbating this inequity is the production of “winners” and “losers” which results from any attempt to change the cost apportionment formula; as those districts which are currently paying a lower per pupil cost will have their apportionment increased and those districts paying a higher per pupil cost will have such costs reduced (p. 11). As the State of New Jersey requires each constituent district to approve any change in the cost apportionment method, those districts paying less were predicted to vote against such changes. Therefore, according to the Task Force Report (Malone, et al.), no regional district has ever modified its cost apportionment method (p. 12).

According to Malone, et al. (1999), an example of the inequity in apportioned costs is the Northern Burlington County Regional School District, in which the per pupil cost varied substantially between constituents, and payments and student enrollments within each district were disproportionate. Specifically, Mansfield paid 37.3% of the costs but contributed only 19.5% to the student population; Chesterfield paid 23.2% of

the costs but contributed 14.1% to student population; Springfield paid 22.1% of the costs and contributed 14.7% to the student population; and North Hanover paid only 17% of the costs but contributed 51.5% to the student population (Malone, et al., pp. 11-12).

Changes in the population of the constituent districts can also contribute to cost inequities, maintains Malone, et al. (1999), as costs are based on equalized valuations rather than on enrollment. To remedy this problem, the Task Force suggested that regional districts reassess costs if the per pupil costs deviate by more than 10% between the constituent districts, and that a more equitable method of cost apportionment than equalized value be implemented for existing regionalized school districts.

Allowing each constituent district representation on the regional school board is also an important consideration, Malone, et al. (1999) report, as smaller communities have no incentive to regionalize when a larger district will essentially control the board. A federal court decision (*Township of Marlboro v. Board of Educ. of the Freehold Reg. High School*, 992 F. Supp. 756 (D.N.J. 1998)) regarding the Freehold Regional School District, which held that an arrangement whereby a larger constituent district held more seats on the regional board violated the "one man, one vote" principle, may affect other regional boards as well, notes the Task Force Report (Malone, et al., 1999).

If a regional district has nine or less constituent districts, members of the board are apportioned by the County Superintendent according to the number of inhabitants, with each constituent having at least one member (N.J.S.A. 18A:13-8). If a regional district has greater than nine constituents, the members of the board are apportioned by

the County Superintendent according to the number of inhabitants, through a representative ration and equal proportions process (N.J.S.A. 18A:13-8, West, 1999).

Additional concerns regarding regionalization amongst parents and students noted by the Task Force Report (Malone, et al., 1999) include longer bus routes, loss of local control, and the disruption in the students' educations. To promote local control, the Task Force Report suggested establishing site-based management and building level control groups. Students should also be permitted to complete their education at the school they attended before regionalization to minimize disruption.

The arduous deregionalization process also presents a serious obstacle to regionalization, according to the Task Force Report (Malone, et al., 1999) and must be streamlined. Specifically, deregionalization requires the following steps:

1. A constituent district must pass a resolution indicating they are applying to the County Superintendent to investigate withdrawal from, or dissolution of, the regional district.

2. The County Superintendent must call a meeting within 21 days with the district's board of education, administration, and each constituent's representatives including mayors and council members, at which the Superintendent reviews the process for withdrawal or dissolution.

3. The constituent municipalities and districts and the regional district may be required to complete feasibility studies.

4. The Superintendent must complete an advisability report.

5. A petition must be filed with the Commissioner of Education requesting permission to submit the issue to the voters, which the Commissioner must submit to a board of review comprised of the Commissioner, the State Treasurer or his designee, and the Director of the Division of Local Government Services.

6. The board of review must make its findings and determination.

7. If the petition is granted, a vote is held in which a majority of the voters in the regional district must approve for dissolution; and a majority of voters in the regional district and the constituent district must approve for withdrawal.

This lengthy and difficult process virtually ensures that deregionalization will not occur, according to the Task Force Report (Malone, et al., 1999). However, the dissolution of the Union County Regional School District was completed at the time of the Task Force Report, while the dissolution of the Lower Camden County Regional School District was still pending.

Union County deregionalized based initially on requests from multiple municipalities (Malone, et al., 1999). These requests were due to a perception that the regional board was unresponsive to local desires; the failure of the curriculum to meet

expectations; the fact that the district had the highest per pupil cost in the state; and the disparity in per pupil costs between constituencies which resulted from calculating costs on an equalized value basis (Malone, et al., 1999).

Following deregionalization, some constituents complained that the Department of Education offered no assistance during the tasking process (Malone, et al., 1999). One of the constituents suffered extreme increases in property taxes, a significant budget reduction, loss of financial subsidy from the other constituents, and the employment of the majority of senior staff, who were legally permitted to choose where they wished to work. Additionally, the deregionalization process generated legal fees of over \$1 million.

The Task Force Report (Malone, et al., 1999) advised that the statutes governing withdrawal from a regional district should be amended to permit a constituent to withdraw without following the steps outlined above when the per pupil amount paid by each constituency deviates by 10%. The Central Regional High School District is an example of the inequities which can result when one or more of the constituencies' population increases by a significant amount (Malone, et al., 1999). The disproportionate growth resulted in Berkeley Township's contribution of 76% of the student population and Seaside Park's contribution of less than 5% of the population during the 1997-1998 school year (Malone, et al., 1999). However, Seaside Park's share of the per pupil tax levy was two to six times greater than the other constituencies. Additionally, the Task Force reported that from the 1982-1983 school year to the 1994-1995 school year, Seaside Park's per pupil costs increased by \$15,692, compared with the average increase among the other municipalities of only \$3,163. The statutory requirement that the regional district approve its withdrawal, coupled with the high per pupil cost contributed

by Seaside Park to the regional district, effectively precluded its withdrawal from the regional district.

Benefits of regionalization

The Task Force Report (Malone, et al., 1999) outlined numerous benefits of regionalization. A large regional district can provide extensive resources to students who originated from smaller districts, including more courses taught by specialists and greater access to better education tools, maintains the report. Cost savings may also result from the elimination of redundant services, which can then be redirected towards financing needed educational facilities. Representation on the regional board may also provide districts with greater input regarding curriculum than a traditional sending/receiving relationship.

While the Task Force Report (Malone, et al., 1999) acknowledged that it did not receive much testimony illustrating the benefits of regionalization, it cited findings from another study, the NJASBO Regionalization Study Commission (NJASBO, 1997). NJASBO noted that regionalization improves the administration of certain programs such as special education and basic skills, as such programs are more easily administered in large units. The NJASBO study also reported that regionalization balances class sizes across schools and improves both curricular and extra-curricular programs through increased enrollment.

Financial benefits are also possible through shared staffing, shared programming, and a central administration according to the Task Force Report (Mallone, et al., 1999). The larger tax base improves the regionalized district's financial position by increasing borrowing power, allowing for the sharing of costs for facility improvements, and

offsetting of costs through the sale of unneeded property. Following regionalization, transportation savings may be realized, lower per pupil costs may result, and taxes may stabilize. The district may also ascend to an improved bond rating.

Some important political advantages to grades K-12 regionalization are the ability to create consistent and expansive policies; to pass budgets more easily than grades 9-12 limited purpose budgets, since they have generally lower costs; and, to engender support for increased transportation from families with students in private and parochial schools (Malone, et al., 1999).

Mandated regionalization

The Task Force Report (Malone, et al., 1999) warned against forced regionalization, believing it creates resentment, and suggested three alternatives to reduce the number of school districts within the State: (a) merge sending/receiving districts into regionalized districts; (b) eliminate non-operating school districts (at the time, New Jersey's 24 non-operating school districts were spending over \$2 million on administrative costs); and, (c) merge limited purpose regional school districts into a grades K-12 all purpose regional school districts.

Encouraging voluntary regionalization

Financial incentives are necessary, according to the Task Force Report (Malone, et al., 1999), to encourage regionalization after municipalities identify that educational and financial benefits will be realized through regionalization. Without financial incentives, many municipalities are likely to prefer the status quo over increased budgets and tax rates. The Task Force Report also recommended that start-up funds should be made available for regionalization, which could be used, in part, to defray the costs of

feasibility studies. Additionally, financial incentives should be structured to provide recurring relief to regionalized districts over several years, rather than providing only immediate one-time relief.

The Department of Education, according to the Task Force Report (Malone, et al., 1999), should identify the districts which could benefit from regionalization and conduct studies to determine whether districts possess sufficient socio-economic similarities to justify regionalization. Districts should also explore informal alternatives to formal regionalization, such as sharing services, offering special services on a regional level, and providing administrative services on a county-wide basis. The Task Force also indicated that a county-wide school system may be a viable alternative to regionalization, noting that Florida, Georgia, Louisiana, Maryland, Nevada, South Carolina and West Virginia operate county-wide school systems.

The lack of available, consistent information regarding the financial, educational, and administrative impact of regionalization also serves as a disincentive, according to the Task Force Report (Malone, et al., 1999). To remedy this problem, the Task Force Report noted that the Department of Education should compile and publish pre- and post-regionalization data for existing regional districts, so that districts considering regionalization have concrete information regarding its costs and benefits.

The Task Force Report (Malone, et al., 1999) also advised that during the regionalization decision-making process, a study illustrating the financial and educational benefits be conducted and presented to local citizens to engender support, as communication is crucial to the process.

Examples of regionalization

Liberty and Independence Townships in Warren County comprise the Great Meadows Regional School District, a grade K-8 school district with the high school students attending Hackettstown High School. Both districts were grade K-8, rural in nature, and had small, but growing, populations according to the Task Force Report (Malone, et al., 1999). Independence paid 65% and Liberty paid 35% of regional district costs, which were based only on enrollment (Malone, et al., 1999).

Somerset Hills Regional School District is comprised of Bernardsville, Far Hills, and Peapack - Gladstone according to the Task Force Report (Malone, et al., 1999). Before regionalization, Far Hills and Peapack - Gladstone sent all of their students, from kindergarten through 12th grade, to Bernardsville (Mallone, et al., 1999). The State of NJ provided the district with aid to finance a regionalization study. The tax apportionment formula is based 95% on enrollment and 5% on equalized value (Malone, et al., 1999). Following regionalization, Bernardsville's school taxes were reduced and Far Hills and Peapack - Gladstone acquired seats on the board (Malone, et al., 1999). Although Peapack - Gladstone suffered a significant increase in taxes, the district claims the benefits of the merger outweighed the increased costs (Malone, et al., 1999).

Recommendations regarding deregionalization

To ameliorate the negative consequences of deregionalization, the Task Force Report (Malone, et al., 1999) suggested that: (a) tax projections be prepared for each constituency to equalize the share of taxes without creating disproportionate State subsidies; (b) a liaison be appointed by the Department of Education for districts which regionalize or deregionalize; (c) a formal analysis of Union County's deregionalization

process be published for districts considering deregionalization; and (d) uniform guidelines be created regarding staffing, salary, curriculum, debt assignment, and asset redistribution.

Further, Union County encountered significant problems concerning terms and conditions of employment and received no guidance from the Department of Education regarding sick days, family leave days, health benefits, and the placement of employees on salary guides (Malone, et al., 1999). The Task Force Report (Malone, et al., 1999) recommended that employees have advance knowledge of the terms and conditions of their employment and that teacher negotiations occur prior to the formation of new districts. The Task Force Report stressed that seniority, tenure rights, and benefits be protected.

Regional efficiency development incentive program

In 1999, the State of New Jersey introduced the Regional Efficiency Incentive Program, "REDI", to encourage shared services among municipalities, counties, school districts, and fire districts, according to the REDI Program to Share Services and Savings, "REDI Report" (NJ Department of Community Affairs and NJ Department of Education, 1999). The legislation was intended to ease the process of sharing services, and initially provided \$10 million in grants and loans to facilitate shared services.

Former Governor Christine Todd Whitman's Property Tax Commission identified sharing services as one of the most effective methods of reducing local costs and taxes, and the REDI program was created as a result of such findings (as cited by NJ Department of Community Affairs and NJ Department of Education, 1999). The REDI

Report notes that sharing services allows municipalities to retain local control, the loss of which is often cited as an impediment to regionalization.

Questions and answers concerning the REDI grant program

The REDI program provides grants and loans to help local municipalities study, develop and implement shared services. "Shared services has already proven to be cost-effective while improving services and adding value to many of New Jersey's local governments and school districts" (NJ Department of Community Affairs and NJ Department of Education, 1999, p. 2). There is no cap on the amount of assistance that municipalities can receive, and municipalities may be awarded more than one REDI grant for eligible projects, provided separate applications are completed for each project.

According to the REDI Report (NJ Department of Community Affairs and NJ Department of Education, 1999), a REDI grant will cover 100% of the first \$15,000 of a feasibility study and 90% of the remaining costs (NJ Department of Community Affairs and NJ Department of Education). When a local match is required for studies costing in excess of \$15,000, the local funds must be expended first before grant funds may be used. For implementation of shared services, a REDI grant will cover all costs under \$100,000. Assistance needed to implement shared services in excess of \$100,000 will be in the form of loans.

According to the REDI Report, (NJ Department of Community Affairs and NJ Department of Education, 1999), any two or more counties, municipalities, school districts, fire, or other special districts, joint meetings, or any combination of two or more eligible local units are eligible to apply for REDI funds. The activities eligible to receive funds are any local government services authorized under the Interlocal Services Act, the

Consolidated Municipal Services Act, or the Municipal Consolidation Law, or any joint, regional, or consolidated services which school districts may perform or enter into, as authorized by N.J.S.A. 18A or other enabling statute (NJ Department of Community Affairs and NJ Department of Education). Qualified community-based inclusive preschool programs may also be eligible to receive REDI funds (NJ Department of Community Affairs and NJ Department of Education).

According to the REDI Report (NJ Department of Community Affairs and NJ Department of Education, 1999), any matching funds required from a school district can be provided for from either a transfer of funds from Fund Balance to the appropriate Appropriation account or by charging the appropriation directly, if such funds are available. School districts do not need to transfer funds for matching purposes to the Special Revenue Fund.

According to the REDI Report (NJ Department of Community Affairs and NJ Department of Education, 1999), to determine the types of existing shared services, the Department of Education will provide a listing of shared services currently provided by school districts. No deadlines exist for the submission of applications for REDI grants or loans, and applicants will be notified of either acceptance or rejection within 45 days of receipt of the application.

Program criteria

The purpose of the REDI program is to provide State financial assistance to municipalities financed by property taxes to study, develop, and implement new or expanded shared services and to assist with the study and implementation of the consolidation of local units. "Local authorities", as they are not financed by property

taxes, are not eligible to receive REDI funds, but may participate in shared services with eligible units (NJ Department of Community Affairs and NJ Department of Education, 1999, p. 3). A “local authority” for REDI purposes, is a single or special purpose local unit established under specific enabling legislation by a county or municipality that relies on user fees and other non-property tax sources of revenue (p. 3). Financial assistance is in the form of grants, loans, or a combination thereof. All grants are based on reimbursement for expenditures (NJ Department of Community Affairs and NJ Department of Education).

Application instructions

Applications for REDI funds must be submitted on behalf of all participating municipalities (NJ Department of Community Affairs and NJ Department of Education, 1999). The applicant is the contact between REDI and all participants, and is responsible for all administrative and fiscal aspects of the program (NJ Department of Community Affairs and NJ Department of Education).

Each participating local unit must adopt a resolution authorizing participation in the program (NJ Department of Community Affairs and NJ Department of Education, 1999). A majority of the full membership of the governing body must adopt the resolution (NJ Department of Community Affairs and NJ Department of Education). The resolution must specify the application purpose, whether it is seeking assistance for a feasibility study or implementation, the identified applicant, and the project (NJ Department of Community Affairs and NJ Department of Education).

According to the REDI Report (NJ Department of Community Affairs and NJ Department of Education, 1999), for implementation grants by local units other than

school districts, the resolution must authorize the execution of an Interlocal Services Agreement under which the joint service will be performed. For school districts, the resolution must authorize an agreement for shared services by boards of two or more school districts pursuant to N.J.S.A. 18A: 17-24.1, et seq., or other appropriate enabling legislation. A copy of the applicable agreement and feasibility study must be submitted with the application for implementation assistance.

In an application for assistance with feasibility studies, the applicant must demonstrate the need for the proposed project and identify the desired outcome, with supporting information and documentation (NJ Department of Community Affairs and NJ Department of Education, 1999). The applicant must also identify who will conduct the study, the methodology of the study, the estimated time frame for the study, and the total cost (NJ Department of Community Affairs and NJ Department of Education).

According to the NJ Department of Community Affairs and the NJ Department of Education (1999), in an application for implementation assistance, the applicant must show how the REDI funds will be used. If any funds will be used for personnel, the amount of staff time that will be devoted to the project must be included. For professional services on a contract basis, the applicant must include a copy of the contract showing how the services relate to the project. For all other expenses, the items and costs must be listed.

According to the REDI Report (NJ Department of Community Affairs and NJ Department of Education, 1999), the Department of Community Affairs and Department of Education reserve the right to disallow or reject proposed expenditures. All capital

costs, costs for which bonds may be issued, or costs subject to capital lease arrangements for items with a useful life in excess of 5 years are not eligible for REDI assistance.

Local units receiving REDI funds are required to submit interim and final fiscal and project progress reports, and the required submission dates will be scheduled as part of the grant or loan agreement (NJ Department of Community Affairs and NJ Department of Education, 1999). Reports are reviewed to determine the degree of project progress and its conformance with aid requirements (NJ Department of Community Affairs and NJ Department of Education). Funds are withheld from any unit whose reports are delinquent or not filed (NJ Department of Community Affairs and NJ Department of Education).

Evaluation criteria

Applications must be complete, clear, and the project must be cost effective and demonstrate that the stated purpose will be achieved (NJ Department of Community Affairs and NJ Department of Education, 1999). According to the REDI Report (NJ Department of Community Affairs and NJ Department of Education), the Department of Education reviews the applications from school districts, while the Department of Community Affairs reviews all other applications. Both agencies will review applications that involve both school districts and other local units.

According to the REDI Report (NJ Department of Community Affairs and NJ Department of Education, 1999), units will receive funding if the project is cost effective and adds value to local services, reduces costs, or improves services. All studies or implementation efforts must begin no later than 30 days after the lead agency passes a resolution accepting the REDI funding.

General outline for conducting a shared service feasibility study

1. Describe the existing level of service provided by each applicant at the time of the application.
2. Describe each participant's expenses, and the organization, staffing, and methods of providing the current service level. If the participant does not provide the service, state the costs if the service was provided.
3. Detail the options for modifying or improving the current individual service, including the expenses and benefits of implementing the modifications.
4. Provide the options for joint or interlocal provision of the service; detail which local unit would act as lead agency; describe how the interlocal program would be established and maintained; discuss employee relations issues; outline monitoring and evaluation criteria; and describe the procedures for service modification and dispute resolution.
5. Describe the expenses of providing joint service, including implementation costs and the first year budget; examine how the total cost will be allocated and paid; and consider the disposition of current equipment or facilities used to provide services.
6. Describe the advantages of providing the services on a joint or interlocal basis and the steps and timeline for implementation.
7. Disclose whether a feasibility study has been performed in the last five years for the stated purpose. If so, describe the study's date, cost, author, results, and suggestions (NJ Department of Community Affairs and NJ Department of Education, 1999).

Regionalization support team timelines

The Regionalization Support Team published timelines for creating regional districts and withdrawing from sending/receiving relationships. Those timelines are as follows:

Procedures/guidelines for forming a regional school district

2-4 Weeks

1. Local board(s) of education request informal meeting with the county superintendent.
 - a. county superintendent serves in an advisory and oversight role
 - b. issues are identified and the regionalization process is discussed
 - c. local board(s) decide if they are to further consider regionalization
 - d. county superintendent informs district(s) about the availability of the regionalization support team and ascertains whether districts want to use the team's services
2. County Superintendent reviews results of initial meeting and arranges an informal fact-finding meeting with all parties, including the regionalization support team, if appropriate.
 - a. local board(s) and chief school administrator(s) meet
 - b. additional input is developed and the process is reviewed
 - c. the need for a two-phase feasibility study by skilled personnel is discussed; the study will be used to:
 - Phase 1. provide guidance, planning, awareness, and a basis for decision-making
 - Phase 2. support a request to regionalize, which may result

- d. fiscal accountability of the districts for conducting the study is identified
- e. each local board adopts a resolution to proceed with an informal impact study.

12-24 Weeks:

- 3. Phase I: An informal impact study is conducted by the initiating districts. (Districts may request assistance from RST)
The information gathered and validated will serve as the basis for the formal feasibility study (Phase II.)
 - a. The Phase I study shall include, as a minimum
 - i. program goals and objectives
 - ii. fiscal implications
 - iii. a ten-year cohort enrollment projections for each district
 - iv. racial composition
 - v. an aggregation of the ten-year enrollment projections for the proposed regional district
 - vi. an updated long-range facility plan by each district
 - vii. a budget projection for the proposed regional, including the debt service of each district
 - viii. a tax levy statement of regionalization impact

- ix. identification of the advantages and disadvantages of the proposed regional district based on program and fiscal implications
 - b. The County Superintendent will review the informal study in an oversight role to ensure that all areas are addressed (RST can be consulted)
 - c. The initiating board(s) should convene a meeting of the affected boards to review the impact study
 - d. If a formal study is advisable, each board adopts a resolution committing itself to support the study and its intent
4. Phase II: A formal feasibility study is conducted to determine if regionalization is appropriate. (Districts may request assistance from RST)
- a. A representative advisory committee is established and should consist of at least two board members, the chief school administrator, and community representatives appointed by the board of each district.
 - b. The county superintendent serves in an advisory capacity on procedure to the committee.
 - c. The advisory committee elects a chairperson, and
 - i. becomes familiar with the format and results of the impact study (Phase I)

- ii. validates the needs of the proposed regional district
 - iii. directs any modification needed to complete the formal feasibility study
 - iv. develops a plan to implement the formal feasibility study based on the impact study results
 - v. reviews and critiques the study as it develops
 - vi. reports the study's content and progress to the respective boards and constituents
- d. The participating boards submit the feasibility study to the county superintendent if the study indicates that regionalization is appropriate.

2-4 weeks

5. County Superintendent reviews the feasibility study (RST can be consulted) and
- a. determines if the district needs to provide clarification or additional information
 - b. forwards the completed study with recommendations to the assistant commissioner of field services for review and recommendation

2-4 weeks:

6. Each board of education takes final action on the proposed plan and submits copies of the adopted resolution and final report to the county superintendent. The county superintendent will

attend the public meeting if requested by the board of education.

- a. The withdrawal of a participating district at this point voids the study and necessitates a total revision of the study.
- b. If the action taken by the respective boards of education is such that the regionalization plan is not feasible, the county superintendent shall so notify all of the participating boards; and provide reasons for the decision. At that point, the regionalization study shall cease.

2-4 weeks:

7. Upon receiving resolutions of approval from all concerned boards of education, the county superintendent requests the Commissioner of Education's approval of the plan and permission to set a date for a referendum.

8-24 weeks:

8. If permission is granted, the participating boards are authorized to conduct a special election to present the question to the voters. The local board of education will set the date in question pursuant to N.J.S.A. 18A:13-34.

2-4 weeks:

9. The question is then decided by the voters of the potential constituent districts. If approved in each of the constituent districts, the county superintendent will set the effective date

for formation, organization and operation of the new regional school district. (N.J.S.A. 18A:13-41).

2-4 weeks:

10. The county superintendent will appoint to the new regional board the number of qualified members necessary to represent the constituent districts in accordance with N.J.S.A. 18A:13-36, 13-37, and 13-38.

4-6 weeks:

11. The newly formed regional board applies to the county superintendent for approval of the position of chief school administrator subject to approval by the State Board of Education (N.J.S.A. 18A: 17-15) and a request for authorization to issue promissory notes or temporary loan bonds pursuant to N.J.S.A. 18A: 13-27.

(Regionalization Support Team, n.d.a.)

Timeline for withdrawal from a sending/receiving relationship, establishing a regional district, and building a high school

Severance:

16-24 weeks:

1. Conduct a study of the feasibility of severing the sending-receiving relationship as per N.J.S.A. 18A:38-13.

4-8 weeks:

2. The commissioning board(s) of education study and accept the report. A decision is made on whether or not to formally petition the Commissioner of Education to terminate the relationship.

8-12 months:

3. If a petition is presented to the Commissioner of Education, it is, following filing of an answer, referred to the Office of Administrative Law for a hearing. Prior to the actual hearing, a period of time is required for scheduling and disposition of a pre-hearing.

4-8 weeks:

4. A formal hearing is conducted, usually taking 7 to 10 days spread over one to two months for pre-hearing matters.

8-12 weeks:

5. The initial decision of the administrative law judge who heard the case is rendered and exceptions are filed.

6-12 weeks:

6. Following review of the initial decision, case record, and exceptions, the Commissioner renders a final decision.

Regionalization:

16-24 weeks:

7. Formal study of the feasibility of creating a regional district.

8 weeks:

8. Study and acceptance of the study by the commissioning board(s). Decision on whether to go forward and petition the Commissioner of Education for permission to hold the required referendum.

16 weeks:

9. Frame question for the referendum, schedule the referendum, and conduct the election.

Building Program:

8. Part of both studies above would determine the borrowing capacity of the district(s) proposing to build.

16-24 weeks:

9. If necessary, approval of the Division of Local Finance would be sought to permit the district with insufficient borrowing capacity to use some of the municipality's borrowing capacity, or to exceed the borrowing capacity of both the school district and the municipality.

10. Retain an architect.

16-24 weeks:

11. Do educational specifications and schematic design.

8 weeks:

12. Schedule and conduct referendum for permission to build.

2 years

13. If voters agree, board the school.

14. Occupancy of the school.

(Regionalization Support Team, n.d.)

Perceptions of New Jersey superintendents relative to public school regionalization and deregionalization efforts, 1993-2003

Chapter one: Introduction

Karen A. Lake (2006) began with an overview of regionalization within New Jersey, and recognizing that consolidation has been a major topic of interest for over thirty years, although opinions on the subject vary. Lake (2006) found that the State's numerous studies, issued beginning in 1969, have come to differing conclusions regarding the advantages and disadvantages of regionalization.

The first study of note, the Report of the State Committee to Study the Next Steps of Regionalization and Consolidation in the School Districts of New Jersey (New Jersey Department of Education, 1969) recommended regionalization to reduce the high number of school districts within the State while continuing to provide the constitutionally mandated "thorough and efficient education" to its students (Lake, 2006, pp. 1-2). The Organization of Educational Services and Local School Districts in New Jersey (Department of Education, 1980), however, questioned the results of this report, finding that consolidation may actually increase costs and determining that mergers could diminish local involvement, lessen innovation, and reduce diversity.

The pendulum later swung again in favor of regionalization, although local control has remained perhaps the single most important consideration in the decision-making process. Lake (2006) noted that while many studies support regionalization generally, New Jersey has failed to commit to expedite such mergers.

Public Affairs Research Institute (1996) reported that while New Jersey had the lowest number of students per district, it had the highest per pupil expenditure in the

country, due in large part to the large number of school districts located throughout the State.

The Public Affairs Research Institute (1996) opined that interest in regionalization gained momentum in the 1980s, due to the popularity of corporate mergers at that time. According to the Public Affairs Research Institute (1996), the theory of economies of scale drives regionalization, and combining school districts provides educational and economic benefits not available in small school districts.

However, as stated above, some researchers question whether consolidation really provides such educational benefits. Michael Antonucci (1999) noted that as school district size increases, the percentage of the budget spent within the classroom on student instruction actually decreases.

Perceptions of New Jersey Superintendents Relative to Public School Regionalization and Deregionalization Efforts, 1993-2003, focused only on school districts that have brought the issue of regionalization or deregionalization to their voters between 1993 and 2003. The purpose of Lake's study was to determine whether superintendents perceive that specific factors, when present in New Jersey public school districts, influence the success or failure of regionalization or deregionalization efforts. Specifically, the study focused on the following question: What are the common factors as perceived by superintendents or their respective designees, of New Jersey public school districts, that when present, influence the success or failure of regionalization or deregionalization efforts from the years 1993 through 2003 (p. 16)? Importantly, the study gathered the perceptions of the superintendents involved in the study, but it did not assess the validity of these perceptions.

The following subsidiary questions were also answered within the study: (a) what factors appear to contribute to the success of New Jersey school districts' consolidation or dissolution efforts, and what are the factors that appear to contribute to the unsuccessful consolidation or dissolution of New Jersey public school districts?; (b) does a district consolidation/dissolution contribute to a diverse curriculum?; (c) what happens to the cost effectiveness in a newly formed regional district or in the dissolution of a regional in the areas of staff and administration?; (d) what point in the consolidation process or dissolution process will economies of scale become moot?; (e) does the issue of "home rule" when discussing board representation have a major impact on consolidation or deregionalization efforts?; and (f) can it be determined if there is any correlation between factors that, when present, may successfully predict the outcome of the consolidation process, and can it be determined if there is any correlation between factors that may successfully predict the outcome of a successful deregionalization process?

Lake's study (2006) was limited to New Jersey school districts that had completed the required Department of Education feasibility studies regarding school district consolidation or dissolution and had been granted approval by the New Jersey Commissioner of Education to present the issue for voter consideration between 1993 and 2003. The districts included in Lake's study (2006) are the Great Meadows and Somerset Hills School Districts, where consolidation was approved; Hasbrouck Heights and Wood-Ridge School Districts, where consolidation was not approved by the voters; and Union County and Lower Camden County School Districts, where deregionalization was

approved. Seventeen superintendents or their designees responded to the researcher's interviews and are represented within the study.

The intent of Lake's study (2006) was to determine whether the superintendents' perceptions indicated that specific factors were consistent in all regionalization studies that led to successful or unsuccessful consolidation of two or more public school districts. Determining the factors influencing successful school district consolidation or those factors that led to unsuccessful consolidation efforts could provide the New Jersey Department of Education with parameters necessary to develop a consistent policy relative to school district consolidation.

Chapter four: Presentation of the data

Seventeen superintendents' perceptions were included in Lake's study (2006). These superintendents responded to the interviews conducted and surveys provided by Lake.

Lake (2006) described the status of the participants interviewed by the researchers, and specifically whether the superintendent or a designee provided the relevant information.

The questions presented to the participants included their perceptions of the primary and secondary reasons for regionalization or deregionalization, the method of study used to determine the feasibility of the regionalization study, the outcomes to be derived from the regionalization or deregionalization, concerns relative to community representation on a regional board of education, socioeconomic considerations, and whether there were any identifiable positive or negative consequences as a result of successful or unsuccessful efforts.

Lake (2006) identified the respondents' most frequently cited reasons for regionalization or deregionalization varied. The most frequently cited reasons for successful regionalization were student enrollment, financial concerns, facilities, and curriculum. No other factors were even considered relevant by the superintendents or their designees in the decision-making process. Similarly, the perceived secondary reasons for successful regionalization were curriculum, financial concerns, facilities, and socioeconomic issues.

The superintendents who presented regionalization to the voters perceived that curriculum, financial concerns, facilities, student enrollment, and socioeconomic factors were the primary and secondary reasons for successful regionalization. On the other hand, the perceived primary and secondary reasons for unsuccessful regionalization were identified as the loss of local control and socioeconomic factors.

For those districts which deregionalized, the perceived primary reasons for successful deregionalization were named as curriculum, financial concerns, and the desire for local control. The secondary reasons were cited as financial concerns, socioeconomic issues, and curriculum.

The superintendents who presented deregionalization to their voters perceived that financial concerns, curriculum, local control, and socioeconomic factors were the primary and secondary reasons for successful deregionalization. Lake (2006) noted that there were no unsuccessful deregionalizations during the time in question.

Lake (2006) next reviewed the process for regionalization and deregionalization, and it cites the relevant statutes. All districts involved in regionalization and deregionalization had the appropriate studies completed.

Lake (2006) emphasized that, according to all 17 superintendents or designees who participated in the study, board member apportionment was not an issue in their efforts to regionalize or deregionalize.

Lake (2006) then reviewed the outcomes of the districts' relative attempts to regionalize or deregionalize. Two successful regionalizations were included in the report. For the Independence Township and Liberty Township School Districts, the primary purpose of regionalization was to alleviate overcrowding. Administrative overburden would also be reduced and a new middle school would be constructed. According to the study, regionalization accomplished the desired outcomes.

In the Somerset Hills regionalization, the primary focus was the consolidation of the administrative offices of the non-operating districts, curriculum improvements and articulation, and the ability to address current and future building projects. Consolidation facilitated these outcomes.

Two school districts experienced unsuccessful regionalization. Hasbrouck Heights and Wood-Ridge pursued regionalization due to a declining student enrollment in Wood-Ridge and an increasing student enrollment in Hasbrouck Heights. While the defeated referendum did not allow the districts' goals to be accomplished, the two districts have increased shared services.

To deregionalize, a majority of the districts that comprise a regional school district must approve deregionalization. In the Union County Regional High School District, local control and the opportunity to offer their students a rigorous curriculum were important considerations. Funding disparities between districts were also a strong concern.

One of the constituent superintendents emphasized that deregionalization was a very emotional issue in his community. Deregionalization allowed this district to operate its own high school, provide a more articulated K-12 educational program, exercise more local control, and eliminate all busing. Voters also held the perception that the regional school district did not always represent the needs of the community.

Two constituent districts did not approve deregionalization, however. The comprehensibility of the curriculum was cited as a significant consideration, as were financial concerns.

To summarize the deregionalization process, one superintendent opined that there were numerous positives and few negatives. Some of the positives included a more articulated program, the ability to customize the program according to local needs, cost savings in many constituents, the elimination of duplicative services, more personalized attention for students, uniform governance, and greater control over costs. Hostility of some of the “losers”, lack of responsiveness by the Department of Education, staffing issues, and the difficulty in providing a small comprehensive high school program were cited as some of the negatives of deregionalization (pp. 155-56). A problem also arose with the distribution of the regional’s assets, which resulted in litigation.

Five of the seven constituent districts voted for the deregionalization of the Lower Camden County Regional School District. The superintendents who supported deregionalization perceived that dissolution would expand and improve the curriculum, return students to their local districts, improve cost effectiveness, and expand local control. One superintendent noted, however, that no cost savings actually resulted from deregionalization. Additionally, the diversity of the curriculum was diminished.

One of the two superintendents who did not support deregionalization perceived that no benefits would result from dissolution, and claims that costs rose as a result. The other superintendent claimed it was too early to determine the positive or negative results of dissolution.

Chapter five: Summary, conclusions, and recommendations

This section begins by reiterating the primary and subsidiary questions addressed by the study. The interview questions presented to the superintendents or their designees were developed by Beauchea (1993) and previously utilized in her dissertation entitled “A National Study of School District Consolidations: Implications for New Jersey” (p. 165). Additional questions were included by Lake to address the issue of school district deregionalization not discussed in Beauchea’s previous study.

Lake (2006) then articulated her conclusions, and she initially noted that the respondents perceived only four primary reasons for regionalization. Those reasons included financial concerns, curriculum, facilities, and student enrollment. Three of the four identified secondary reasons for regionalization were identical to the primary reasons. These reasons are identified as financial, facilities, and curriculum.

Lake (2006) found that multiple local factors were instrumental in determining the success or failure of regionalization, including the consolidation of non-operating administration, the ability to offer a comprehensive curriculum, and the improvement of facilities. Lake (2006) noted that numerous sources have cited the delivery of a K-12 articulated program as a fundamental factor in the decision-making process.

Regarding the failed regionalization of Hasbrouck Heights and Wood-Ridge, one superintendent noted that although both communities have the same district factor group

designation, there was a perception by some that one constituent was of higher socioeconomic status. This factor was believed to have contributed to the failed referendum (Lake, 2006).

Regarding the districts which deregionalized, approximately 61% of the respondents involved in the process listed curriculum as the primary reason for deregionalization. Financial concerns and local control were also cited as significant factors. As for secondary reasons, superintendents or their designees identified financial considerations, socioeconomics, and curriculum as the main reasons for successful deregionalization. Again, local factors seem to be of primary importance, with the relative costs of the constituent districts playing a significant role.

Five of the six superintendents of the Union County Regional School District perceived that deregionalization improved the delivery of instruction to their secondary students. Local control over curriculum was also viewed positively (Lake, 2006).

The superintendents of the Lower Camden County Regional perceived dissatisfaction in the delivery of curriculum, and were particularly concerned with large class sizes, transportation issues, and articulation (Lake, 2006).

In summary, Lake (2006) found that the perceptions of the superintendents relative to regionalization and deregionalization aligned, in that many identified financial issues as a primary factor to consider. Curriculum and instruction were also perceived by the superintendents as primary factors in the decision-making process.

The second question addressed by Lake (2006) related to the primary and secondary reasons school districts considered regionalization or deregionalization. Curriculum was cited with the highest frequency as a primary and secondary reason for

consolidation. However, curriculum was also the second most identified reason for dissolution as well.

The review of literature, according to Lake (2006), did not indicate that curriculum was a primary reason for districts to consolidate. Rather, the literature noted that cost effectiveness is the primary reason for consolidation. Similarly, there was little reference relative to the delivery of instruction in the literature regarding deregionalization.

The issue of what happens to the cost effectiveness of newly formed regional districts or dissolved regionals in the areas of staff and administration was also confronted by Lake (2006). Lake (2006) cited the relevant statutes, and concluded that any staff savings must be identified on a case-by-case basis.

Lake (2006) also claimed that the point at which economies of scale becomes moot varied depending upon the particular circumstances. The issue of relative wealth and the impact on the respective tax rates of the constituent districts, however, were of primary consideration in the regionalization decision-making process. According to the Lake (2006), however, little research existed regarding the impact of economies of scale upon deregionalization. However, some research indicated that disparities in per pupil costs were due to that fact that costs were typically allocated using equalized valuations. Other costs must also be considered when discussing economies of scale, according to the Lake (2006), such as construction, facility costs, and legal fees.

The fifth question addressed by Lake (2006) was whether the issue of “home rule” has a major impact on consolidation efforts. Lake (2006) described “surprise” at the responses of the superintendents and their designees regarding board representation.

Specifically, all respondents noted that the formula for board representation was listed in State statutes. Lake (2006) noted that New Jersey has a “legacy of strong local control and home rule heritage of its public schools” (pp. 188-189).

The final issue included by Lake (2006) was whether it can be determined if there was any correlation between factors, that when present, may successfully predict the outcome of the consolidation process. The superintendents identified the primary and secondary reasons for successful regionalization as financial concerns, facilities, curriculum, and student enrollment. Lake (2006) claimed that “although speculation is far from scientific, one could speculate that the superintendents and designees involved in this study perceive to be of the belief that successful consolidation may be more attainable if the identified specific factors are evident” (p. 190).

Curriculum enhancements and financial considerations were noted as both primary and secondary reason for successful regionalization as well.

Lake (2006) concluded with her final recommendations, which were divided into three categories: practice, policy, and future research. Lake (2006) claimed that New Jersey’s current organizational structure of its public schools required review, and made the following suggestions: (a) Provide financial assistance to those school districts interested in completing regionalization studies, and particularly to K-6 and K-8 districts with fewer than three hundred students, limited purpose regionals, districts surrounded by other districts, and districts in send/receive relationships; (b) eliminate all non-operating districts; (c) modify the current State funding formula to accommodate school districts that have taken regionalization to their voters and received approval; (d) research regionalization efforts in other states to determine strategies designed to improve efforts

in New Jersey; and (e) research the feasibility of implementing a county-wide educational system.

In terms of policy, Lake (2006) suggested that the State develop a consistent policy of promoting regionalization and provide financial incentives to encourage districts to consider regionalization.

As for further potential studies, the following recommendations were made: (a) survey New Jersey's superintendents and respective boards of education relative to their perceptions regarding the need for a uniform State policy on both regionalization and deregionalization; (b) expand the existing regionalization study nationwide to determine whether there are correlations between variables that may successfully predict the outcome of regionalization or deregionalization efforts; (c) study the feasibility of consolidating all of New Jersey's six hundred plus districts into county school districts, as a means of delivering educational services to students in a cost effective manner; (d) survey non-operating districts as well as districts with one school building to determine those factors impeding regionalization efforts; (e) study the feasibility of providing meaningful financial incentives for school districts considering regionalization; (f) study the impact of race and socioeconomics on New Jersey's regionalization efforts; (g) survey both board of education members as well as the superintendents from districts that have been involved in regionalization and deregionalization to determine what factors inhibit or promote district consolidation or dissolution; (h) study the possibility of the New Jersey Department of Education developing a State policy relative to both regionalization and deregionalization; (i) update "A Plan for School District Consolidation in New Jersey", as written by Reock (1995), to include current data; and (j)

study the current practices in place in New Jersey for deregionalization and make recommendations for improvement.

Chapter III

Methodology

The purpose of this chapter is to explain the research methodology in compiling, summarizing, analyzing, and drawing conclusions from the guidelines and studies (Beineman and Kirtland, 2005; 2005, Dec.; 2005, April ; 2001, Aug.; Beineman, 1994, March; 1994, April; 1997; 1998; Centennium Consultants, 2000a, Jan.; 2000b, Jan.; 2001; 1999; 2005, Feb.; 2003; 2005, Oct.; Statistical Forecasting, 2004; Barre and Company, 2001; Stanton Leggett & Associates, 2002; Guidelines, Inc. & Yaniero, 2002).

Currently, although many guidelines (Klagholz & Contini, 1993; Bipp, et al, 1998; Pearsall, et al, 1998; Malone, et al, 1999; NJ Department of Community Affairs and NJ Department of Education, 1999; Regionalization Support Team, n.d.; Regionalization Support Team, n.d.a.) regarding regionalization and deregionalization have been published, and many feasibility studies (Beineman and Kirtland, 2005; 2005, Dec.; 2005, April ; 2001, Aug.; Beineman, 1994, March; 1994, April; 1997; 1998; Centennium Consultants, 2000a, Jan.; 2000b, Jan.; 2001; 1999; 2005, Feb.; 2003; 2005, Oct.; Statistical Forecasting, 2004; Barre and Company, 2001; Stanton Leggett & Associates, 2002; Guidelines, Inc. & Yaniero, 2002) have been commissioned by boards of education throughout the State, the information provided in these materials is frequently contradictory and often depends specifically upon the conditions and circumstances of the particular school districts involved. Further, no study has yet

examined a sampling of these guidelines and studies to extract the common themes and issues addressed in these materials.

This study is written in response to the often conflicting and incomplete information regarding the formation and dissolution of regional school districts. As set forth above, this study identifies the factors school districts consider in the regionalization/deregionalization decision-making process, and the comparative importance of such factors. This study also recognizes emerging trends in regionalization/deregionalization, identifies the common issues addressed in our sampling of feasibility studies, and draws conclusions regarding the current state of regional school districts within New Jersey.

To conduct this study, the researcher compiled seven studies and guidelines regarding the formation and dissolution of regional school districts published by the State of New Jersey, its agencies, and legislative committees between 1993 and 1999 (Klagholz and Contini, 1993; Bipp, et al., 1998; Malone, et al., 1999; Pearsall, et al., 1998; NJ Department of Community Affairs and NJ Department of Education, 1999; Regionalization Support Team, n.d.; Regionalization Support Team, n.d.a.). These studies provide general information regarding regionalization and deregionalization, including: the consensus points of various studies, the advantages and disadvantages of each, the processes and timelines for forming regional districts, the incentives and disincentives of each, and recommendations for encouraging regionalization within the State.

The researcher additionally compiled 19 feasibility studies commissioned by school districts within the State between 1994 to 2005 (Beineman and Kirtland, 2005;

2005, Dec.; 2005, April; 2001, Aug.; Beineman, 1994, March; 1994, April; 1997; 1998; Centennium Consultants, 2000a, Jan.; 2000b, Jan.; 2001; 1999; 2005, Feb.; 2003; 2005, Oct.; Statistical Forecasting, 2004; Barre and Company, 2001; Stanton Leggett & Associates, 2002; Guidelines, Inc. & Yaniero, 2002). Centennium Consultants voluntarily provided the researcher with each study it conducted for school districts within New Jersey (Centennium Consultants, 2000a, Jan.; 2000b, Jan.; 2001; 1999; 2005, Feb.; 2003; 2005, Oct.). The remaining studies were provided in response to Freedom of Information Law requests.

Each of these guidelines and studies were carefully analyzed and are summarized in Chapter II. After carefully reviewing these materials, the author identified the common elements addressed in the studies, identified the factors important to the decision-making process, drew conclusions regarding the current state of regionalization, and drafted the findings.

Chapter IV

Review of a Sampling of Nineteen Feasibility Studies and Findings

The following sampling of feasibility studies commissioned by school districts throughout the State of New Jersey provide great insight concerning the critical factors districts consider when assessing a proposed change in the status quo and the relative importance of such factors. These studies also identify emerging trends, common issues, and the current state of regionalization and deregionalization within New Jersey. Summaries of the 19 feasibility studies compiled for this analysis, and the findings derived from these studies, follow.

Northern Burlington Limited Purpose 7-12 Regional School District: Feasibility of expanding to a K-12 all purpose district or creating a limited purpose elementary district

Chesterfield Township, North Hanover Township, Mansfield Township, and Springfield Township School Districts comprise the Northern Burlington Limited Purpose 7-12 Regional School District. Donald E. Beineman (1994, March) studied two alternatives: expanding to an all purpose regional and creating a limited purpose elementary school district. However, Beineman failed to specifically address the creation of a limited purpose elementary school district.

Generally, the Beineman study (1994, March) is very brief and fails to include the detailed information suggested in the 1993 Department of Education guidelines (Klagholz and Contini, 1993). The analysis of potential K-12 regionalization is cursory and lacks the depth of many of the other studies reviewed.

Further, the entire tone of Beineman's study is decidedly anti-regionalization. He ultimately identifies the only noteworthy advantage of expanded regionalization as an articulated curriculum. Since, according to Beineman, articulation can be achieved voluntarily, regionalization is unnecessary and the study therefore implicitly recommends that the districts maintain the status quo.

Background information/information on the constituents and regional district

In 1993, the State Legislature provided funds for school districts to voluntarily consider regionalization, and such funds were obtained to complete Beineman's study (1994, March). The limited purpose regional was formed in 1959 and began operation in 1960. The district serves the children of United States Air Force personnel stationed at McGuire Air Force Base. Beineman (1994, March) described the area served by the limited purpose regional as "ripe for development" (p. 1).

Beineman (1994, March) summarized the geography, demographics, and development of each constituent community (pp. 1-3).

Enrollment projections

Beineman (1994, March) included enrollment histories and projections for each district. Beineman reported that 5 year projections are more reliable than 10 year projections, and claims that factors such as location, interest rates, tax provisions, legislation, family size, and housing development contribute to a varying population over time. Enrollment for general education was projected using the cohort survival method and enrollment for special education was projected using the percent of population method. The projections revealed that enrollment was expected to decrease slightly in Chesterfield Township and Mansfield Township; decrease in North Hanover Township;

increase slightly in Springfield Township; and increase in the Northern Burlington Limited Purpose Regional.

Facilities implications of an all purpose regional district

Beineman (1994, March) concluded that no immediate need existed for new construction or renovations as enrollment had not reached capacity in any of the facilities. However, using an 85% capacity guideline and the high end of the enrollment projections, Mansfield Township was predicted to need to expand its facilities in the near future. Similarly, Springfield, Chesterfield, and North Hanover were thought to require additional classroom space as housing development occurs. The movement of an increased student population through the elementary schools was believed to have implications for the regional district in the future as well.

Beineman (1994, March) states that “the implications of this growth are clear” (p. 18). If the limited purpose regional were to become an all purpose district, the “cost of additional schools will be borne by all of the constituent districts in the same proportion as their support of the operating budget” (p. 18). Beineman implied that sharing the costs of construction or renovations is a significant disadvantage to expanded regionalization.

Negative programmatic implications of expanded regionalization also existed, according to Beineman (1994, March) since “whatever opportunities are offered in one school of a regional district must be offered in all schools of that district” (p. 18). Beineman goes on to state that “coordination and development of curriculum, though one would expect it to be occurring now, would be a necessity” (p. 18). Beineman also wrote that common textbooks, common supplies, relatively similar class sizes, and “like considerations” would also need to be addressed (p. 18).

Legal implications

Beineman (1994, March) noted that under expanded regionalization, a desegregation plan may need to be developed since North Hanover had a 30 percent minority population.

Beineman (1994, March) addressed certain limited financial considerations. He noted, with a negative connotation, that North Hanover's Federal Impact Aid "would be income to the regional district and be part of the revenue section of the regional budget" (p. 18). Additionally, the expanded regional would not be eligible to receive North Hanover's "super impact aid" (p. 18), which is paid when students from military families constitute more than half of the students of the district.

According to Beineman (1994, March), if a grade K-12 district was created, the apportionment of seats on the board of education would remain the same as now exists on the limited purpose board. The property of the constituent districts would become the property of the expanded regional, and the indebtedness of those districts would become the regional's debt as well. Central office staff would be eliminated in each elementary district. Tenure and seniority issues would also need to be addressed. However, Beineman fails to analyze these issues in depth, claiming that "because other existing staff members in the elementary schools will be needed where they are, it is doubtful that there will be any impact on them with the formation of an all purpose regional district" (p. 19).

Cost implications of an all purpose regional district

Beineman (1994, March) reported that the guidelines regarding feasibility studies suggest that costs be analyzed by combining all current year budgets into a single

proposed regional budget, and then deducting any identified savings. According to Beineman, the guidelines also suggest estimating State aid, local tax levies, and tax rate comparisons using equalized valuations.

Beineman estimated the budgets assuming the status quo versus creating a grades K-12 regional school district. While the numerical data included in the study is difficult to interpret, and Beineman offers little explanation of the figures, a conclusion is drawn that “a proposed all purpose district does not suggest large savings” (p. 23).

According to Beineman (1994, March) if a grades K-12 district is created, no savings would be realized from terminating the superintendents in each elementary district since these superintendents are also the building principals, and would therefore need to be retained. However, savings would result from eliminating school business administrators and consolidating business services.

Regarding the apportionment of costs amongst constituents under expanded regionalization, Beineman (1994, March) cited legislation, which allows taxes to be apportioned based on any combination of equalized valuations and enrollment, as chosen by the district. He recognized that the impact on district taxes varied greatly depending upon the chosen method of apportionment. Again, however, the numerical data is difficult to interpret and the study fails to provide specific school district tax rates under each allocation method.

Advantages and disadvantages of the proposed all purpose regional district

Beineman (1994, March) identified the advantages of expanded regionalization as: coordination of a grades K-12 curriculum, shared Federal Impact Aid, greater possibility of the construction of new schools, and shared indebtedness. The

disadvantages were described as: districts paying for construction in other districts; losing control of decision-making for resident students; assuming debt of other districts; potentially losing all day kindergarten, 4 year old kindergarten, and early bird programs; losing board secretary positions; losing control of Federal Impact Aid for North Hanover; and losing "super impact aid" (pp. 38-39).

Conclusions

Beineman (March, 1994) identified the coordination of curriculum as the one significant advantage to grade K-12 regionalization (p. 40). However, he argues that coordination could also be realized by the "cooperation of the districts or by a joint hiring of a curriculum coordinator to work with all districts involved" (p. 40). Beineman therefore concluded that "given the current funding mechanism, there seems to be little reason to join together in an all purpose regional or for the elementary districts to join together as a limited purpose regional district" (p. 40).

Barrington and Haddon Heights School Districts: Feasibility of converting a send/receive relationship to a K-12 all purpose regional school district

Barrington and Haddon Heights School Districts commissioned this study, published in April 1994 by Donald E. Beineman, to assess converting their present send/receive relationship to a grade K-12 all purpose regional school district. Like the Northern Burlington study (Beineman, 1994, March), this study is very brief and fails to include the detailed information suggested in the 1993 Department of Education guidelines. The analysis of potential grade K-12 regionalization is cursory and lacks the depth of other studies. Remarkably, no mention is even made of the educational impact of regionalization, with the exception of the implication that control over the educational program is important. Further, the tone of Beineman's study is decidedly anti-

regionalization and very few advantages to creating an all-purpose regional school district were cited. Beineman implies that the districts maintain the status quo, although no explicit recommendation is made.

Community information

Beineman (1994, April) described the geography, demographics, and development of both communities and notes that both have experienced a decline in population since 1970.

The educational plans of each district, including grade configurations and course offerings, are also described. At the time of the study, Barrington sent its students in grades 9-12 to the Haddon Heights High School.

Enrollment projections

Beineman (1994, April) included enrollment histories and projections for both districts. He reported that 5 year projections are more reliable than 10 year projections, and stated that factors such as location, interest rates, tax provisions, legislation, family size, and housing development contribute to a varying population over time. Enrollment for general education was projected using the cohort survival method and enrollment for special education was projected using the percent of population method.

These projections revealed that student enrollment was expected to increase slightly in both Barrington and Haddon Heights in the ensuing 4 years.

Facilities implications of an all purpose regional district

Beineman (1994, April) concluded that no immediate need exists for new construction or renovations in the districts, as enrollment had not reached capacity in any of the facilities. However, using an 85% capacity guideline and the high end of the

enrollment projections, Beineman projected that additional classroom space might be needed in Barrington in the near future.

Legal implications

Beineman (1994, April) identified "one legal implication, albeit a minor one" (p. 16) as the naming of the new regional district. Seats on the regional board would be needed to be distributed between the districts. The 1990 census (U. S. Department of Commerce, Bureau of the Census, 1993) indicated that Barrington would have four seats on the regional board and Haddon Heights would have five.

According to Beineman (1994, April) personnel would need to be reduced if regionalization occurred, particularly at the central office level. However, Beineman (1994, April) notes that "building principals and teachers would remain inasmuch as there is no anticipated change in the educational program and the projected enrollments indicate a growing student population" (p. 16). The property of the districts would become the property of the regional district.

Cost implications of an all purpose regional district

Beineman (1994, April) reports that the guidelines regarding feasibility studies suggest that costs be analyzed by combining all current year budgets into a single proposed regional budget, and then deducting any identified savings. According to Beineman, the guidelines also suggest estimating State aid, local tax levies and tax rate comparisons using equalized valuations.

Beineman (1994, April) estimated budgets assuming the status quo versus creating a grades K-12 regional school district. Like the Northern Burlington study (Beineman, 1994, March), the numerical data included by Beineman is difficult to

interpret and little explanation of the figures is provided. However, Beineman found that “economies of scale would be small” (p. 25) in a regional district, and that the largest savings would result from eliminating central office salaries. Transition aid, however, was thought to likely be lost if an all purpose regional is created.

Regarding the apportionment of costs amongst constituents under expanded regionalization, Beineman cited recent legislation that allows taxes to be apportioned based on any combination of equalized valuations and enrollment, as chosen by the district. Beineman (1994, April) recognizes that the financial impact on each district varies depending upon the chosen method of apportionment. Again, however, the numerical data is difficult to interpret and the study fails to provide specific school district tax rates under each allocation method.

Advantages and disadvantages of the proposed all purpose regional district

For Barrington, Beineman (1994, April) identified the advantages of grades K-12 regionalization as: having a voice in the education of pupils in grades 9-12; eliminating tuition payments for students in grades 9-12; reduced cost for educating pupils in grades 9-12; and the superintendent of schools could “bump back to previous positions held if need be” (p. 27). The disadvantages for Barrington were described as: losing control of the board of education and control of the educational program; central office staff would be vulnerable to loss of jobs; one middle management staff member could be replaced if bumping rights are exercised; and secretarial staff would have no assurance of continued employment.

For Haddon Heights, the only identified advantage of regionalization was that it retained control over the board of education and the educational program. The

disadvantages named for Haddon Heights included: the loss of tuition payments from Barrington; payment of more than half of the lost tuition income; and present office staff would have no assurance of continued employment.

Conclusion

According to Beineman (1994, April), “both districts would have potential losses without significant offsetting gains in establishing a regional school district” (p. 27). He claims that “one hope for acceptance of the notion of regionalization might be the negotiation of a percentage share of tax levy to include both equalized valuation and enrollment as now permitted by law”, but finds that “realities may not lead to citizen support of any proposed regional district” (p. 27).

Stratford and Laurel Springs School Districts: Feasibility of converting a send/receive relationship to a limited purpose regional school district

The Stratford and Laurel Springs School Districts commissioned this study, published in April 1997 by Donald E. Beineman, to assess alternatives to their present send/receive relationship. Beineman specifically examined, in addition to other alternatives, the possibility of creating a limited purpose school district. While Beineman concluded that the limited purpose regional would encompass grades K-8, he failed to explicitly identify the scope of the proposed district. While this analysis is more comprehensive than the Northern Burlington (Beineman, 1994, March) and Barrington/Haddon Heights (Beineman, 1994, April) studies, it still lacks the depth and detail of the other studies reviewed.

Costs are stressed as the most important factor (Beineman, 1997). Notably, the educational impact of regionalization is greatly disregarded. The final recommendation is that the districts maintain the status quo.

Description of the proposed regional district

Beineman (1997) summarized the geography, demographics, and development of both communities. The educational plans of each district, including grade configurations and course offerings, are also described.

Stratford is a grades K-8 district and a constituent of the Sterling Regional High School District. Laurel Springs educates its own students in grades K-6; sends its students in grades 7-8 to Stratford's schools on a tuition basis; and sends its students in grades 9-12 to the Sterling Regional High School on a tuition basis.

The Beineman study (1997) was commissioned after the Department of Education fined Laurel Springs for excessive administrative costs to determine if any financial advantages exist to creating a limited purpose district.

Enrollment data and projections

Beineman (1997) included enrollment histories and projections for both districts. According to Beineman, 5 year projections are more reliable than 10 year projections, and factors such as location, interest rates, tax provisions, legislation, family size, and housing development contribute to a varying population over time. Enrollment was projected using the cohort survival method. The projections revealed that enrollment was expected to decrease slightly in both Stratford and Laurel Springs.

Physical facilities

Beineman (1997) described the Stratford district as organized into one building of grades K-3 and one building for grades 4-8 (p. 14). The district hoped to move the fourth grade to a building owned by the district, but used only to house central office administration, so that grades 5-8 could be educated in a "true middle school"

(Beineman, p. 14). Laurel Springs, on the other hand, is organized as a grades K-6 school building.

If a regional district was to be formed, Beineman (1997) noted that all schools would remain in use, and some “realignment of attendance areas may need to be established” (p. 16). However, Beineman did not find any need for new construction or renovations in the near future.

Beineman (1997) noted that reconfiguring grades and student attendance areas, and providing additional transportation for students, might present impediments to regionalization. He fails, however, to provide any proposed solutions or resolutions to these potential problems.

Racial composition

Beineman (1997) outlined the racial composition of the two districts and the proposed regional, and concluded that “there will be no significant change in racial composition” from forming the regional (p. 18).

Fiscal implications

Beineman (1997) combines Stratford’s and Laurel Spring’s budgets “because it is assumed that no reduction in appropriations would be realized from the regionalization of the two districts” (pp. 19-24). Transition aid from the State was included in the budget examined by Beineman, although “it is highly doubtful that such aid would have been paid to the regional had it been in existence for the 1996-1997 school year”, and, “in fact, the State aid simulations of both the Department of Education proposal and the Senate proposal exclude any transition aid payments” (p. 19).

Costs were allocated using equalized valuations. Under this method of allocation, Laurel Springs was estimated to pay approximately 27% of the total tax levy and Stratford was estimated to pay approximately 74%. These percentages represented an increase in Stratford's taxes and a decrease in Laurel Springs's taxes of approximately \$127,995 when compared with the status quo. For Stratford, tax rates would increase about \$2.26 cents per \$100 of assessed valuation.

Other options

Beineman (1997) also examined options other than limited purpose regionalization, including: (a) closing the Laurel Springs School and sending all of its students to Stratford; (b) allowing Stratford to operate the Laurel Springs School as if it were a Stratford school; (c) maintaining the Laurel Springs School, but allowing Stratford students to attend; and (d) maintaining the status quo.

Beineman (1997) concluded that closing the Laurel Springs School was not a feasible option due to the limited availability of space in Stratford. If all Laurel Springs students attend Stratford's schools, class sizes would exceed 25 students according to Beineman.

Beineman (1997) thought that allowing the Stratford Board of Education to operate the Laurel Springs School could be accomplished in two ways: (a) the Stratford Superintendent could serve as the Laurel Springs Superintendent or (b) Laurel Springs could exist as a non-operating district, send all of its students to Stratford on a tuition basis, and lease its school to Stratford. If the Stratford Superintendent served both districts, Beineman thought that little, if any, savings would result since a building principal would still need to be employed in Laurel Springs absent a waiver from the

Department of Education. Beineman similarly determined that unless the tuition payments and lease could be structured to provide savings to Laurel Springs without raising taxes in Stratford, “there is no point to pursuing” the possibility of classifying Laurel Springs as a non-operating district (p. 27).

Allowing Stratford students to attend the Laurel Springs School would permit Stratford to form a “true middle school” (Beineman, 1997, p. 27). The students in grades 5 and 6 from Laurel Springs could also attend the middle school. Beineman noted that the one drawback to this option is the lack of available space in Stratford’s elementary schools.

According to Beineman (1997), “unless there is some way to not increase the tax levy in either district or, preferably, to save some tax dollars, there is little merit in attempting to change the status quo” (p. 28). Beineman claimed that “other than cost, there is no hue and cry for change” (p. 28).

Beineman noted that the present legislative intent appears to be the elimination of penalties for high per pupil administrative costs. Therefore, Laurel Springs would not lose any State aid for keeping its present administrative pattern, despite its apparent inefficiencies¹.

Beineman (1997) concluded that unless the districts can obtain a waiver from the Department of Education to the requirement that the Laurel Springs School employ a resident building principal, maintaining the status quo is the best option “until such time as incentives for regionalization are enacted” (p. 28). While Beineman fails to explain

¹ As set forth above, the State fined Laurel Springs for excessive administrative costs, which prompted this study.

his rationale for this conclusion, it is apparent that costs are the leading, if not only, factor considered in this study.

Summary and conclusions

The study (Beineman, 1997) summarizes its findings as follows:

1. Both communities are seeking alternatives in response to ever-increasing tax levies and not due to dissatisfaction with educational programs and services;
2. Modest enrollment decline is expected in both districts;
3. No schools could be closed if regionalization occurred since all available classroom space would be needed;
4. Regionalization is feasible but for the increased tax levy in Stratford;
5. Closing the Laurel Springs School and sending all of its students to Stratford is not a viable option;
6. Some savings may result if the Stratford Superintendent serves both districts, but only if the Department of Education grants a waiver to the requirement that the Laurel Springs School employ a resident building principal;
7. Classifying Laurel Springs as a non-operating district and leasing the Laurel Springs School to Stratford is not viable unless the lease and tuition could be structured to provide savings to Laurel Springs without increasing taxes in Stratford;
8. Allowing Stratford students to attend Laurel Springs is not feasible unless it would allow Stratford to operate a true middle school;
9. Maintaining the status quo makes the most sense unless a waiver can be obtained allowing a principal in Stratford to also serve as the Laurel Springs principal (Beineman, 1997, pp. 29-30)

Beineman (1997) concluded that the districts should pursue a waiver to the requirement that a resident building principal be employed at the Laurel Springs School. If granted, he proposed that an agreement between the boards should be structured to have the Stratford Superintendent serve both districts. If the districts are unable to obtain the waiver, Beineman suggested that the status quo be maintained. He noted that "if and

when the Legislature provides incentive to establishing new regional districts, the possibility of these districts doing so should be restudied” (p. 30).

Addendum

The districts requested that Beineman review his prior conclusions after they developed their budgets and received notification of State aid for the 1997-1998 school year.

This review caused Beineman to amend his prior recommendation that the Stratford Superintendent serve both districts, although not due to the notification of State aid or the development of the school budgets. Beineman (1997) reported that the County Superintendent indicate that a waiver to the requirement that Laurel Springs employ a resident building principal could not be granted, since one principal cannot serve two school buildings in two separate districts. Since Laurel Springs would therefore need to employ a principal even if the Stratford Superintendent served both districts, the potential cost savings of this option are eliminated. Beineman therefore recommends that the districts maintain the status quo.

Beineman (1997) noted that enrollment projections in Laurel Springs were slightly understated and in Stratford were slightly overstated. Both 1997-1998 budgets decreased when compared with the prior year.

Beineman (1997) assessed whether Laurel Springs could terminate its send/receive relationship with Stratford, but concluded that it was not a feasible option, since Laurel Springs would need to establish another send/receive relationship for its students in grades 7 and 8 or educate them independently. The lack of school districts capable of receiving the Laurel Springs students, and Laurel Spring’s need to build an

addition to its existing building to educate its own 7th and 8th grades students, made this option prohibitive. Although savings would be realized due to the elimination of tuition payments, it was thought that the district would offer a “decidedly inferior educational plan for its seventh and eighth grade pupils” (Beineman, p. 32). It was believed that Stratford would also suffer financially if Laurel Springs withdrew its students.

Beineman (1997) reported that the notification of State aid and the development of the school districts’ proposed budgets have no impact on his conclusion regarding regionalization, closing the Laurel Spring School, having Laurel Springs become a non-operating district, or allowing Stratford students to attend Laurel Springs. However, the County Superintendent indicated that a waiver to the requirement that a building principal serve in each building cannot be obtained in this instance since one person cannot serve as principal in two separate districts.

Since “the primary reason for considering this option is eliminated,” the addendum instead recommends that the districts maintain the status quo (pp. 33-34). Again, it is apparent from this recommendation that costs are considered the most important factor in this particular study by Beineman (1997).

Clearview 7-12 Limited Purpose Regional School District: Feasibility of expanding to an all purpose K-12 regional school district

This study, completed in April 1998, was commissioned to assess expanding the Clearview 7-12 Limited Purpose School District, comprised of Mantua and Harrison Townships, to an all purpose K-12 regional. While this study, conducted by Donald Beineman (1998), is more thorough than his previous studies (1994, March, April; 1997) and more closely follows the format recommended by the Department of Education, it

fails to draw any conclusions or make any recommendations regarding the proposed expanded regional.

Background

Beineman (1998) described the geography, demographics, and educational plans of the constituent districts. Mantua Township operates three school buildings for students in grades Pre-K-6. Due to a growing student population, Mantua Township sought in 1997 to expand its facilities via a building referendum. However, the referendum was “overwhelmingly” defeated (p. 1).

Harrison Township, where student enrollment was noted to continue to grow, educated its K-6 students in one school building, as noted by Beineman (1998).

Enrollment projections

Student enrollment was projected by Beineman (1998) using the cohort survival method, and was calculated by adding actual enrollment for the 1997-1998 school year to enrollment history; computing average cohort survival ratios; and, projecting 10 year enrollment based on 3 and 5 year averages. Special education enrollment was projected using a percent of total district enrollment. These projections showed that student enrollment was expected to continue to grow in both constituent districts and the limited purpose regional.

School capacity and enrollment projections

Given these enrollment projections, the regional high school was noted to likely require additional facilities in the 4 years following the study (Beineman, 1998).

If the status quo were to be maintained, Beineman (1998) predicted the regional middle school would be able to house the expected student population in grades 7 and 8.

However, Beineman noted that if the district expanded to an all purpose regional and the sixth grades are moved to the middle school, additional classroom space would be required.

Enrollment was expected to exceed capacity in the elementary schools of both constituent districts if the status quo was maintained. Harrison was noted to need to build a new school and Mantua was noted to need to construct an addition to one of its buildings. While the addition in Mantua was thought to provide the necessary space, the other two facilities would remain "second class facilities" with "inadequate space for program needs" (Beineman, 1998, p. 17).

Combined budgets/transitional budget

Beineman (1998) reviewed the budgets of the constituents and the regional district to determine a combined budget. He developed a budget to serve the expanded regional district to compare the impact of the expanded regional's tax levy to the existing tax levies.

The staffing implications of expanded regionalization were considered first. Coordinating the salary guides was noted to increase the budget. Beineman (1998) assumed that 3 administrators, 5 supervisors, 3 other professionals and 15 clerical staff would be employed in the regional district. The all purpose regional would therefore be able to add an Assistant Superintendent, 1 additional supervisor, 3 other professionals, and 7 clerical positions. The proposed elimination of the two elementary school districts would allow the elimination of 2 superintendents, 2 school business administrators, 2 curriculum supervisors, 1 food service director, 1 maintenance supervisor, 5 secretaries, and a bookkeeper. The net change would be the loss of 1 professional position, the food

service director, the maintenance supervisor, and 1 clerical position, resulting in a small savings.

Beineman (1998) found that transportation costs would increase slightly if the regional expands, while the elimination of redundant support services would result in savings.

Beineman (1998) compared the tax levies of the transitional and existing budgets. Tax levies would be allocated using equalized valuations. If an all purpose regional is formed, Beineman found that Harrison Township would pay 40% of the tax levies and Mantua Township would pay 60%. The overall net increase for Harrison Township would be \$24,918 and the overall increase for Mantua Township would be \$250,565.

District racial make-up

Beineman (1998) detailed the demographics of each constituent district, the regional high school district, and the proposed all purpose regional. He concluded that there would be no negative racial impact if the all purpose regional was formed.

Legal issues

Beineman (1998) addressed the various legal implications of converting the limited purpose regional to an all purpose regional. While no change to the present board apportionment was believed to be necessary, the boards of education of the Harrison and Mantua School Districts would cease to exist. Tenure and seniority rights would need to be addressed.

Formal action must be taken to dissolve the constituent districts, according to Beineman (1998). The property and indebtedness of the constituents become the property and indebtedness of the proposed all purpose regional. The name of the regional

district would remain the same unless a new name was adopted by the board of education and approved by the State, according to Beineman.

Advantages and disadvantages of becoming an all purpose regional district

The advantages of expanded regionalization for Clearview Regional are noted to be: eliminating inconsistencies between educational programs and resources; coordinated staff development; and articulated equipment, textbooks, and materials, according to Beineman (1998). The one disadvantage identified is that additions to the middle school and another school would be required.

The advantages for Harrison Township are noted to be: the costs of additions to the middle school and another school in Harrison Township would be shared and a portion of the existing debt service would be paid by Mantua residents (Beineman, 1998). Disadvantages include: control of the elementary program would be transferred to a board where Harrison members are a minority; the local board would be abolished; its percentage allocation of tax levies would increase by approximately 3%; and, its total tax levy would increase.

The advantages for Mantua Township are described by Beineman (1998) as: postponement of building an addition to a school due to the movement of the sixth grade to the middle school; control of the elementary program would be transferred to a board where Mantua members are a majority; and the percentage allocation of tax levies would decrease by approximately 3%. The disadvantages are noted to be: the tax levy for school purposes would increase by \$250,565; Mantua would share in the costs of additions to the middle school and another school in Harrison Township, and in Harrison's existing debt service; and, the local board would be abolished.

Unfortunately, Beineman (1998) ends his feasibility study without drawing any final conclusions or making any recommendations regarding the action the districts should take. Additionally, no underlying tone exists to indicate what the recommendation might have been.

Ocean Township and Southern Regional Limited Purpose School Districts: Feasibility of terminating a send/receive relationship

The Ocean Township School District contracted Centennium Consultants to analyze terminating its present send/receive relationship with the Southern Regional 7-12 Limited Purpose School District for students in grades 7 and 8. While the study, published in November 1999, concludes that no substantial negative financial, educational, or racial impact would result from the withdrawal of Ocean Township's 7th and 8th grade students, it fails to make any explicit recommendations regarding the proposed action.

Background information

The Southern Regional School District educated students in grades 7 through 12 from Ocean Township on a send/receive basis. Ocean Township 7th and 8th grade students were educated in the Southern Regional Middle School. Southern Regional was comprised of Stafford Township, the Long Beach Island Consolidated School District (consisting of Barnegat Lights, Harvey Cedars, Long Beach Township, Ship Bottom, and Surf City), and Beach Haven Township. Barnegat Township sent its students in grades 9-12 to Southern Regional District on a tuition basis, and withdrew its 7th and 8th grade students from Southern Regional in the early 1980s.

To conduct its study, Centennium Consultants (1999) reviewed materials and documents from the districts, conducted interviews, toured the elementary and middle

schools, and surveyed Ocean Township board members. The seven out of eight board members who completed the surveys indicated that the strengths of the Southern Regional Middle School included: the scope of curriculum offerings; its modern facility; the diversity in student population; the variety of athletic and extracurricular activities; the varied special education program; and the expertise of department heads and supervisors. Concerns of the board members were described as: students becoming lost due to the size of the school; cost of tuition; lack of communication; greater temptation for students to use alcohol, tobacco, or drugs; and lack of local control. The board members identified concerns of parents, students, and taxpayers as: high cost of tuition; students are treated as “outsiders”; and peer influences. According to the board members, Southern Regional parents, students, and taxpayers believed however, that the “remedial and gifted programs [of the Southern Regional Middle School] meet the needs of students” (p. 2).

Centennium Consultants (1999) described the geography, history and development of the constituents and sending communities. The relationship between Ocean Township and Southern Regional was then discussed.

Southern Regional was formed in 1956 to serve students in grades 7 through 12 of the constituent districts of Long Beach Island Consolidated, Beach Haven, and Stafford Township. Barnegat Township and Ocean Township joined the regional as sending districts for grades 7 through 12 when Southern Regional opened in 1957. In the 1980s and 1990s, enrollment in Barnegat Township, Ocean Township, and Southern Regional grew steadily. At the time of the research by Centennium Consultants, Barnegat Township was building an additional elementary school to house its growing population

and Ocean Township was at full capacity. Southern Regional, impacted by high population growth in the constituents and sending districts, opened a new building for grades 9 and 10 in 1998.

In 1995, Barnegat Township and Ocean Township commissioned New Choices Educational Services, Inc. to conduct a feasibility study to analyze the following three options: (a) forming a grades 7-12 limited purpose regional district; (b) expanding Barnegat Township to a K-12 district for Barnegat students only; and (c) enlarging the Southern Regional District to include Ocean Township as a constituent, rather than a sending district. New Choices Educational Services recommended that Ocean Township and Barnegat consider forming a grades 7-12 limited purpose district or that Ocean Township become a constituent of Southern Regional. According to Centennium Consultants (1999), however, New Choices “recognized that this second option would be difficult to achieve” (p. 8). No explanation for this opinion was provided.

In 1996, Ocean Township commissioned another study to analyze terminating its send/receive relationship with Southern Regional to form a K-12 or 7-12 regional school district with Barnegat Township (Centennium Consultants, 1999). This study concluded that neither Ocean Township nor Barnegat Township would benefit financially by creating a regional district.

Centennium Consultants (1999) described articulation between Ocean Township and Southern Regional as “good” and reports that a mutual respect exists between the administrations of the districts. It was noted that the Ocean Township Board of Education appoints a representative to sit on the Southern Regional Board, who votes on all matters pertaining to the 7-12 program.

Demographics

Enrollment projections for Ocean Township and Southern Regional were included by Centennium Consultants (1999). At the time of the study, student populations in grades 7 and 8 were expected to remain relatively stable in Ocean Township and were expected to grow in Southern Regional. Using an estimated growth rate of 6% per year in Southern Regional, Centennium Consultants (1999) concluded that the loss of Ocean Township's 7th and 8th grade students would "cause little if any impact on the Southern Regional Middle School" (p. 10).

To determine the impact on racial balance if Ocean Township withdrew its 7th and 8th grade students, Centennium Consultants (1999) compared the racial/ethnic composition of the regional district with and without the Ocean Township students. They concluded that there would be no substantial impact on racial balance in either Southern Regional or Ocean Township if Ocean Township withdrew its 7th and 8th grade students.

Facilities

Centennium Consultants (1999) described the facilities and anticipated facility needs of Ocean Township and Southern Regional. They described Ocean Township as comprised of two elementary schools. One school educated students in grades Pre-K-3 and the other educated students in grades 4-6. Both schools were over capacity at the time of the study. Therefore, to accommodate its 7th and 8th grade students, Ocean Township needed to build additions to both of its schools (Centennium Consultants, 1999). One school would educate students in grades Pre-K through 4 and the other would educate students in grades 5-8. The cost of the addition was estimated to be \$6,307,988.

At the time of the study, Southern Regional Middle School housed approximately 900 students in grades 7 and 8. This school was judged to be capable of accommodating growth for 4 to 5 years following the study with the Ocean Township students (Centennium Consultants, 1999).

Educational impact analysis

Centennium Consultants (1999) analyzed the existing educational programs to determine Ocean Township's ability to provide an appropriate program and to assess the impact on Southern Regional. They described in detail the districts' philosophies, goals and objectives, mission statements, class sizes, pupil-to-teacher ratios, curriculum designs, special education, professional development, parental involvement, co-curricular programs, field trips, student assessments, and technology.

Centennium Consultants (1999) concluded that, due to its size and expected continued growth, Southern Regional would suffer no substantial negative impact if Ocean Township were to withdraw. Similarly, they concluded there would be no substantial negative educational impact on the Ocean Township 7th and 8th grade students if they were educated within their own district, "assuming the Board of Education provides the necessary supports" (p. 30).

According to Centennium Consultants (1999), the size of Southern Regional allowed it to provide diverse program options, a wide array of electives, and a variety of co-curricular and athletic programs. Ocean Township, due to its relatively small size, would not be able to offer the same variety of programs and services. However, Centennium Consultants (1999) argued that Ocean Township could still provide a "good middle school program, one that serves the needs of its students and prepares them

effectively to continue their education at Southern Regional” (p. 30), provided the Board supplies adequate facilities, a solid curriculum, a strong pupil-to-teacher ratio, and the funding to support a strong academic program and extra-curricular activities.

Centennium Consultants (1999) reviewed the importance of teaching young adolescents in appropriate and successful middle schools. They noted that if it creates its own middle school, Ocean Township should: team teachers with small groups of students; create common planning time for teachers; develop peer mentoring programs; provide strong guidance programs; offer an integrated and interdisciplinary curriculum; encourage frequent and constructive interaction with parents; and supply varied technology.

Financial information

Centennium Consultants (1999) predicted four years of budgets, revenues, and school tax rates assuming the status quo with the same figures assuming Ocean Township withdraws its 7th and 8th grade students.

The projections of property valuations are included in the study by Centennium Consultants (1999). These values are important since assessed valuations in each community are used to determine the respective school tax rates. In Ocean Township, housing construction was expected, which would cause assessed valuations to increase significantly.

The impact on transportation was also considered (Centennium Consultants, 1999). At the time of the study, Southern Regional provided all of Ocean Township’s K-12 transportation. As students in grades 7 and 8 attend school within Ocean Township, rather than in Southern Regional, transportation implications were thought to exist.

However, since Southern Regional would continue to provide Ocean Township's transportation, and the routes were already in place on a K-12 basis, this change was noted to result in very little cost impact.

According to Centennium Consultants (1999), special education would not be affected by the withdrawal of Ocean Township's students.

If Ocean Township educated its own 7th and 8th grade students, renovated its two school buildings, and reconfigured its grades as believed necessary, Centennium Consultants (1999) estimated the cost of construction would be \$6,307,988. Centennium Consultants (1999) assumed the additions would be in place for the 2000-2001 school year.

According to Centennium Consultants (1999), Ocean Township's withdrawal of its students would also have tuition payment implications. Centennium Consultants (1999) assumed Ocean Township would withdraw its students on a phased-out basis, so that only 8th grade students would attend Southern Regional in 2000-2001, and no students would attend Southern Regional in 2001-2002. Centennium Consultants (1999) estimated that Southern Regional would lose, and Ocean Township would save, \$6,326,700 in tuition over the 4 years following the study.

The projected budgets under the status quo were presented next by Centennium Consultants (1999). State aid and other revenue were deducted from the total budget to produce the taxes to be raised. "Other revenue" consists primarily of tuition, interest earned, federal aid, and reserves appropriated into the budget (Centennium Consultants, 1999, p. 37).

Under the status quo, Centennium Consultants (1999) noted that Ocean Township's general fund was projected to increase 3% per year while State aid was projected to increase 5% per year. In Southern Regional, budgets were projected to increase 5% per year and State aid was projected to increase 3%.

In calculating the resulting taxes to be raised, Centennium Consultants (1999) noted that school tax rates were projected to decrease each year in Ocean Township due to an anticipated significant increase in property valuations over this period of time. Specifically, taxes were projected to decrease from \$1.56 to \$1.12 between 1999-2000 and 2003-2004.

Since Southern Regional is a grade 7-12 limited purpose district, the taxes raised are apportioned to each constituent based upon the amount of equalized valuations allocated to the regional on the basis of the ratio of each district's grade 7-12 pupil population to its total pupil population. The amount is then compared with the total equalized valuations allocated to the regional district and a percentage is determined. This percentage is applied against the total taxes to be raised to determine the tax allocation for the constituent district.

Estimated school rates were projected to increase in Southern Regional at a moderate rate under the status quo (Centennium Consultants, 1999). Specifically, the grades 7-12 school tax rates were projected to increase between \$.06 and \$.14 between 1999-2000 and 2003-2004.

The projected status quo budgets were modified to project the budgets assuming that Ocean Township withdrew. For Ocean Township, the cost implications of withdrawal as noted by Centennium Consultants (1999) included: saved tuition

payments, additional educational expenses, salary and benefits for additional staff, and the cost of utilities for the additions to the existing facilities. For Southern Regional, cost implications included lost tuition and reduced staff.

It was projected that if Ocean Township withdrew, its school tax rate would decrease due to the projected increase in property valuations (Centennium Consultants, 1999, p. 42). Specifically, tax rates were expected to decrease from \$1.56 to \$1.10. This projected result is very similar to the resulting tax rates under the status quo.

However, Southern Regional's tax rates were projected to increase each year a modest rate if Ocean Township withdrew (Centennium Consultants, 1999). Specifically, taxes were expected to increase between \$.06 and \$.15 over the 4 years following the study. Again, this result is very similar to the resulting tax rates under the status quo.

Centennium Consultants (1999) drew financial conclusions and compared tax rates. They noted that if Ocean Township withdrew, the net result for Ocean Township would be a tax savings of approximately \$72,540 per year for the ensuing 4 years. This result converts to an average tax decrease of \$.02. For Southern Regional, withdrawal would result in a total tax increase of approximately \$492,891 per year. This result converts to a \$.01 tax rate increase in most of the constituent communities. The minimal impact on taxes was said to be due to the extent of the total property valuations in the constituent communities. In conclusion, Centennium Consultants (1999) characterized the impact on taxes in both districts as "insignificant" (p. 44).

Summary comments

Centennium Consultants (1999) concluded that there would be no substantial negative financial, educational, or racial impact for either Southern Regional or Ocean

Township if Ocean Township withdrew its 7th and 8th grade students. However, they suggested that Ocean Township consider the following advantages and disadvantages, “as well as others that may come to light through public discussion of this important issue” (Centennium Consultants, 1999, p. 46).

Centennium Consultants (1999) listed the advantages of withdrawal as: a reduction in Ocean Township taxes; an increase in local control; the elimination of transitions for Ocean Township students; reduced travel time for 7th and 8th grade students; smaller learning environment; the opportunity to combine a referendum that addresses both existing facility needs and the needs related to 7th and 8th grades; and the opportunity to create a middle school program for students in grades 5-8.

Disadvantages were described as: reduced program offerings, particularly in electives; reduced athletic and extracurricular activities; reduced access to social activities; reduced number and variety of special education programs; potential decline in articulation between middle and high school programs; potential overcrowding; the need to design a program, hire teachers, and train for middle level education; and a reduction in the administrator to pupil ratio.

Centennium Consultants (1999) concluded by outlining the legal process to withdraw from a send/receive relationship. Unfortunately, they failed to draw any final conclusions or make any recommendations regarding the proposed action.

Delaware Valley Regional High School District: Feasibility of forming a K-12 all purpose or a 6-12 limited purpose regional school district

Cetennium Consultants (2000b) were commissioned to analyze converting the Delaware Valley Regional High School District from a limited purpose grades 9-12 district to either a grades 6-12 limited purpose district or a grades K-12 all purpose

district. While the study, completed in January 2000, appears to support the creation of a grades K-12 regional school district due to many educational and financial advantages, it fails to make an explicit recommendation.

Background information

The Delaware Valley High School District is comprised of five constituent districts, including Alexandria Township, Frenchtown Borough, Holland Township, Kingwood Township and Milford Borough. Growing concerns over the ever-increasing student population and the desire to offer more program opportunities triggered interest in adding to the purposes of the high school district.

Centennium Consultants described the history and development of the relevant communities. The relationship between the districts is then presented. The Delaware Valley Regional High School District was formed in 1956. However, due to the growing population of the constituents, the districts began exploring the creation of a K-12 regional district as early as 1970. Since then, interest in regionalizing has continued to grow.

A 1970 feasibility study recommended that the districts form an all purpose regional. However, no action was taken. In 1990, the five districts again studied the possibility of forming an all purpose regional. The study recommended expanded regionalization, but did not recommend K-12 all purpose regionalization.

In 1991, Milford Borough and Holland Township commissioned two studies to explore establishing a send/receive relationship and regionalizing K-8. Both reports encouraged the districts to develop a relationship and to close the Milford School due to its inadequacy.

In 1994, Milford surveyed the other constituents regarding establishing a send/receive relationship or creating a regional district. Although interest was expressed, no further regionalization activities were undertaken until the Centennium Consultants (2000b) study was commissioned.

Centennium Consultants (2000b) described the districts' efforts at articulation as "genuine and well-intentioned" (pp. 5-6). Efforts were made by the five districts to coordinate elementary programs and adequately prepare students for high school.

Demographics

Student enrollment was projected for each district by Centennium Consultants (2000b). Holland Township and Kingwood Township were expected to have the greatest growth in student population. Alexandria's population was expected to increase slightly and Milford and Frenchtown's populations were expected to decrease slightly. Centennium Consultants noted that creating a 6-12 limited purpose regional would not have a substantial effect on the racial balance within the district. However, since a redistricting plan would be required for an all purpose regional, Centennium Consultants noted that the racial impact of this change could not be calculated at that time.

Facilities

The buildings in each of the constituents were noted to vary in size, age, and availability (Centennium Consultants, 2000b). According to Centennium Consultants, while the high school required additional space to house the student population, this need existed independent of whether further regionalization occurred. They found that many of the buildings in the elementary districts required additional classrooms to accommodate its students or renovations to provide core space. If the districts form an all

purpose regional or add grades 6 through 8 to the existing regional, the elementary school building additions and renovations would not be necessary, as vacated space could be renovated to provide for the needs of students in grades K-5. However, it was recommended that a new middle school to be built, at an estimated cost of \$18,564,000.

Program information

According to Centennium Consultants (2000b), program differences between the districts were limited. Some of the differences noted include: the length of the kindergarten day, the delivery of instruction in the upper grades, and sports and activity programs. These differences were noted to be due primarily to the varying size of the student populations, facility limitations, and available resources. Centennium Consultants (2000b) provided a brief description of each program, and they found that there were no significant program or philosophical differences among the constituents that would interfere with regionalization.

Centennium Consultants (2000b) recommended the construction of a middle school if the limited purpose regional was expanded or an all purpose regional was created. They noted that middle schools had recently been recognized as important for the education of adolescents, and concluded that more opportunities could be provided to students if the districts regionalize.

Staffing implications

Centennium Consultants (2000b) suggested that the proposed middle school employ 30 classroom teachers. They noted that if a 6-12 regional was created, the districts would need to add approximately 8 teachers, a principal, an assistant principal, 3 secretaries, and 5 custodians. They noted that a number of constituent classroom teachers

for grades 6-8 could be reassigned to the middle school. However, some “special” teaching positions in the elementary schools would have to be eliminated due to decreased enrollments in the constituent districts.

Centennium Consultants noted that if a grades K-12 regional was formed, staff would be reduced due to the elimination of the superintendent and business offices in the five constituent districts.

Financial information

Centennium Consultants (2000b) compared, over the following 4 years, budgets, revenues, and school tax rates assuming the status quo versus creating a K-12 all purpose district and expanding the limited purpose district to include grades 6-8. To determine these projections, Centennium Consultants began by reviewing the budgets, revenues, and school tax rates of the constituent districts. They found that creating either a K-12 or 6-12 regional district would increase costs when compared with the status quo, with a resulting increase in tax rates. However, K-12 regionalization was found to increase costs by \$279,690 while 6-12 regionalization was found to increase costs by more than \$1.3 million.

At the time of the Centennium Consultants (2000b) study, taxes were apportioned in the regional district based on equalized valuations, which were allocated to the regional district on the basis of the ratio of each district’s grades 9-12 pupil population to its total population. The amount was then compared with the total equalized valuations allocated to the regional district and a percentage was determined. This percentage was applied against the total taxes to be raised to determine the tax allocation for the constituent districts.

The projected property values of the constituent districts were also included in the Centennium Consultants (2000b) study. These values are important since equalized valuations are used to determine the amount of taxes apportioned to the communities under regionalization.

The impact on transportation was also considered. With the exception of Holland Township, which was noted to transport its own students, Delaware Valley transported students in grades K-8 in the constituent districts. Under grades K-12 regionalization, Centennium Consultants assumed the existing routes would continue and therefore that no positive or negative costs would result. While the existing routes were assumed to continue under grades 6-12 regionalization, the costs of transporting students in grades 6-8, approximated at \$411,914, would have to be shifted into the 6-12 budget.

The impact on facilities and their operating costs was included in the study by Centennium Consultants. They noted that new construction was needed whether the status quo was maintained or expanded regionalization occurred. They included in their study the cost of the construction in each budget assuming the new construction would be in place in 2000-2001, with the first bond issue payment taking place in that year.

If the districts maintain the status quo, it was recommended that each K-8 district construct an addition by 2003-2004 to accommodate increasing enrollment or program needs (Centennium Consultants, 2000b). These costs were estimated and included in the financial projections. Alternatively, if expanded regionalization occurs it was suggested that a middle school be constructed. However, according to Centennium Consultants under K-12 regionalization, the Milford School would be closed, resulting in an overall cost savings in building operations.

After considering the fiscal impact of expanded regionalization and maintaining the status quo on various aspects of school district operation, Centennium Consultants (2000b) projected the budgets under the three potential alternatives to determine their respective tax consequences. First, if the status quo is maintained, the estimated budgets for grades K-8 and 9-12 are combined to determine a grades K-12 school tax rate. The projected budgets under the status quo indicated that the grades K-12 school tax rates would increase between \$.02 and \$.16, depending upon the district, from the 2000-2001 to the 2003-2004 school year.

To project the K-12 regional budget, Centennium Consultants (2000b) combined the budgets of the six districts under the status quo, and the costs and savings associated with creating the regional were then factored in. They noted the costs to include the construction of a new middle school, start-up costs, legal fees, election expenses, coordination of curriculum and administrative functions, and coordination of salary guides. Savings were noted to include staff reductions, reductions in duplicative expenses, elimination of the Milford School, and unneeded additions to elementary school buildings. Centennium Consultants (2000b) assumed that State aid would be the same as that received by the districts separately at the time of the study. Factoring in these costs and savings, they estimated that total costs would increase in 2000-2001 by \$279,690 over the status quo if a K-12 regional was created.

To project the budget of the 6-12 regional district, the grades 6-8 expenditures of the five K-8 districts were estimated and added to the 9-12 budget. The cost implications of creating a 6-12 limited regional were then considered, including the construction of a new middle school, coordination of salary guides, and start-up costs. Centennium

Consultants (2000b) estimated tax rates for the grades 6-12 regional district and each of the resulting K-5 districts to calculate a K-12 rate for comparison purposes. They estimated total costs would increase in 2000-2001 by \$1,359,552 over the status quo if a 6-12 expanded regional was formed (Centennium Consultants, 2000b, p. 68).

Financial conclusions and tax rate comparisons

As set forth by Centennium Consultants (2000b), K-12 regionalization would increase costs over the status quo by \$279,690. Centennium Consultants analyzed tax rates based upon equalized valuations, enrollment, and 50% of each. The tax rates for each district differed from the status quo by varying margins based on various factors, including the relative size of the district's K-8 budget, its apportionment percentage of the grades 9-12 budget, and the cost of the addition needed at each school. While tax rates vary among the districts depending upon the applied method of tax allocation, the study notes that the estimated rates under each alternative are similar for each district, with the exception of Frenchtown. Frenchtown's relatively low tax base magnified any changes due to differing tax allocation methods.

Centennium Consultants (2000b) found that limited purpose grades 6-12 regionalization would cost approximately \$1,359,552 more than the status quo. This increase was due primarily to the fact that there would be no staff reductions if a 6-12 district was created. A review of the possible tax consequences revealed that the tax rates once again are similar in each community with the exception of Frenchtown (Centennium Consultants, 2000b). However, due to the greater cost associated with creating a 6-12 regional, tax rates would be generally higher than if a K-12 regional was created.

Summary

Centennium Consultants (2000b) noted that there would be program advantages to both regionalization options, such as the construction of a new middle school, elimination of the need to build additions to existing elementary buildings, and the opportunity to provide additional or enhanced programs. It was noted that regionalization would also improve the development of a common curriculum, articulation, and preparedness for high school.

However, grade 6-12 regionalization was noted to be more costly than K-12 regionalization, and also, according to the study, “perpetuates the inefficiency related to having six discrete districts with individual administrative overhead” (Centennium Consultants, 2000b, p. 83). Additionally, K-12 regionalization, unlike 6-12 regionalization, would ensure equal educational opportunities between the students of the constituent districts.

Centennium Consultants (2000b) detailed the advantages of creating either a grades 6-12 or grades K-12 regional district, which include: an appropriate middle school program for all students; construction of a modern facility for grades 6-8; increased athletic and co-curricular offerings at the middle school level; improved socialization of pupils from all communities prior to entry into high school; improved transition from middle school to high school; assurance of adequate space in the elementary schools for students in grades K-5 without further additions; assurance of adequate space to provide additional elementary programs including full day kindergarten; and enhanced program continuity and articulation.

However, according to Centennium Consultants (2000b), the following additional advantages would be gained only if a K-12 regional is created: savings from closing a school; savings from eliminating administrative positions; consolidation and improvement of business offices, transportation, food services and custodial and maintenance services; improved efficiency in administrative and governance areas; improved flexibility to manage changes in student population; promotion of a greater sense of community attached to the regional district; elimination of tension among constituent districts and the regional caused by limited resources or philosophical differences; flexibility in assignment of staff to maximize talent and experience; coordination of special education and child study teams; ability to offer more in-district special education programs; and improved ability to attract staff.

The disadvantages of forming either a K-12 or a 6-12 regional, according to Centennium Consultants (2000b), are: additional training for 6th grade teachers; loss of “home rule”; increased travel time for students in grades 6-8; and increased taxes due to the added cost of a middle school. Some additional disadvantages only realized if a K-12 regional was created are: the loss of a community school for Milford, requiring the reassignment of its students; loss of local control; and the possibility of future redistricting of elementary school students as enrollment grows.

Lastly, Centennium Consultants (2000b) outlined some legal issues the districts would encounter when forming either a K-12 or 6-12 regional district. They remarked that the “laws regarding adding to the purposes of an existing regional are not as clear as are those for the initial formation or even those related to adding districts to the regional” (p. 85).

First, the mandatory processes for adding to the district's purposes or creating an all purpose district must be considered. Personnel issues, including tenure and seniority rights, would also need to be addressed. Other legal issues, such as the ownership of facilities and apportionment of board members, will also require the districts' attention.

Unfortunately, no definite recommendation is contained within this study. However, the Centennium Consultants (2000b) appear to support the formation of a grades K-12 regional district due to the educational and financial advantages it offers over a limited purpose district.

Branchburg Township and Somerville Borough School Districts: Feasibility of converting a send/receive relationship to a limited purpose regional high school district

The Branchburg Township School District contracted the Centennium Consultants (2000a) to analyze converting the present send/receive relationship between the Branchburg and Somerville School Districts to a limited purpose 9-12 regional district. They concluded that, due to increased tax rates and the loss of board control, Somerville residents would not approve the creation of a limited purpose regional. Therefore, they suggested that the districts reconsider the creation of an all purpose regional when they are able to enter into such a partnership willingly and cooperatively.

Background information

To conduct its study, the Centennium Consultants (2000a) reviewed studies and reports from the districts and the State, conducted interviews, toured the high school and middle schools, and surveyed board members.

Centennium Consultants (2000a) described the history and development of the two communities. The relationship between the districts was discussed. They noted that at the time of the study Somerville educated Branchburg's students in grades 9-12 on a

tuition basis. Although this arrangement was in place for over 40 years, the two districts never sought approval for regionalization. However, several citizen advisory committees have recommended consolidating the districts.

Multiple feasibility studies have been commissioned over the years to study alternatives to the present send/receive relationship. Somerville commissioned a study in 1981, which concluded that an all purpose regional would offer financial benefits, while a limited purpose regional would not. The Commissioner of Education later commissioned a study for the districts in 1982. The conclusion of this study was in agreement with the previous study that an all purpose regional had greater advantages than a limited purpose regional. A third study conducted in 1996, however, found that the disadvantages of regionalization outweighed the advantages, and recommended that the districts maintain the status quo.

In 1998, the voters of Somerville approved a district-wide consolidation plan and improvement and expansion to three schools, including the high school. Branchburg initiated a lawsuit against Somerville alleging that it is entitled to more than 1 out of 10 votes on the Somerville board. The litigation was stayed, however, while the presiding judge ordered that Branchburg explore the formation of a limited purpose regional with Somerville. Centennium Consultants' (2000a) study was commissioned in response to the court's order.

The relationship between the districts, while strained due to this litigation, had typically been cooperative, particularly concerning articulation efforts. Articulation has improved over the 5 years preceding the study due to the implementation of many

programs for parents and students, and increased discussion amongst professionals regarding curriculum.

Centennium Consultants (2000a) requested that the board members from both districts complete surveys regarding their expectations should regionalization occur. According to the Branchburg board members, all of whom participated in the survey, the most important expected advantage noted was proportional representation on the board. The most frequently cited expected disadvantages were increased costs and adverse tax implications for Branchburg taxpayers. Unfortunately, only two of the nine Somerville board members responded to the survey, so the results reported were not representative of the expectations of the board as a whole.

At the time of this study, the educational plan for the regional district assumed the existing high school would continue to house grades 9-12. The educational programs present at the high school at the time would remain in place, as would the elementary programs of both districts. However, two key components of the educational program would need to be altered, according to Centennium Consultants (2000a), including the overall governance of the new regional district and the central administration of the new district. The census estimate, at the time of the study, indicated that Branchburg would have five seats on the regional board, while Somerville would have four.

Demographics

Enrollment projections for both districts are included by Centennium Consultants (2000a). Student populations were expected to grow, although more growth was expected in Branchburg than in Somerville. Additionally, since the Branchburg students in grades 9-12 attended Somerville High School, it was believed there would be no

impact on racial balance due to the creation of a limited purpose regional. The population within the high school at the time of the study was 70% White and 30% minority, and students in Branchburg are predominantly White.

Facilities

Centennium Consultants (2000a) only analyzed the impact regionalization would have on the Somerville High School, since the creation of a limited purpose regional would involve only this facility. The 1998 voter-approved referendum provided for \$5 million of improvements to the facility. A comparison of the enrollment projections if the regional district was created with the functional capacity of the high school (with the approved addition) affirmed that the existing high school could accommodate the anticipated student population for the next 10 years (Centennium Consultants, 2000a).

Program information

Centennium Consultants (2000a) described in detail the educational, athletic and co-curricular, professional development, and community involvement programs of each district, and recognized that the program issues were limited since Branchburg had been sending its secondary students to Somerville for many years. The elementary and secondary programs therefore, were thought to essentially remain the same if the regional was created.

Financial information

Centennium Consultants (2000a) predicted 4 years of budgets, revenues, and school tax rates assuming the status quo with the same figures assuming a 9-12 limited purpose regional is created. To determine these projections, they began by reviewing the

budgets, revenues, and school tax rates of both districts. This analysis revealed that Somerville's tax rate was significantly higher than Branchburg's.

Grades 9-12 limited purpose regionalization was estimated to cause an overall net increase in costs to both districts of approximately \$953,000.

The projections of property valuations in both districts were included in the study. These values are important since equalized valuations are used to determine the amount of taxes apportioned to both communities under regionalization.

The impact of regionalization on transportation was then considered. Centennium Consultants (2000a) noted that Branchburg transported all of its students, primarily through district-owned vehicles. Somerville provided no regular education transportation, with the exception of athletic and extra-curricular events (Centennium Consultants, 2000a). Centennium Consultants (2000a) found that the only change in transportation costs if the regional was created would result from the regional's transportation of non-public school students. Transportation of these students would increase overall transportation costs by approximately \$8,000.

Tuition payments by Branchburg to Somerville would cease if regionalization occurred. According to Centennium Consultants (2000a), while this change would not impact the regional district financially, it would have tax implications for the separate constituent districts.

The projected budgets under the status quo determined by Centennium Consultants (2000a) indicated that the K-12 school tax rates in both Branchburg and Somerville would increase by approximately \$.40 from the 1999-2000 to the 2003-2004

school year. The budgets were estimated for grades K-8 and 9-12 separately to allow the researchers to determine the budget for the regional district.

To project the 9-12 regional budget, Centennium Consultants (2000a) estimated the additional costs of creating the new district, including salaries for new administrators, office expenses, office rent, board of education member expenses, legal expenses, start-up costs, and transportation expenses. State aid would also increase if the district regionalized. Estimated revenue was deducted from the budget to determine the approximate taxes to be raised.

Centennium Consultants included the apportionment percentages under equalized valuations, enrollment, and a combination of 50% each. However, the comparison of tax rates under each of the three different allocation formulas revealed that allocating costs based on 50% equalized value/50% enrollment best balances costs between the two districts.

The tax calculations by Centennium Consultants (2000a) revealed that taxes would increase for both districts if a regional district was created. However, Somerville's tax increases were estimated to be generally higher than Branchburg's. Specifically, Somerville's tax rate will increase by \$.34 while Branchburg's tax rate will increase by \$.06 over 4 years when compared with the status quo.

The overall net increase in cost to create the limited purpose regional was calculated to be approximately \$953,000. The impact of this cost was believed to be different for both communities due to Somerville's loss of high school tuition from Branchburg (which causes its taxes to increase) and Branchburg's savings from unpaid

tuition (which causes its taxes to decrease). However, Branchburg would assume a certain percentage of the new regional budget.

Legal considerations

Lastly, the Centennium Consultants (2000a) identified some legal issues the districts would encounter when forming the limited purpose regional. Some of these issues included: the name of the regional district and the allocation of members on the board of education. The 1990 census indicates that Branchburg would have four members on the board, while Somerville would have five. However, the estimates of the 2000 census² suggested that Branchburg would have five members on the board while Somerville would have four.

According to Centennium Consultants (2000a), the County Superintendent appoints the first members of a newly formed regional board. Three members are appointed to 3 year terms, three members are appointed to 2 year terms and three members are appointed to 1 year terms. Under the governing statute and the 1990 census data, Branchburg would have two 3 year terms, one 2 year term, and one 1 year term; Somerville would have one 3 year term, two 2 year terms and two 3 year terms.

Other miscellaneous legal issues were addressed by Centennium Consultants (2000a). Somerville High School would become property of the regional district on July 1, following the special election approving the regional district, unless the districts and Commissioner of Education agree otherwise. Personnel issues, including tenure and seniority rights, would need to be addressed. Additionally, all statutory and contractual rights to accumulated sick leave, leaves of absence, and pensions must be recognized for certified staff members. Principals and superintendents have no tenure rights to

² The study was completed in January 2000 before the census was complete.

employment in the regional district. Employees who are otherwise eligible for re-employment, but who are not initially retained by the regional, must be placed in a pool from which vacancies are filled.

Summary and recommendations

Centennium Consultants (2000a) first outlined the advantages and disadvantages of forming a limited purpose grades 9-12 regional school district. The advantages included: the ability to preserve and/or add programs due to the expanded tax base; the ability to plan with surety; the ability to construct a new high school facility if necessary; the establishment of Branchburg and Somerville as permanent partners; a greater tax base; increased borrowing capacity; a reduction in taxes or negligible tax impact for Branchburg; proportional board representation for Branchburg; the termination of litigation between boards; and the creation of a greater connection to the high school by Branchburg residents.

Some potential disadvantages included: the loss of K-12 articulation in Somerville; the loss of administrators due to reductions; a disruption in the leadership at the high school; a disruption in staffing in both districts; changes in curriculum; the loss of a special relationship between Somerville and its community; substantial tax increases for Somerville; inefficiency in hiring separate administrative staff and renting office space; duplicative board of education expenses; the eventual loss of control of the board of education for Somerville; concern regarding closure of the Somerville High School and the construction of a new facility in Branchburg; a potential split board along community lines; the need for additional board members from each community; the loss of continuity in the governance of Somerville's current K-12 system; a lack of connection

between the regional district and either community; competing interests between elementary and secondary schools for financial resources and budget approvals; issue driven elections on the other school election; and fiscal strain on Somerville to maintain K-8 programs. It was concluded that pupil distribution and racial balance would not be affected by regionalization.

Centennium Consultants (2000a) concluded that given Somerville's increased taxes and loss of board control resulting from the creation of a limited purpose regional, the regional has "virtually no chance of being approved in Somerville" (p. 58). However, they noted that "there is a compelling need for both districts to continue to seek ways to ensure that their relationship is mutually beneficial" (p. 58). Centennium Consultants therefore recommended that the districts revisit the feasibility of creating a K-12 all purpose regional, continue to expand articulation efforts, and continue to expand opportunities for interaction between middle school students of the two communities.

Centennium Consultants suggested that Branchburg address its lack of proportional representation on the current Somerville board of education with the Legislature or arrange with the Somerville board for meaningful input on high school issues. Additionally, if Somerville failed to plan for the growing Branchburg population, Centennium Consultants noted that Branchburg could withdraw from the current send/receive relationship. They concluded by stating that "[t]he boards should both be cognizant of the fact that a healthy 'marriage' results from partnerships that mutually benefit both parties and are entered into with both willingness and enthusiasm. Until such time as the two communities reach that stage, regionalization is not recommended" (p. 59).

Greater Egg Harbor Regional High School District: Feasibility of forming a K-12 all purpose regional district or dissolving the high school district and creating two all purpose K-12 regional school districts

The Greater Egg Harbor High School District, and its four constituents, commissioned Barre and Company in 2001 to analyze alternatives to the limited purpose high school district. The study assesses two alternatives: (a) converting the high school district into one all purpose K-12 regional school district; and (b) dissolving the high school district to create two all purpose K-12 regional school districts. The authors concluded that the educational advantages of converting the limited purpose district to one K-12 all purpose district outweighed the increased taxes, and therefore recommended the creation of one all purpose regional.

Background information

Egg Harbor City, Galloway Township, Hamilton Township, and Mullica Township comprise the Greater Egg Harbor High School District. Additionally, the Port Republic and Washington Township School Districts send their students in grades 9-12 to the high school district on a tuition basis.

According to Barre and Company (2001), if the high school district dissolved, the two all purpose regionals would be comprised of (a) Galloway Township and Egg Harbor City; and (b) Hamilton Township and Mullica Township. Since the high school district operates two high schools, each new regional district would take ownership of one high school building.

Barre and Company (2001) next described each of the relevant communities. The relationship between the districts is then explored. The high school district was formed in 1958 and was initially comprised of the four current constituents and Egg Harbor

Township. Egg Harbor Township withdrew from the regional and created its own K-12 district in 1983-1984. In 1989, Galloway Township initiated a study of the impact of its withdrawal from the high school district. After hiring certified public accountants to analyze the financial impact of withdrawal, Galloway Township withdrew its petition. The boards of education, in exchange for the withdrawal, agreed to commission the Barre and Company study.

Articulation between respective programs was also explored, which Barre and Company claim improved due to efforts by the boards of education. Regular and open communication between the regional district, its constituents, and its sending districts was noted to exist also.

Demographics

Enrollment projections for the status quo and the two potential alternatives were included in the study. Since the cohort survival method “often lacks accuracy for regions that are experiencing rapid development as are both Galloway Township and Hamilton Township” (Barre and Company, 2001, p. 8), the Center for Regional and Business Research of Atlantic Cape Community College was commissioned to project future populations. Although the Center provided three projections for each district: low-growth; mid-growth; and high-growth, Barre and Company used the mid-growth projections.

Barre and Company (2001) detailed the percentages of White and minority students in each of the four constituent districts and the two regional high schools under the status quo and under the two alternatives. Barre and Company concluded that no

negative racial impact would result from all purpose K-12 regionalization or the dissolution of the regional district and the creation of two all purpose regionals.

Facilities

The facilities of each district are then described by Barre and Company (2001). Egg Harbor Township was found to own two buildings: one elementary school and one middle school. No changes in grade configurations were proposed for either school. Capital improvements were found to be planned for 2002-2006 at an estimated cost of \$1,666,498.

At the time of the Barre and Company study, Galloway Township owned nine buildings, eight primary or elementary schools and one middle school. Barre and Company's (2001) proposed model called for the non-educational use of four of the primary or elementary schools; called for a grade reconfiguration of the other four primary or elementary schools; and called for no change in the middle school. Capital improvements in Galloway Township planned for 2002-2006 were estimated to cost \$34,927,862. The proposed improvements included renovations to three primary or elementary schools; renovations and additions to another primary or elementary school; and, the construction of one new elementary school and one new middle school.

In Hamilton Township, there were four buildings at the time of the Barre and Company (2001) study. One building housed district administration and students in grades Pre-K through 1; one housed Pre-K through 6; one housed grades 7-8; and one housed "at risk" students in grades 6-8 and leased unneeded space to the high school district for its alternative school students. Grade reconfigurations were planned for the buildings which house the Pre-K through 6 students and the students in grades 7-8 (Barre

and Company). An addition to the middle school was planned at an estimated cost of \$35,546,343.

Mullica Township owned three buildings at the time of the study (Barre and Company, 2001). One served students in the Early Childhood Program; one served students in second grade; and one served as the primary school and middle school. The district planned to take "off-line" and lease the building which housed second grade students, but no other changes in grade configuration are planned. Planned capital improvements included: rehabilitation to the school which serves the Early Childhood Program; rehabilitation, demolition, and additions to the primary/middle school; and the purchase of land. The total cost for these improvements was estimated at \$8,662,388, with the State funding being \$4,717,828.

At the time of the Barre and Company study (2001), the Greater Egg Harbor Regional High School District was comprised of two high school buildings, Oak Crest and Absegami. Both high schools housed students in grades 9-12. Absegami was renovated and added to in 2000 at a cost of \$10,919,692. Oak Crest was also renovated in 2000 at a cost of \$917,325. Capital improvements planned for 2002-2006 were estimated to cost \$5,959,755 (Barre and Company, 2001).

Regarding the capacity of these buildings, the Department of Education provided each district with certified capacity calculations and projections for student enrollment. The projections revealed that Mullica Township, Hamilton Township, and the Greater Egg Harbor Regional would have unhoused students in the 2004-2005 school year (Barre and Company, 2001).

The impact of both regionalization alternatives on facilities is detailed next in the report by Barre and Company (2001). The study assumed under either alternative that the proposed K-8 construction would remain the same because “parents typically desire community schools for elementary students and also prefer to limit the time students spend on buses getting to and from school” (Barre and Company, 2001, p. 17).

Barre and Company (2001) predicted that if the districts maintained the status quo or form one K-12 regional district, the construction of a third high school would likely be needed to accommodate the growing student population. They estimated the cost of a new high school at \$23,083,700. If the districts dissolved and created two separate K-12 regionals, and each takes ownership of one high school, then each of the two districts was predicted to need to add classroom space to accommodate its students. Barre and Company estimated that building additions sufficient to accommodate the student populations would cost Oak Crest \$6,154,675, and Absegami \$16,510,350.

Program information

Barre and Company (2001) examined the educational, co-curricular, and athletic programs of each district to assess their compatibility for expanded regionalization. District philosophies, goals and objectives, mission statements, and beliefs are detailed for each district in their report. Barre and Company compared the major academics of the districts and found that the districts offer very similar educational programs. A comparison of the athletic programs and co-curricular activities of the districts revealed that due to their size differences, Galloway Township and Hamilton Township offered the greatest number of athletic programs and Egg Harbor the least. The New Jersey State Report Cards are also included in the study.

At the time of the Barre and Company study (2001), the high school district operated two high schools. Oak Crest High School educated 1250 students from Hamilton, Mullica, and the sending students from Port Republic and Washington Township. Absegami High School was noted to serve 1720 students from Galloway Township and Egg Harbor City.

Staffing information

Barre and Company note that while creating either one or two all purpose regional districts would result in staff reductions at the central office level, and therefore cost savings, forming one K-12 district would result in greater savings. Savings due to central office staff reductions was predicted to reach \$1,478,353 if one K-12 regional was created, and amount to \$215,353 if two K-12 regional districts were created.

Barre and Company (2001) note that school level staffing, however, would be increased if the status quo was maintained and under either alternative. If the status quo was maintained or one K-12 regional district was created, a third high school would need to be built. Accordingly, additional staff would be needed at an estimated cost of \$3,233,041. If two K-12 regionals were created, additions to both high schools would be needed, which would require the hiring of additional staff. Specifically, space and staff would be required for 200 additional students at Oak Crest and for 400 additional students at Absegami. Barre and Company found the estimated cost for the additional Oak Crest staff to be \$1,032,110 and the estimated cost for the additional Absegami staff to be \$2,062,740, for a combined cost of \$3,094,850. The additional school level staffing required if one K-12 regional was created is therefore \$138,191 greater than if two regionals were formed.

Financial information

The purpose of the financial portion of the Barre and Company (2001) study is to predict and compare the projected budgets, revenues, and tax rates of the status quo versus the two regionalization alternatives over the following four years. Generally, the process to determine the budget, assuming expanded regionalization, is to combine the projected budgets under the status quo and then factor in the potential costs and savings of regionalization. The analysis was conducted on a present value basis and actual tax rates were not projected. The focus was on examining the comparative relationship of the estimated school tax rates under each alternative.

Forming one regional K-12 district was found to cost \$5,184,436 more than maintaining the status quo. Forming two regional districts was found to cost \$2,109,689 more than the status quo. Taxes therefore were noted to increase under each alternative.

Barre and Company (2001) examined the budget histories of each district. For the regional high school district, taxes were apportioned to each district on the basis of equalized valuations, which are allocated to the regional district on the basis of the ratio of each district's 9-12 pupil population to its total pupil population. For each district, this amount was compared with the total equalized valuations allocated to the regional district and a percentage was determined. This percentage was then applied against the total taxes to be raised to determine the tax allocation for the constituent district. Barre and Company found the regional high school district taxes to be apportioned as follows: Egg Harbor City, 5.6%; Galloway, 49.6%; Hamilton, 35.2%; and, Mullica Township, 9.6%.

The projections of property values in each district are also included in the study. These values are important since the assessed valuations are used to determine school tax

rates, and equalized valuations are used to determine the amount of taxes apportioned to each community under regionalization.

The financial impact of regionalization on the facilities and their operating costs is considered next. As prepared by Barre and Company (2001), a third high school would be built if the status quo is maintained or one K-12 regional district was formed, at an estimated cost of \$23,083,700. The State would fund \$6,376,428 of the construction costs through a grant, and a bond issue will cover the remaining costs.

Barre and Company (2001) noted that if the regional high school district was dissolved, Egg Harbor City and Galloway Township would create one K-12 district and would use Absegami High School. However, the high school would require a 400 student addition at an estimated cost of \$16,510,350. The State would fund, through a grant, \$4,250,952 of the costs, and a bond would be issued to cover the remaining costs.

The other K-12 regional district would be comprised of Hamilton Township and Mullica Township, and would use Oak Crest High School. A 200 pupil addition to the high school would be required to accommodate projected student enrollment at an estimated cost of \$6,154,675. A State grant will fund \$2,125,476, with the remaining costs covered by a bond issue.

Assuming the status quo, Barre and Company (2001) projected the estimated budgets, revenues, and tax rates from 2001-2002 to 2004-2005. They assumed that a new high school would be built if the status quo was maintained or a single K-12 district was formed, and factored in the construction and operating costs of the new building to the projected budgets. The estimated first year start-up costs, including costs for staffing, were found to be \$2,341,971.

Estimates for New Jersey State aid for one K-12 district and two K-12 districts were included in the Barre and Company (2001) study. They noted that if one K-12 district was formed: the percentage of low income students rises slightly, increasing State aid; the combined percentage of low income students fails to meet a threshold of 20%, thereby decreasing State aid; instructional supplemental aid increases; core curriculum standards aid, due to the hold harmless provision, remains the same for the first year but decreases in the following years; debt service increases aid; and excess aid penalty and supplemental core curriculum standards aid decrease. The next result would be an overall decrease in State aid of \$2,011,565.

Barre and Company (2001) predicted that if two K-12 districts were formed: transportation aid would increase; the percentage of low income students would increase, increasing State aid; the threshold of low income students would be met in one district and not met in the other, resulting in an overall increase in early childhood State aid; the Egg Harbor City/Galloway Township district would receive instructional supplemental aid; and there would be a net loss in core curriculum standards aid.

Barre and Company (2001) noted that if one K-12 regional was formed, the budgets of the five districts under the status quo would be combined, including the cost implications of constructing a new high school. Other cost implications of forming one all purpose regional were then factored in, including: staff reductions, start-up costs, coordination of salary guides, and the reduction of duplicative expenses.

If two all purpose regionals were formed, Barre and Company (2001) estimated the budgets as follows: the Egg Harbor City and Galloway Township K-8 budgets were combined and a percentage of the regional high school's budget, equal to the percentage

of Egg Harbor City and Galloway high school students attending the Greater Egg Harbor High School, 57%, was then added. The same process was used for the Hamilton/Mullica regional district. The following cost implications were then factored in: first year equipment, utilities, staff for new additions, central office savings, reduced duplicative expenses, start-up costs, and salary guide coordination. The Egg Harbor/Galloway budget was found to increase by \$650,261 in 2002-2003 and the Hamilton/Mullica budget was found to increase by \$287,786. It was estimated that for the 2001-2002 year, the cost of operating the two K-12 regionals would be \$6,877 greater than the status quo.

Barre and Company (2001) concluded that forming one regional K-12 district would cost \$5,184,436 more than maintaining the status quo. Forming two regional districts would cost \$2,109,689 more than the status quo. They note that the primary reasons the costs of both alternatives is greater than the status quo are the cost of salary guide coordination and the loss of State aid.

These increases resulted in increased taxes under each alternative. However, the impact on each community depended upon the chosen method of allocation. As an example, if equalized valuations were used and one K-12 regional was formed, the impact on school tax rates over the status quo ranges between a tax decrease of \$.04 and a tax increase of \$.38. If equalized valuations were used and two K-12 regionals were formed, the impact on school tax rates over the status quo would range between a tax rate decrease of \$.06 and a tax increase of \$.13.

Legal implications

Barre and Company (2001) summarized the legal implications associated with each alternative, including the procedures which must be followed to convert the limited purpose regional to an all purpose regional, and to dissolve the limited purpose regional to form two K-12 regionals. As the procedures for forming regional districts are outlined in detail above, they will not be reiterated herein.

Miscellaneous legal issues were examined as well. Barre and Company (2001) noted that personnel issues, including tenure and seniority rights, would need to be addressed. They went on to summarize how the districts would select and allocate board members. They noted that if a K-12 district was created, the apportionment of board members would remain the same, and the elected Greater Egg Harbor Regional District board would remain in office. If two districts were formed, the County Superintendent would order the apportionment and appoint the first board members of each district. At the initial election, three members are elected to 3 year terms, three to 2 year terms and two to 1 year terms. Based on 2000 census data, the anticipated apportionment of the Egg Harbor/Galloway Township board was predicted to be Galloway Township with eight members and Egg Harbor City with one. The predicted apportionment of the Hamilton Township/Mullica Township board was Hamilton Township with seven members and Mullica Township with two. The name of the regional district would need to be selected as well.

Conclusions and recommendations

Barre and Company (2001) concluded their report by listing the advantages and disadvantages of both alternatives to the status quo. They noted that no apparent

advantages or disadvantages existed in the areas of monitoring and racial distribution for either option.

Barre and Company (2001) noted that if the limited purpose district converted to an all purpose district, the advantages would include: savings from the reduction of central office staff; the consolidation and improvement of business offices and the support areas of transportation, food services, and custodial and maintenance; the ability to allocate school taxes based upon an agreed-upon formula; improved efficiency in administrative and governance areas; improved flexibility to handle changes in student population; an enhanced connection to one district; the elimination of traditional tension among constituent districts and a regional over resources and/or program issues; flexibility in the assignment of staff to maximize talent and experience to better serve students; the coordination of special education and child study team services; the opportunity to offer more in-district special education programs; improved ability to attract staff in hard-to-fill positions; increased equity in curricular and co-curricular opportunities at the K-8 level; enhanced program continuity and articulation K-12; a greater opportunity to equalize and control the relative sizes of schools; and a greater opportunity to distribute students more equitably on the basis of race and ethnicity.

Barre and Company (2001) noted that the few disadvantages of converting the limited purpose regional to an all purpose regional would be: the loss and/or reduction in core content curriculum and early childhood aid; a potential decline in personalized services due to large size of the district; a potential for longer bus routes as population grows and redistricting occurs; and the loss of "home rule".

If two K-12 districts are formed, Barre and Company (2001) reported that many of the same advantages and disadvantages would apply as if they converted to an all-purpose district. Some additional advantages of two regional districts were noted to be: the minimization of loss in State aid; two medium sized, rather than one large, school districts; and, a permanent home for sending students. A few additional disadvantages noted include: less savings from the consolidation of central offices; less opportunity to control the relative sizes of the high schools; a greater likelihood of legal challenges due to the need to dissolve an existing district; and less likelihood of approval by the Commissioner of Education.

Ultimately, Barre and Company (2001) recommended that the limited purpose district convert to one K-12 all purpose district, despite the predicted increase in taxes, due to the “program benefits to be derived from an all purpose district” (p. 97). The major educational advantage was cited as an articulated K-12 educational program. Other advantages over the creation of two K-12 districts noted by the researchers included the opportunity to equitably distribute students; less legal complications; and greater equity in co-curricular areas. Barre and Company also noted that the financial impact is not “dramatically different” than the status quo (p. 97). The Department of Education, according to Barre and Company, would prefer the creation of one K-12 district to two separate K-12 regional districts.

If the limited purpose district was converted to an all purpose district, Barre and Company (2001) claimed that apportioning taxes on property values rather than on enrollment “provides a more equitable basis for apportionment” (p. 97).

Ocean City, Corbin City, Sea Isle City, and Upper Township School Districts: Feasibility of converting send/receive relationships to a K-12 all Purpose or 9-12 limited purpose regional school district

Ocean City School District, which receives students in grades 9-12 from Corbin City, Sea Isle City, and Upper Township School Districts on a tuition basis, contracted with Centennium Consultants (2001, August) to analyze alternatives to its present relationship with the three sending districts. In their study, Centennium Consultants evaluated the pros and cons of forming both a K-12 all purpose and a 9-12 limited purpose regional school district. They concluded that K-12 regionalization would provide more educational and financial benefits. Therefore, they recommended that the districts pursue the creation of an all purpose regional.

Background information

At the time of the Centennium Consultants (2001, August) study, Ocean City educated Corbin City's, Sea Isle City's, and Upper Township's students in grades 9-12 on a tuition basis. Corbin City was described as a non-operating school district which sends its students in grades K-8 to Upper Township.

To conduct its study, Centennium Consultants (2001) reviewed studies and reports from the districts and the State, conducted interviews with the administrators and consultants utilized previously by the three operating school districts, toured schools, interviewed the Superintendent from Cape May County, contacted the architects for Upper Township and Ocean City to discuss the construction of a new high school, and surveyed board members.

Centennium Consultants (2001) described the history and development of the relevant communities. The 75 year old relationship between the districts is described.

Upper Township was described as the largest sending district. However, due to the failure of three referenda in Ocean City to expand and improve the high school, and other concerns regarding discipline and responsiveness, Upper Township was interested in exploring alternatives to the send/receive relationship. Overcrowding and a lack of adequate facilities in Ocean City were noted to present ongoing problems at the time of the study, creating further interest in changing the relationship between the districts.

Multiple committees had been formed over the years to investigate alternatives to the current arrangement between the districts, all with differing conclusions. In 1987, Upper Township authorized a study to report on forming a limited purpose high school with two school districts not a part of the Centennium Consultants (2001) study. Although the study contained no recommendation as to whether the creation of the regional was advisable, advantages were cited as a new and central high school, reduced transportation, improved program quality, equity of expenditures and taxes, and improved 9-12 program articulation. Disadvantages were cited as a shift in the share of expenditures for districts, increased debt service and taxes, and no assurance of improved program quality. The limited purpose regional was not created.

Upper Township authorized another study in 1994 to analyze: (a) withdrawing from the send/receive relationship with Ocean City and building its own high school; (b) forming an all purpose regional with Ocean City; and (c) maintaining the status quo. Unfortunately, the author provided no summary of findings or recommendations regarding the potential alternatives.

In 1995, Ocean City, Upper Township, Sea Isle City, and Corbin City commissioned Dr. Donald Beineman to study the termination of their send/receive

relationship, and particularly Upper Township's withdrawal from the arrangement. Beineman concluded that: there would be no substantial negative impact to the educational program, fiscal affairs, or racial balance of Ocean City if Upper Township withdrew; there would be no substantial negative impact to Corbin City or Sea Isle City if Upper Township withdrew; and Upper Township would have a substantial negative impact on its tax levy and would exceed its borrowing capacity if it withdrew and built a high school. The send/receive relationship remained the same.

Also in 1995, Ocean City created an advisory committee to create solutions to the continuing problems of overcrowding and the lack of adequate facilities in the district. This committee recommended that Ocean City continue to educate three grades within the high school, and that Upper Township build an additional school building to educate three grades as well. Each town would pay tuition to the other for educating its students, and Corbin City and Sea Isle City would modify their send/receive relationships accordingly. This recommendation was based upon the communities' desires to continue educating their students together; to retain diversity within the student population; and, to ensure that Upper Township shares in the capital expenses of the facilities.

In 1997, Dr. Beineman updated his 1995 study. In this updated study he found that although Upper Township would still experience a significant tax increase if it withdrew from the send/receive relationship and built its own high school, the burden would be less than initially calculated. Beineman also reaffirmed, in his update, that there would be no significant negative racial/ethnic or program impacts from Upper Township's withdrawal. Following this update, Upper Township submitted a referendum

seeking approval for the construction of its own high school, which was defeated (Centennium Consultants, 2001).

After Beineman's study, Ocean City obtained voter approval to renovate and remodel its high school. However, these improvements failed to remedy the overcrowding in the high school, and Upper Township's interest in withdrawal from the send/receive relationship continued.

In August 1999, Ocean City issued a report in which it concluded that it was not a good candidate for regionalization.

In July 2000, another committee was formed by the four boards of education. The committee recommended that Upper Township and Corbin City regionalize on a 9-12 basis and build a new high school, and that Ocean City and Sea Isle City send their students in grades 9-12 to the new school on a tuition basis.

That same month, Dr. Beineman issued another study, this time addressing the K-12 regionalization of Corbin City and Upper Township. In this study, Beineman concluded that the facilities were adequate to house the students in both districts, the program and racial impacts of regionalization were negligible, and the financial implications varied depending upon the allocation of costs. Dr. Beineman later responded to the committee's July 2000 report by stating that the creation of a 9-12 limited purpose regional would add to taxpayer expense and would not likely obtain the necessary State approval, while the creation of an all purpose regional would facilitate the construction of a new high school and accomplish Corbin City's desire to eliminate the non-operating district.

Articulation efforts and activities among the districts are described by Centennium Consultants (2001) as “effectively meet[ing] the needs of each district” (p. 11). However, it was reported that some Upper Township constituents believed that communication from the high school was inadequate. Program articulation is an “area of growing interest and concern” (Centennium Consultants, 2001, p. 12).

Since Upper Township students comprised at least 10 percent of the total student enrollment in Ocean City, Upper Township qualified for one member on Ocean City’s board of education. However, the districts obtained enabling legislation to provide Upper Township with three seats on the board, and approval was sought to provide Corbin City and Sea Isle with one seat each. At the time of the study, the board had 12 members, 9 from Ocean City and 3 from Upper Township.

Centennium Consultants (2001) requested that the board members from each district complete surveys regarding their expectations should regionalization occur. Two Corbin City members, four Ocean City members, three Sea Isle City members, and five Upper Township members responded to the survey. The most frequently cited positive expectations from K-12 regionalization were obtaining a vote on the budget and representation on the board for constituents; and “none”. The negative expectations noted were: loss of State aid; control of the board by Upper Township while Ocean City would pay a majority of the budget; and tax and cost implications.

Regarding limited 9-12 regionalization, the most frequently cited positive expectations were: a vote on the budget and representation on the board; a new high school; more course offerings; and more equal representation, although some members

did respond “none” (p. 14). The negative expectations included the loss of State aid, the creation of another school district, and the loss of the high school in Ocean City.

Some of the concerns expressed regarding maintaining the status quo were the condition of the high school and the potential outnumbering of Ocean City students by Upper Township students (Centennium Consultants, 2001).

Centennium Consultants’ (2001) educational plan for the regional district assumed that a new high school would be built in either Ocean City or Upper Township. The estimated cost of the new facility was \$37,438,500. According to the plan, the educational programs of the high school would remain in place, as would the elementary programs of Sea Isle City and Upper Township. However, two key components of the educational program would need to be altered under a 9-12 limited purpose regional, including the overall governance and central administration of the new regional district.

If a K-12 all purpose regional was created, Centennium Consultants (2001) assumed that the K-8 programs and student to teacher ratios would be standardized and that redistricting would maximize facility and staffing efficiencies. The study also assumes the elimination of Sea Isle City’s public school.

Demographics

According to Centennium Consultants (2001), Ocean City’s and Sea Isle’s populations have decreased in prior years, and this trend is expected to continue in the future (Centennium Consultants, 2001). However, Upper Township’s population has grown and continued growth is anticipated.

Enrollment projections for the districts in the study were calculated using the cohort survival method (Centennium Consultants, 2001). Since students in grades 9-12

from Corbin City, Sea Isle City, and Upper Township now attend Ocean City High School, there would be no substantial negative impact on racial balance due to the creation of a limited purpose regional. The population within the high school is 93% White and 7% minority.

If an all purpose district was created, Centennium Consultants found the combined minority percentage to be 6.67%. They found that no substantial negative impact on racial balance would result from the creation of an all purpose regional, but they indicated that, due to the higher percentage of elementary aged black students that would continue to attend school in Ocean City, redistricting may be necessary. They noted, however, that officials from the Department of Education informally opined that redistricting would not be required when a racial imbalance results from regionalization.

Facilities

At the time of the study, Ocean City housed students in three buildings: an elementary school, an intermediate school, and a high school. Since the student population at the high school exceeded capacity and was expected to grow in the future, the district's Long Range Facility Plan included the construction of a new high school building. Although student enrollment also exceeded capacity in the intermediate school, an expected decline in enrollment would eliminate this problem in the future.

Sea Isle City was noted to maintain one Pre-K through grade 8 building, which adequately houses its population.

Upper Township was noted to operate three schools: a primary school, an elementary school, and a middle school. While these buildings were found to adequately

house the district's overall population, reconfiguration of its K-5 students was noted as a possible necessity in the future.

Although a non-operating district, Corbin City was noted to own two buildings and three modular classrooms.

The critical issue regarding facilities if the districts were to create either a limited purpose or all-purpose district was noted to be the condition of the high school. Centennium Consultants (2001) recommended that a new facility be built. It was determined that Upper Township would likely be a better site than Ocean City for the new high school based on the availability of land. Although certain buildings could be sold or leased if regionalization occurs, no revenues from unneeded facilities were included as a part of this study.

Program information

Centennium Consultants (2001) described in detail the educational, athletic and co-curricular programs of each district, and also included the New Jersey School Report Card for each district as well. Centennium Consultants recognized that the program issues are limited if a 9-12 limited purpose regional district was created since the elementary and secondary programs would essentially remain the same.

Program distinctions were found to exist between the districts, due primarily to their varying sizes. However, Centennium Consultants (2001) concluded that Ocean City and its constituents are "similar enough to provide for a smooth transition, should they decide to regionalize, K-12" (p. 44). They also claimed that regionalization would result in program improvements and greater equity of resources. Full day kindergarten could be

provided, current programs could be continued or expanded, and student to teacher ratios could be better equalized.

Staffing implications

If a 9-12 limited purpose regional was created, additional central office staff would be required at an estimated cost of \$685,401 (Centennium Consultants, 2001). The creation of a K-12 all purpose regional, however, would allow for the consolidation and elimination of central office personnel at an estimated savings of \$1,045,936.

Financial implications

Centennium Consultants (2001) estimated for the ensuing four years, budgets, revenues, and school tax rates assuming the status quo versus creating a 9-12 limited purpose regional district and a K-12 all purpose regional district (p. 46). Whether the status quo was maintained or regionalization occurred, the constitution of a new high school was thought to be necessary, and the author assumed a new facility would be built during the year of the most recently known school budget, 2001-2002. Actual tax rates therefore were not projected.

As noted by Centennium Consultants (2001), K-12 regionalization would result in a slight savings of approximately \$314,000 in 2001-2002, despite the loss of State aid. These savings would lower overall taxes as well.

According to Centennium Consultants (2001), limited purpose regionalization would increase costs by approximately \$1.0 million in 2001-2002 and therefore increases overall taxes. The specific impact on each district under either all purpose or limited purpose regionalization was noted to vary depending upon the applied method of apportionment.

The property values in each district are projected in the study. These values are important since equalized valuations are used to determine the amount of taxes apportioned to the communities under regionalization.

Centennium Consultants (2001) estimated the construction of a new high school at a cost of over \$37,000,000. It was estimated that the State would contribute approximately \$11,669,280 in grant money to the construction of the high school, and a bond would be issued to cover the remaining costs. A larger high school would be needed under 9-12 regionalization than under K-12 regionalization to accommodate the additional board of education, thus resulting in a higher construction costs.

According to Centennium Consultants (2001), under K-12 regionalization, Ocean City High School and Sea Isle City School would be closed. While no savings were predicted to result from closure of the high school since the operating expenses would be needed for the newly constructed school, closure of the Sea Isle City School would result in savings from the elimination of its operating costs.

The impact on transportation costs was also considered by Centennium Consultants (2001). If the districts created a limited purpose district and a new high school was built in Upper Township, Ocean City's and Sea Isle City's transportation costs would increase due to the increased distance the students must travel; Corbin City's costs would remain the same; and Upper Township's costs would decrease. The net result would increase transportation costs to \$64,400 (Centennium Consultants, 2001).

If an all purpose regional was created, the impact on transportation was found to be the same as that for 9-12 regionalization, except that due to the closure of Sea Isle City's school and the corresponding need to transport its students in grades K-8, costs

would further increase by approximately \$20,000. Transportation costs would therefore increase by \$84,400 if a K-12 all- purpose district is created.

Centennium Consultants (2001) projected budgets for each possible alternative. The projections under the status quo indicated that Corbin City's, Sea Isle City's, and Upper Township's budgets would increase 3% per year, while Ocean City's budget would increase 4% per year. The increased operating costs of the new high school, estimated at \$227,663, were added to the Ocean City budget, and the construction of the new school would raise tuition rates for the sending districts from approximately \$10,244 per pupil to between \$11,233 and \$12,539 per pupil. School tax rates were predicted to decrease in Corbin City and Ocean City, remain the same in Sea Isle City, and increase in Upper Township over the course of the next 4 years.

To project the all purpose K-12 regional budget, the budgets of the four districts under the status quo were combined, and the additional costs and savings of creating the regional were then factored in Centennium Consultants (2001). It was found that savings would result from staff reductions, the elimination of certain duplicative expenses, and the closure of the Sea Isle City School. It was found that costs would result from the coordination of salary guides, legal expenses, election expenses, start-up costs, the coordination of curricula and administrative functions, and transportation expenses. State aid and core curriculum aid would decrease under K-12 regionalization. After Centennium Consultants (2001) factored in these costs and savings, K-12 regionalization was found to result in a savings of approximately \$314,000 in 2001-2002.

After deducting estimated revenue from the budget to determine the total taxes to be raised, Centennium Consultants (2001) allocated taxes to each community based on

50% enrollment/50% equalized valuations. Using this method, it was found that costs increased for each of the four districts over the ensuing 4 years, and costs increased for Corbin City and Upper Township more than for the other two districts. However, due to the overall cost savings of approximately \$314,000 for the school year 2001-2002, taxes would decrease overall when compared with the status quo.

The budget for a 9-12 limited purpose regional was projected by estimating the expenditures for grades 9-12 for each of the four districts (Centennium Consultants, 2001). The relevant existing debt service was then calculated. If a 9-12 district was created, Centennium Consultants noted that four K-8 districts must also be created, and the tax rates for grades K-8 would be added to the tax rates for grades 9-12 for each district to calculate an effective K-12 tax rate for each district. Limited purpose regionalization would increase overall costs by approximately \$1.0 million in 2001-2002.

Centennium Consultants (2001) drew conclusions regarding the financial impact of regionalization and compared the pertinent tax rates. A comparison of the tax rates of K-12 regionalization revealed that the rates would vary drastically amongst the districts depending upon the applied method of allocation. However, Centennium Consultants noted that allocating costs based on 50% equalized value/50% enrollment appears to best balance costs between the districts.

While a savings of approximately \$314,000 would be realized from K-12 regionalization, the fiscal impact on the individual districts was noted to vary greatly depending on the method of apportionment (Centennium Consultants, 2001). For example, for the 2001-2002 school year, if taxes were apportioned using equalized valuations, Corbin City's and Upper Township's taxes would have decreased versus the

status quo, while Ocean City's and Sea Isle City's taxes would have increased. If taxes were apportioned using enrollment, Corbin City's and Upper Township's taxes would have increased versus the status quo while Ocean City's and Sea Isle City's taxes would have decreased (Centennium Consultants, 2001). If taxes were apportioned based on 50% equalized valuations and 50% enrollment, Corbin City's, Sea Isle City's and Upper Township's taxes would have increased while Ocean City's taxes would have decreased. Based upon Corbin City's relatively low tax base, the tax increases were magnified as compared to the other districts.

According to Centennium Consultants (2001), if a limited purpose regional was formed, taxes would similarly vary based upon the method of apportionment. However, in the 2001-2002 school year, 9-12 regionalization would cost the districts approximately \$1.0 million overall and therefore taxes would increase. The increased cost of limited purpose regionalization would be due primarily to the need for additional staff if an additional district was created. For the 2001-2002 school year, if taxes were apportioned based on equalized valuations, taxes would increase for Ocean City and Sea Isle City but would decrease for Corbin City and Upper Township. If enrollment was used, taxes would increase in Corbin City, Upper Township, and Sea Isle City but would decrease in Ocean City. If 50% equalized valuation/50% enrollment was used, taxes would increase for Corbin City, Sea Isle City, and Upper Township and would decrease for Ocean City.

Legal considerations

Lastly, Centennium Consultants (2001) outlined some of the legal issues the districts would encounter when forming either a limited purpose or all purpose regional. Some of the issues noted include: the name of the regional district and the allocation of

members on the board of education. The 2000 census indicated that Corbin City and Sea Isle City would have one board member each, Upper Township would have three members, and Ocean City would have four members.

Centennium Consultants (2001) noted that the County Superintendent would appoint the first members of a newly formed regional board. Three members would be appointed to 3 year terms, three members would be appointed to 2 year terms and three members would be appointed to 1 year terms. Corbin City would have one 3 year term; Ocean City would have one 3 year term, one 2 year term, and two 1 year terms; Sea Isle City would have one 3 year term; and, Upper Township would have two 2 year terms and one 1 year term.

Other miscellaneous legal issues were also noted by Centennium Consultants (2001). Typically, a high school, including the building, fields, and parking lots, become property of the regional district on July 1 following the special election approving the creation of the regional district, unless the districts and Commissioner of Education agree otherwise. Here, the current high school would require replacement and the buildings in Sea Isle City and Corbin City would not be used if regionalization occurred. While the unneeded buildings could become property of the regional district, prior agreements were noted to require that the buildings revert to their respective municipalities (Centennium Consultants, 2001).

Personnel issues, including tenure and seniority rights, would also need to be addressed, according to Centennium Consultants (2001). If a K-12 regional were to be created, several teaching, instructional services, and administrative positions would be abolished. Therefore, an accurate seniority list would need to be prepared so that

bumping rights would be properly exercised. If a 9-12 regional was be created, staff would likely be unaffected as they would remain in their current assignments. Additionally, all statutory and contractual rights to accumulated sick leave, leaves of absence, and pensions would need to be recognized for certified staff members. Principals and superintendents would have no tenure rights to employment in the regional district.

The process for seeking approval for regionalization was also outlined by Centennium Consultants (2001). Centennium Consultants recommended that a committee of board members, each district's superintendent and business administrator, and members of each community review the results of the study to determine whether regionalization would be appropriate.

Summary and recommendations

Centennium Consultants (2001) outlined the advantages and disadvantages to forming a limited purpose 9-12 regional school district. The advantages noted include: the ability to preserve and/or add programs; the ability to plan with surety; the opportunity to construct a new high school where adequate space exists; greater potential for voter support of a new high school; the ability to focus on secondary issues by the Board and administration; increased borrowing capacity; less fluctuation in K-8 budgets due to tuition adjustments; proportional representation for constituent districts; and full participation by Corbin City.

Some potential disadvantages noted include: the loss of articulation in Ocean City; the disruption in leadership and the academic program at the high school; the loss of the special relationship between the Ocean City High School and its community; the

added cost of a fourth central office administration; additional costs for staffing and additional curricular and co-curricular offerings; the phase-out of core content curriculum aid; concern by Ocean City that regionalization will lead to closing its high school; the need for additional volunteer board members from each community; the creation of a school district that may not be strongly linked with any one community; the creation of competing interests between the elementary and secondary schools for financial resources and budget approvals; issue driven elections on the other school election; and the continuation of Corbin City as a non-operating district. Pupil distribution and racial balance were noted to not be affected by limited purpose regionalization.

Centennium Consultants (2001) next outlined the advantages and disadvantages of creating an all purpose K-12 regional district. The advantages noted include: the ability to better plan for the future needs of the student population; greater potential for voter support of a new high school; the opportunity to build a new high school where adequate space exists; flexibility in assigning staff to maximize talent and experience; the ability to coordinate special education and child study teams services and programs; the ability to offer more in-district special education programs; articulation of programs; increased equality between districts concerning facilities, pupil to teacher ratios, programs, and funding; the ability to add new programs at greater cost efficiency; the ability to allocate school taxes based on an agreed formula; savings from closing the Sea Isle City School; potential income from the sale of excess buildings; the ability to redistrict students; savings from eliminating central offices and closing one school; proportional representation for constituent districts; full participation by Corbin City;

improved communications with constituent districts; and increased efficiency in administrative staffing.

The disadvantages noted include: the loss of local control; the loss of a neighborhood school by Sea Isle City; the potential loss of its own high school by Ocean City; additional travel time for K-8 Sea Isle City students; less access to shore and business communities for educational opportunities; the phase-out of core content curriculum aid; increased costs from merged salary guides; and the creation of a regional district that is not strongly linked with any community. Centennium Consultants (2001) noted that students would be required to attend new schools due to the closure of the Sea Isle City School. A new regional district might also reconfigure grade levels for students in grades K through 8. This would require further changes in student distribution. The higher concentration of minority students in the Ocean City Elementary School could also trigger required redistricting.

Centennium Consultants (2001) recommended that the districts pursue K-12 regionalization and apportion costs based on a combination of equalized valuations and enrollment. While it appeared that Ocean City adequately educated the students from the constituent districts for many years, the growing population in Upper Township and the need for a new high school were noted to be forcing changes in their relationship at the time of the study, according to Centennium Consultants (2001). Centennium Consultants found that K-12 regionalization would offer more benefits, both programmatically and financially, than 9-12 regionalization. Centennium Consultants (2001) also noted the Commissioner of Education's preference for K-12 districts over limited purpose districts.

Centennium Consultants (2001) recommended that if the districts failed to pursue regionalization, that: (a) the districts establish more transition programs for students; (b) provide more opportunities for constituent board members and administrators to influence high school policies, procedures and programs; (c) enrich and enhance the communication between the high school and elementary administrators, faculty, board members, and parents; (d) increase articulation of the K-8 curriculum; (e) provide more opportunities for common in-service programs for staff; and (f) expand shared services.

North Haledon School District: Feasibility of the withdrawal from the Manchester Regional High School District

The North Haledon School District commissioned Beineman and Kirtland (2001) to perform a feasibility study, completed in August 2001, to assess its potential withdrawal from the Manchester Regional High School District. Beineman and Kirtland ultimately concluded that both North Haledon and the remaining regional district could provide an equal or better education at a reduced cost if North Haledon were to withdraw, and it was recommended that the issue be submitted to the voters.

Introduction

According to Beineman and Kirtland (2001), prior to 1955, North Haledon and the Prospect Park School District had a send/receive relationship with the Hawthorne School District for North Haledon's and Prospect Park's students in grades 9-12. In 1955, North Haledon, Prospect Park, and Hawthorne commissioned a feasibility study, in which the Haledon School District joined, to assess whether the districts should form a limited purpose regional high school. The study advised against the proposal.

Hawthorne later terminated the send/receive relationship with North Haledon and Prospect Park. Haledon, North Haledon, and Prospect Park then formed the Passaic

County Manchester Regional High School District, which began operation on July 1, 1960.

While the initial apportionment of tax levies was based upon ratables and student enrollment, the apportionment was later amended and based 100% on equalized valuations, at the time of the study. This change drastically increased costs for North Haledon, which had to pay a disproportionate share of the operating costs of the regional district compared with the other constituents (Beineman and Kirtland, 2001). A referendum to base the tax apportionment on enrollment, rather than equalized valuations, was defeated in 1995. North Haledon initiated a lawsuit to compel the change but was ultimately unsuccessful.

Beineman and Kirtland (2001) concluded that if North Haledon were to withdraw from the regional district, it could provide the same or better educational program to its students with significant savings. Haledon and Prospect Park could similarly continue to provide a thorough and efficient education in the regional district at a reduced cost. Therefore, Beineman and Kirtland recommended submitting the issue to the voters.

Educational impact

Beineman and Kirtland (2001) included enrollment projections, which are calculated using the cohort survival method, for regular and special education students. Approved housing construction was also reviewed to accurately assess future enrollment.

Districts seeking to withdraw from a limited purpose regional must demonstrate that all affected districts can continue to provide students with an appropriate education (Beineman and Kirtland, 2001). It was noted that North Haledon, if it chose to withdraw, would need to establish a send/receive relationship with another high school. Haledon

and Prospect Park, however, could continue educating their students in the remaining regional high school. Since the regional district educated only high school students, withdrawal will not affect any of the elementary school programs, and each district “could continue to provide a thorough and efficient elementary program” (Beineman and Kirtland, 2001, pp. 21-22). Additionally, K-12 curriculum articulation in the regional district was described by the study as “modest at best” (Beineman and Kirtland, 2001, p. 22).

Beineman and Kirtland (2001) noted that if North Haledon withdrew its students from the regional high school, fewer high school teachers would be needed. However, the normal turnover of teachers within the regional district would likely obviate the need to terminate any currently employed teachers. Additionally, the loss of North Haledon students would not force the high school to eliminate any educational offerings. Therefore, the regional high school could continue to provide a thorough and efficient education to its remaining students.

Racial impact

Beineman and Kirtland (2001) considered the racial impact of North Haledon’s withdrawal. It was noted that if North Haledon withdrew, the percentage of White students in the regional high school would decrease and the percentage of minorities would increase. However, Beineman and Kirtland (2001) noted that “the changing nature of the communities in the Regional District may change the percentage of Hispanic students regardless of the continuation or withdrawal of North Haledon from the Regional District” (Beineman and Kirtland, p. 29)

Transition plan

Beineman and Kirtland (2001) suggested that to minimize disruption, the students attending the regional district, at the time of the study, be permitted to continue their education in the high school until graduation. It was noted that representation on the regional district's board of education would need to be reconfigured if withdrawal occurred.

Financial analysis

The financial impact of North Haledon's withdrawal was also reported in the study. Beineman and Kirtland (2001) assumed the following key points: (a) each community's tax levy and rate would be estimated to compare alternative configurations and not to approximate actual rates; (b) estimates of revenues, expenses, tax levies, and tax rates would be expressed in 1999-2000 real dollars; (c) enrollment projections would be made using the cohort survival method; (d) the regional district, after North Haledon's withdrawal, would receive the same amount of State aid the remaining two constituents received prior to withdrawal; (e) State aid for existing debt service would continue at the 1999-2000 rate; (f) educational programs would be the same as that provided in 1999-2000; (g) the same number of certificated staff per pupil would be required as in 1999-2000; (h) the taxes would be apportioned in the regional district based upon equalized valuations; (i) equalized and assessed valuations would be held at their 1999 levels; (j) North Haledon would pay tuition to a receiving district at the high end of the proposed tuition range; (k) surplus would not be used; (l) new conditions that would have no impact on the comparison were not included in the projected tax levies and rates; (m) North Haledon's withdrawal and its establishment of a send/receive relationship would

occur at the beginning of the 2001-2002 school year; and (n) K-8 programs not yet implemented at the time of the study would not be included in the study.

Beineman and Kirtland (2001) found that tax rates would decrease slightly for each community if North Haledon withdrew from the regional district. Certain factors, such as pending construction, a different tuition rate, State mandated Pre-K programs, and a higher 9th grade cohort survival rate were noted to have a possible impact on the savings identified by Beineman and Kirtland.

Beineman and Kirtland (2001) described the operating expenses and debt service of the regional district, the equalized and average equalized valuations of each community, the borrowing margin for each community, the replacement costs of fixed assets to allocate indebtedness, the amount of indebtedness to be assumed, and the distribution of assets and liabilities amongst the constituents.

Summary of advantages and disadvantages

According to Beineman and Kirtland (2001), North Haledon, should it withdraw, could provide an education equal to or better than the program provided by the regional district, at the time of the study. Additionally, withdrawal would not negatively impact the regional's educational program; nor would it impact in any way the constituents' K-8 programs. Teachers employed in the regional would not likely be affected by the withdrawal.

Further, each constituent would realize savings if North Haledon were to withdraw. Haledon and Prospect Park's savings would result from the regional district's increased State aid, which would be granted based on the reduced amount of equalized valuation per student that would exist in the remaining regional district. North Haledon

would eliminate payment of a disproportionate share of the regional's operating costs, thereby reducing its tax levy by approximately \$800,000 annually. The withdrawal of North Haledon students from the regional would also relieve any potential overcrowding.

As to disadvantages, Beineman and Kirtland (2001) claimed that while some districts could experience negative financial consequences from withdrawal, State aid could adequately offset such losses. If North Haledon withdrew, the remaining regional's borrowing margin would also decrease due to the reduced amount of equalized value, and the two remaining constituents would share in a larger portion of any future bonding. A change in District Factor Group classification from CD to B³ and the corresponding increase in State aid could offset this potential financial consequence.

Conclusion

At the time of the Beineman and Kirtland study (2001), North Haledon shared disproportionately in the cost of operating the regional school district, to the benefit of the other two constituents. None of the three constituent communities would be disadvantaged either educationally or financially from North Haledon's withdrawal. Therefore, the study concluded that "North Haledon can, and should, be permitted to pursue possible withdrawal from the regional district" (Beineman and Kirtland, 2001, p. 42).

³ District Factor Groups ("DFGs") were initially developed to compare students' performance on statewide assessments across demographically similar schools. (Pemberton Study, 7) However, DFGs are now also used to determine the initial group of districts that were classified as Abbott Districts, and to define the group of school districts on which parity remedy aid would be based. (Pemberton Study, 7) The DFGs represent an approximate measure of a community's relative socioeconomic status, and do not play a role in the school funding formula, with the notable exception of parity aid which is provided to Abbott Districts. (Pemberton Study, 7)

Roosevelt, Millstone, and the Upper Freehold All Purpose Regional School Districts: Feasibility of regionalizing the Western Monmouth County Panhandle Alliance School Districts

This study, published in January 2002 by Stanton Leggett & Associates, analyzes five alternatives to the present relationship between the Roosevelt and Millstone School Districts and the Upper Freehold All Purpose K-12 Regional School District, which is comprised of the Upper Freehold and Allentown School Districts. Although this study thoroughly analyzes the financial and construction implications of each alternative, it fails to identify the advantages and/or disadvantages of each, draws no conclusions, and makes no recommendations. Unfortunately, little value can therefore be drawn from this study.

Introduction

The Roosevelt, Millstone and Upper Freehold Regional School Districts operated as three independent districts at the time of the study. Students in Roosevelt attended their own elementary school in grades K-6 and then attended the East Windsor Regional School District on a tuition basis. Roosevelt had a relatively small tax base, which resulted in high average tax rates.

Roosevelt is completely surrounded by the Millstone School District. Millstone educated its own students in grades K-8 and then sent its high school students to Upper Freehold Regional on a tuition basis. Millstone's elementary school would be too small within 5 years of the study and its middle school was not adequate for the projected enrollment, according to Stanton Leggett & Associates (2002). The district was therefore considering the construction of a new middle school. Pressure to build its own high school also existed in Millstone as it had no board representation on the Upper Freehold Regional Board of Education.

Upper Freehold Regional was a K-12 all purpose regional comprised of Allentown and Upper Freehold. Upper Freehold Regional operated one high school, the Allentown High School. At the time of the Stanton Leggett & Associates study (2002), it received students from Millstone and Plumstead Township. However, Plumstead Township had constructed its own high school so that by September 2002 no students would remain in Upper Freehold Regional. With the student population growing in Upper Freehold Regional and Millstone, the Allentown High School would need significant construction and renovations to house the projected population.

Stanton Leggett & Associates (2002) noted that Upper Freehold Regional also operated a K-8 building, which was overcrowded. Stanton Leggett & Associates projected that if Millstone terminated its send/receive relationship with Upper Freehold Regional, the regional school district could convert its high school to a middle-high school to relieve overcrowding at the primary school. If, however, Millstone students continued to attend the Allentown High School, Upper Freehold Regional would need to construct a primary school to alleviate the over-populated K-8 school.

Stanton Leggett & Associates (2002) found that "from a construction point of view, it would appear that Upper Freehold Regional, standing alone, would be better off than as a receiving district" (p. 2) since it would only need to build an addition to its high school, rather than construct a new primary school building.

According to Stanton Leggett & Associates (2002), Upper Freehold Regional and Millstone needed to make significant decisions regarding the future of their relationship. Since Roosevelt is completely surrounded by Millstone, their decisions should be made in conjunction with one another, according to Stanton Leggett & Associates.

The study analyzed 5 possible scenarios: (a) forming a K-12 all purpose regional with all three districts; (b) forming a K-12 all purpose regional with only Upper Freehold Regional and Millstone; (c) maintaining the status quo; (d) terminating the send/receive relationship between Millstone and Upper Freehold Regional with Millstone forming its own K-12 district; and (e) creating a 7-12 limited purpose regional with all three districts.

Current and capital expenditures

Stanton Leggett & Associates (2002) began by reviewing the budgets of the three districts and then looking at the revenue sources for each. The study identified the key source of revenue as local taxes.

The effect of regionalization was then factored in by Stanton Leggett & Associates (2001). If all three districts formed a K-12 all purpose regional, savings of approximately \$615,000 would be realized from disbanding the central offices of the three districts and creating one central administrative office. Other savings could be realized due to the elimination of duplicative expenses.

If the districts formed a limited purpose regional while maintaining separate primary districts, approximately \$540,000 would be added to existing administrative costs.

The impact of the alternatives on construction was also studied by Stanton Leggett & Associates (2002). First, if either a K-12 all purpose or a 7-12 limited purpose regional was to be created, the study assumed construction of new high school would cost about \$60 million. The State would fund \$18 million, with a bond of \$42 million covering the remaining costs. The existing high school would then be converted to a

middle school at an estimated cost of \$10 million, with the State funding \$3 million. The total annual cost would be \$2,783,200.

If the status quo was maintained, Stanton Leggett & Associates (2002) noted that the high school would need to be renovated to house the growing student population at an estimated cost of \$10 million. However, the costs would be borne exclusively by the Upper Freehold Regional taxpayers since Millstone would be only a sending district. Additionally, a new primary school building would have to be built to accommodate the district's own students in grades K-8 at an estimated cost of \$8.5 million. Millstone would also need to build a new middle school, which would cost approximately \$30 million. Roosevelt would not require any construction under the status quo. The total annual cost for Upper Freehold Regional would be \$735,560 and for Millstone would be \$1,192,800.

According to Stanton Leggett & Associates (2002), if Millstone terminated its send/receive relationship and formed its own K-12 district, a new high school and middle school would need to be constructed. The cost of building a new high school in would be an estimated \$36 million and the cost of constructing a new middle school would be approximately \$30 million. The total annual debt for Millstone would be \$2,740,080.

Additionally, according to Stanton Leggett & Associates (2002), Upper Freehold Regional would renovate and add to its high school to accommodate students in grades 6 or 7 through 12. Stanton Leggett & Associates opined that combining the middle and high schools would be more costly than simply adding to the high school to accommodate only high school students, since separate spaces for the middle and high school students would need to be constructed. Creating a middle-high school would cost

approximately \$15 million, with the State funding \$4.5 million. The annual debt for Upper Freehold Regional would be \$596,400. Roosevelt would not require any construction.

If a 9-12 limited purpose regional was formed, a new high school would need to be constructed at a cost of \$60 million, according to Stanton Leggett & Associates (2002). The existing high school would be converted to a middle school to accommodate Upper Freehold Regional students. Millstone would construct a new middle school at an estimated cost of \$30 million and Roosevelt would either establish a send/receive relationship for its students in grades 7 and 8 or build an addition to its primary school. The annual debt for the new regional district would be \$2,385,600; the annual debt for Upper Freehold Regional would be \$397,600; and the annual debt for Millstone would be \$1,192,800.

Students

Approximately 3,218 students were educated in the three districts at the time of the Stanton Leggett & Associates study (2002). 60% were from Millstone, 5.4% were from Roosevelt, and 34% were from Upper Freehold Regional. Stanton Leggett & Associates projected that in 5 years following the study, enrollment would be 4,874, with 60.6% from Millstone, 2.7% from Roosevelt, and 37% from Upper Freehold Regional. Without Roosevelt, there would be 4,742 students, 62% from Millstone and the remaining from Upper Freehold Regional.

A regional budget

Stanton Leggett & Associates (2002) compiled a regional budget assuming the K-12 regional would be in existence for the 2001-2002 school year. Stanton Leggett & Associates began with the expenditures of all three districts, subtracted the amounts that would be saved if a regional district was created, and then added the additional necessary expenditures. The study estimated the total tax levy as \$24,309,961.

The cost of new construction was then added, assuming a new high school would be built and the existing high school would be remodeled, thereby increasing the total tax levy to \$27,093,161.

The foregoing figures assumed that Roosevelt would be part of the regional district. If Roosevelt was not a constituent, the total tax levy would be reduced to \$26,536,542.

Tax impact with a single K-12 region

Stanton Leggett & Associates (2002) first examined the existing arrangement without the proposed construction. Under this scenario, Millstone would be responsible for 60% of the equalized value, or \$14.6 million; Roosevelt would be responsible for 3% of the equalized value, or \$729,000; and Upper Freehold and Allentown would be responsible for 37% of the equalized value, or approximately \$8.9 million. The tax rate for Millstone would be \$1.88; Roosevelt would be \$2.06; Allentown would be \$1.86; and Upper Freehold would be \$1.85.

The impact of construction was then considered by Stanton Leggett & Associates (2002). The equalized value remained the same among the districts as did the percentage. With the new high school and an upgraded middle school, Millstone's tax rate would be

\$2.10; Roosevelt's tax rate would be \$2.30; Allentown's tax rate would be \$2.07; and Upper Freehold's rate would be \$2.10.

If Roosevelt was not a constituent of the regional district, the tax rates for the other districts would change according to Stanton Leggett & Associates (2002). With the proposed construction, Millstone's tax rate would be \$2.12; Allentown's tax rate would be \$2.03; and Upper Freehold's tax rate would be \$2.13. If Roosevelt became a sending district to the new regional, tuition payments could be used to reduce the impact on local taxes.

Tax impact with continuing sending relationships

Stanton Leggett & Associates (2002) assessed the impact on local taxes if Upper Freehold Regional and Millstone were to continue their relationship but with Millstone building a new middle school and Upper Freehold upgrading its high school and adding a primary school. Under this scenario, Millstone's taxes would be \$2.04; Roosevelt would be unaffected and its tax rate would continue at \$3.36; Allentown's tax rate would be \$2.08; and Upper Freehold's tax rate would be \$2.07.

Tax impact with two K-12 districts

In Stanton Leggett & Associates' (2002) third alternative, the districts would terminate their send/receive relationship and create two independent K-12 districts. Millstone's expenditures would decrease significantly due to the elimination of tuition payments. However, it would need to construct a new high school and hire staff. Its taxes would rise to \$2.44, an increase of \$.55 over the rate of \$1.89 from the time of the study. Upper Freehold Regional would incur construction debt but could reduce staff.

Upper Freehold's taxes would increase from \$1.85 to \$2.79, and Allentown's taxes would increase from \$1.89 to \$2.81.

Tax impact with 7-12 regional

In Stanton Leggett & Associates' (2002) final alternative, the districts would each maintain their own K-6 district and would be constituents of the 7-12 limited purpose regional.

Stanton Leggett & Associates (2002) separated the costs for grades K-6 from the costs for grades 7-12. To do so, certain assumptions had to be made. For Millstone, the study took the district's total expenditures and deducted the tuition payments to Upper Freehold Regional, leaving the remaining money to be spent on grades K-8. The study assumed 30% of that money would be spent on grades 7 and 8, with the remaining 70% spent on grades K-6. If grades 7 and 8 were educated in the regional, no construction would be needed. The study concluded that Millstone's tax rate for the K-6 district would be \$.88.

For Roosevelt, according to Stanton Leggett & Associates (2002), the tuition it would pay for its students in grades 7-12 would be deducted from the district's total expenditures. Roosevelt would not require any construction under this alternative. The tax rate for the K-6 school would be \$1.93.

For the Upper Freehold Regional, Stanton Leggett & Associates (2002) estimated that 40% of its expenditures would be spent on its K-6 schools and 60% on grades 7-12. The tax rate for grades K-6 would be \$1.18.

According to Stanton Leggett & Associates (2002), the cost of participating in the 7-12 regional must be added to the estimated costs above to determine a K-12 tax rate.

The costs of a new high school and necessary renovations on the existing building were added. Millstone's tax rate would be \$1.10; Roosevelt's tax rate would be \$1.20; Allentown's tax rate would be \$1.08; and Upper Freehold's tax rate would be \$1.10.

The overall effect of the creation of a 7-12 limited purpose regional would be increased taxes for Millstone, Upper Freehold, and Allentown, and decreased taxes for Roosevelt.

Summary

Stanton Leggett & Associates (2002) showed the existing tax rates and then compared them with each of the alternatives. Each alternative would raise tax rates in each district, except for Roosevelt. Roosevelt's taxes would either remain the same or decrease under each alternative. The increases in the other districts would vary from \$.05 to \$.94, and the impact upon the specific district would vary greatly depending on the alternative. However, creating two independent K-12 districts would cause the biggest tax increases for Millstone, Allentown, and Upper Freehold, and would have no effect on Roosevelt's taxes.

Looking five years ahead

Stanton Leggett & Associates (2002) then estimated the tax impact of the alternatives 5 years from the date of the study. Stanton Leggett & Associates assumed that: budgets would rise 7% annually; all construction would begin in 2003; assessed valuation in each community in 2006 was shown as estimated by the local assessor; and student population was estimated. This information showed that in 2006, with a few exceptions, taxes would be estimated to rise under each alternative for each district. Increases would range from \$.10 to \$1.28, and under certain alternatives, Roosevelt and

Allentown's tax rates would actually decrease. The effect on each district would depend, however, on the chosen alternative. Again, taxes would be predicted to rise the highest for each district if two independent K-12 districts were to be created.

Governance

Stanton Leggett & Associates (2002) reported that "one reason that Millstone is considering becoming a K-12 school district on its own is an apparent feeling that it now has little control over the educational progress of its students in grades 9-12" (Stanton Leggett & Associates, p. 41). In a regional, Millstone would be entitled to five seats on a nine member board of education. Upper Freehold would be entitled to two seats and Roosevelt and Allentown would each be entitled to one seat. Without Roosevelt, Millstone would have five members, Upper Freehold would have three, and Allentown would have one.

The study ended abruptly without drawing any final conclusions or making any recommendations.

Newfield and Buena All Purpose K-12 Regional School Districts: Feasibility of expanding the K-12 all purpose regional to include Newfield

Guidelines Inc. and Vincent Yaniero, Finance Specialist Consultant, developed a study in January 2002 to analyze expanding the Buena K-12 All Purpose Regional School to include the non-operating district of Newfield. Guidelines Inc. and Yaniero (2002) suggested that the districts "consider participating in further activities related to regionalization" (Guidelines Inc. and Yaniero, 2002).

Introduction

At the time of Guidelines Inc. and Yaniero's study (2002), Buena Regional School District was comprised of Buena Township and Buena Borough, and educated

students from Newfield, Weymouth, and Estell Manor on a tuition basis. Newfield was a non-operating district, and it sent its students in grades K-12 to Buena Regional on a tuition basis. Weymouth and Estell Manor sent their students in grades 9-12 to the Buena Regional High School.

Guidelines Inc. and Yaniero (2002) described the geography and facilities of Buena Regional. Newfield owned one school building, which it rented to the regional school district. Guidelines Inc. and Yaniero estimated that the student population in the regional district would exceed capacity in the future.

The methods used to gather the information and complete Guidelines Inc. and Yaniero's study (2002), which was funded by a REDI grant, were then described. The authors of the study requested that members from both boards of education complete surveys regarding regionalization. Buena Regional board members indicated in their surveys that they believed regionalization would have little impact on curriculum or staff, and that they were interested in additional information regarding the impact of regionalization on finances and board representation.

Newfield board members, who initiated the REDI grant, responded more thoroughly to the researcher's surveys (Guidelines Inc. and Yaniero, 2002). The members indicated that advantages of the current elementary school included: its status as a community school and an integral part of the town; its good administration; and its excellent teaching staff. However, the members complained that the school was overcrowded and its programs and services were limited. Regarding the present high school, members responded that its advantages were: up to date facilities; excellent teaching staff; adequate counselors; good discipline; positive student to teacher ratio; and

beneficial programs. However, according to the Newfield board members, the performing arts program needed expansion; after school busing should be provided; the science and math programs needed expansion and improvement; and the guidance department needed focus.

The Newfield members described the primary reasons for pursuing regionalization as: the possibility of decreased taxes; the benefit of gaining a seat on the board of education; improved educators and technology; improved class size; and the ability to obtain facts regarding potential regionalization. Concerns regarding regionalization included: possible closure of the elementary school; increased property taxes; loss of the community school; little educational benefits for students; and the impact on relations between the districts (Guidelines Inc. and Yaniero, 2002).

Board members also indicated they had questions regarding the impact of regionalization, and particularly how it would affect: class sizes; the expansion of special facilities; the hiring of specials instructors; board representation for Newfield; the educational program; and the equity of programs between schools. Financial concerns included: the impact on taxes; costs per pupil; the impact on staff; and the impact of living in different counties. Concerns regarding governance included how the board would be apportioned between the districts and on what basis, and whether the board would be compatible. Other questions were described as whether necessary improvements would take place under regionalization and whether the local school would operate in some capacity (Guidelines Inc. and Yaniero, 2002).

Enrollment projections and school facility plan

The study examined past and present enrollments in each district. Buena Regional's enrollment had increased slightly in the 4 years leading up to Guideline Inc. and Yaniero's study (2002) and Newfield's population had also increased by approximately 10%.

Guidelines Inc. and Yaniero (2002) projected enrollment using the cohort survival ratio. Enrollment in Buena Regional was expected to increase in the following 4 years, with relatively stable enrollment in grades K-5, slight increases in grades 6-8, and increases in grades 9-12. Enrollment in Newfield was expected to remain essentially the same.

Regarding facilities, Buena Regional had submitted an application for the construction of a new middle school for grades 6-8 and the conversion of the present middle school to an elementary school. Guidelines Inc. and Yaniero (2002) concluded that construction of a new middle school would be "essential to handle enrollment growth and to improve special facilities for a real middle school program" (Guidelines Inc. and Yaniero, 2002, p. 12).

Education implications of regionalization

Guidelines Inc. and Yaniero (2002) reviewed the educational programs of the districts, including their mission statements, beliefs, goals, objectives, course offerings, State wide assessment results, New Jersey State Report Cards, staffing, and the special features of each school. The study found that "although each elementary school has a 'personality' of its own, they are compatible with no significant differences in test scores, offerings, etc" (Guidelines Inc. and Yaniero, 2002, p. 30). The study also assumed that

the construction of a new middle school facility would enhance the current educational program.

According to Guidelines Inc. and Yaniero (2002), the expansion of the K-12 regional district to include Newfield would have no negative impact on the comprehensive and productive educational programs. According to the study, "there could be educational improvement resulting if regionalization can result in":

Additional focus on greater sharing of 'best of practice' in individual schools district-wide;

Securing greater unity and support for the critically needed new middle school that, when built, will provide the space and special facilities needed to meet future enrollment and educational needs;

Benefiting the regional by providing additional formal input when the Newfield board has membership on the regional board of education; and,

If additional State financial aid results from expanded regionalization, the added revenue could be used for new school construction and expanded educational programs and services. (Guidelines, Inc. and Yaniero, 2002, p. 30)

Governance, personnel, and legal aspects

At the time of the Guidelines Inc. and Yaniero study (2002), Buena Township had six seats on the regional's board of education and Buena Borough had three seats. If the existing regional district were to be expanded, Buena Township would have five members on the board, Buena Borough would have three members, and Newfield would have one.

Guidelines Inc. and Yaniero (2002) noted that if the regional was expanded to include Newfield, the existing treasurer, business administrator, and assistant positions in Newfield could be eliminated. No other personnel adjustments would be necessary since the total Newfield enrollment was served by the existing Buena staff.

Guidelines Inc. and Yaniero (2002) noted that to expand the existing regional, the issue would have to be submitted to the voters of the constituent districts. The referendum would have to indicate how taxes would be allocated between the constituents.

Racial composition impact

Guidelines Inc. and Yaniero (2002) concluded that since “the same districts and grades would be served in an expanded K-12 regional, there are no racial balance implications if Newfield became part of the region rather than continuing as a sending district” (Guidelines Inc. and Yaniero, 2002, p. 32).

Financial implications

Guidelines Inc. and Yaniero (2002) compared the costs of maintaining the status quo with the costs assuming the existing regional district was expanded to include Newfield. Budgets, revenues, and tax rates were projected over the ensuing 4 years assuming the status quo would be retained. The budgets, revenues, and tax rates were then projected over the next 4 years assuming Newfield joined the regional to compare the two alternatives.

To calculate the figures assuming the regional expanded, the status quo budgets were combined and then the savings and additional expenses of the regional were factored in. Guidelines Inc. and Yaniero (2002) assumed that Buena Regional would construct a new middle school and that the school would be in place during the 2002-2003 school year. The actual tax rates were therefore not projected.

The projected property valuations for the ensuing three years were included by Guidelines Inc. and Yaniero (2002), and they are important since assessed valuations

were used to determine school tax rates, and equalized valuations were used to determine the amount of taxes apportioned to each community. In each community, it was assumed that future property valuation growth would continue to be modest in accordance with past history.

The impact of the two alternatives on the facilities was also considered by Guidelines Inc. and Yaniero (2002). If the status quo were to be maintained, Guidelines Inc. and Yaniero assumed Newfield would continue to lease its elementary school to Buena Regional at an annual cost of \$50,000. If Newfield were to become a member of the regional district, however, the school would become property of the regional.

Buena Regional needed to construct a new middle school whether or not Newfield became a constituent of the regional district, according to Guidelines Inc. and Yaniero (2002). The estimated cost of constructing the new school was 18 million. The State would fund 60% of the cost and a bond would be issued for the remaining \$7.2 million.

At the time of the study by Guidelines Inc. and Yaniero (2002), Buena Regional transported each of its sending districts on a tuition basis. These costs would remain the same whether or not the regional district was expanded. Similarly, the study assumed that the costs associated with educating special education students would remain the same.

Assuming the districts retained the status quo, Newfield would continue to pay a significant sum to Buena Regional for tuition (Guidelines Inc. and Yaniero, 2002). The remaining portion of Newfield's budget would be expected to increase 3.5% per year. Buena Regional's general fund was projected to increase 3% in 2002-2003 and 4% for each of the remaining years. State aid was predicted to remain static in 2002-2003 but

increase 5% per year for the following 2 years. "Other revenue" was projected to increase 3% per year in Newfield and 4% per year in Buena Regional. The study assumed that no reserve funds would be appropriated in the Newfield budget, and that Buena Regional would continue to appropriate reserve funds into the budget at the current level.

State aid and other revenue were deducted from the total budget to determine the taxes to be raised (Guidelines Inc. and Yaniero, 2002). In Newfield, this figure was divided by the total assessed valuations to determine the school tax rate. In Buena Regional, total taxes were apportioned to the two constituents in relation to each community's respective percentage of equalized property valuations. Buena Borough funded 34.5% of the taxes to be raised and Buena Township funded 65.5%. The taxes allocated were then divided by the assessed valuations to determine the respective school tax rates.

According to Guidelines Inc. and Yaniero (2002), in each district, the school tax rate increased significantly in 2002-2003 due to the construction of the new middle school. Newfield's tax rate was expected to decrease slightly in 2003-2004 due to an anticipated increase of 5% in State aid and only a 1.8% increase in tuition paid to Buena Regional.

Guidelines Inc. and Yaniero (2002) next projected tax rates assuming the regional district expanded to include Newfield. To calculate the total taxes to be raised, the study combined the general fund and debt service budgets of the two districts under the status quo. The cost implications of expanded regionalization were then factored in, including: the elimination of tuition payments from Newfield to Buena Regional; the elimination of

duplicative expenses; the elimination of rent for the Newfield School; and the addition of one-time start-up costs. The net impact in 2001-2002 would be a reduction of \$7,572 in expenses. In the second year, net savings were estimated at \$32,572.

Next, the amount of State aid the new regional would receive was estimated by Guidelines Inc. and Yaniero (2002). The study assumed the regional district would receive the same amount of State aid that the districts were receiving as separate entities at the time of the study. Other revenue such as federal aid, tuition, and balance appropriations were determined by combining the total revenue budgets of the districts.

Taxes to be raised were determined by subtracting State aid and other revenue from the regional net total budget by Guidelines Inc. and Yaniero (2002). The study calculated school tax rates using equalized values, enrollment, and a combination of the two. The percentage was multiplied by the total taxes to be raised to determine the regional taxes to be allocated to each community. The regional taxes were then divided by the respective assessed valuations to determine estimated school tax rates.

Guidelines Inc. and Yaniero (2002) drew conclusions and compared the tax rates under the three alternatives. If Newfield were to join the regional district, the total net estimated cost savings in 2001-2002 would be \$7,572, with the savings increasing to \$32,572 in 2002-2003. However, the specific impact on each community would depend upon the chosen method of allocation.

Guidelines Inc. and Yaniero (2002) found that in comparing the tax rates under the status quo with the new regional district, the tax rates were reasonably close, particularly if taxes were apportioned using equalized valuations. However, the rates differed considerably if enrollment was used to apportion taxes. In Buena Borough, its

percentage of equalized valuations was considerably less than its percentage of enrollment. Therefore, its projected tax rates were greater under enrollment apportionment. In Buena Township, the opposite was true. Therefore, its tax rates were lower if enrollment, rather than equalized valuations, was used to apportion taxes.

In Newfield, tax rates were considerably higher under equalized valuations than under enrollment since its percentage of equalized valuations was consistently greater than its percentage of enrollment. The Newfield school tax rates under 50% of each were consistently lower than school tax rates under the status quo (Guidelines Inc. and Yaniero, 2002).

In summary, the Buena Borough and Buena Township estimated school tax rates under expanded regionalization, in comparison with the estimates rates under the status quo, varied depending upon the selected method of apportionment by Guidelines Inc. and Yaniero (2002). In Newfield, however, in almost all cases, the estimated school tax rate was lower if it joined Buena Regional, due to the fact that it would be less costly for Newfield to educate its students in a regional school district than it would to pay tuition.

Summary of advantages and disadvantages of an expanded K-12 region

The advantages of expanding the existing K-12 regional to include Newfield were described by Guidelines Inc. and Yaniero (2002) as: Newfield would gain representation on the board of education; additional classroom space could be available in the elementary school by converting the existing middle school to an elementary school; smaller classes; more special facilities; the "best of practice" in existing elementary schools could be made available to all; all students in grades 6-8 would be educated in a new middle school; and there would be an improved middle school educational program.

The disadvantages noted by Guidelines Inc. and Yaniero (2002) were: Buena Township would lose one member from the board of education; additional professional planning and in-service would be needed to develop a new middle school program; and some staff reassignments would be necessary.

Follow-up options

Guidelines Inc. and Yaniero (2002) suggested that the Boards and Superintendents of the two districts consider participating in further activities related to regionalization, and specifically, that “if [the] expanded regional option is approved in all three districts, authorization would be given to proceed with the required formal regional study using the feasibility study as a base” (Guidelines Inc. and Yaniero, 2002, p. 34). However, if the districts decided not to proceed with expanded regionalization, a “focus should continue on taking steps needed to expand and improve existing education housing by building a new middle school and converting [the existing middle school] to an elementary school.” (Guidelines Inc. and Yaniero, p. 34)

Bedminster Township and Somerset Hills All Purpose Regional School Districts: feasibility of expanding the K-12 all purpose regional to include Bedminster

The Bedminster Township and Somerset Hills School Districts commissioned the Centennium Consultants to investigate including Bedminster in the already existing Somerset Hills K-12 all purpose regional. Bedminster had a send/receive relationship with Somerset Hills and sent its students in grades 9-12 to Bernards High School on a tuition basis at the time of the study. The study, published in January 2003, concluded that while costs would rise slightly as a result of the expanded regional, the educational and programmatic benefits outweighed the financial consequences.

Background information

The Centennium Consultants (2003) reviewed numerous studies and reports from Somerset Hills' three constituent districts, Bernardsville, Far Hills, and Peapack - Gladstone, as well as from Bedminster Township and the State. Centennium Consultants also conducted interviews and toured buildings to gather relevant information.

Centennium Consultants (2003) then described the history and development of each affected community, and explored the relationship between the districts. On December 1, 1994, the voters of Bernardsville, Far Hills, and Peapack - Gladstone approved the formation of a K-12 regional school district, later named Somerset Hills. Tension existed between Bedminster and Somerset Hills due to Bedminster's desire to control budget increases and reserve sufficient funds for its K-8 program. Additionally, residents of Somerset Hills believed Bedminster should contribute more financially to the regional district. Problems also arose due to the districts' different K-8 programs and the lack of student integration. Local control issues had also impeded expanded regionalization, and the need to redistrict students if Bedminster joined the all purpose regional had created opposition to the proposal.

Efforts had been made to improve the communication and articulation efforts between Bedminster and Somerset Hills. Regarding the educational plan, Centennium Consultants (2003) assumed that, notwithstanding the defeated referendum, the proposed construction of a primary level building and renovation plan for the high school in Somerset Hills would be implemented (and that no redistricting would be necessary).

Demographics

Enrollment projections for the 4 years following the Centennium Consultants study (2003) are included in the study for Bedminster and Somerset Hills under the status quo and assumed expanded regionalization would take place, using the cohort survival method. Bedminster's enrollment was expected to decline modestly, while Somerset Hills was anticipating growth.

The racial composition of the districts was included also (Centennium Consultants, 2003). Adding Bedminster to the regional would result in a minority population of thirteen percent, which approximates the current high school population of 12 percent. Enlarging the regional district would have no substantial negative racial impact on either district.

Facilities

Centennium Consultants (2003) also reviewed each of the facilities in both districts. This information was derived from each district's Long Range Facility Plan.

Program information

A description of the programs in each district was provided by Centennium Consultants (2003). After a review of these programs, the Centennium Consultants concluded that there would be no substantial negative program impact on either district due to expanded regionalization. The districts were noted to provide similar programs and services for students and both offer "exemplary program opportunities" (Centennium Consultants, 2003, p. 44). Because of the send/receive relationship that already existed, the secondary program was already unified, and Centennium Consultants claimed that the differences at the elementary level were insignificant.

Staffing information

Centennium Consultants (2003) noted that central office staff would suffer the greatest impact as a result of expanded regionalization, since the Bedminster School District would cease to exist. As all existing schools would remain in use if the regional district were enlarged, no change in staffing would be necessary on a building level. However, the study assumes the opening of a new primary school, the costs of which are reflected in the annual budget.

Financial information

Centennium Consultants (2003) analyzed the financial impact of expanded regionalization by comparing the cost of maintaining the status quo versus the cost of including Bedminster in the regional district for the ensuing 4 years. The tax rates under the status quo were compared with the tax rates under expanded regionalization using four different formulas: 100% equalized valuations; 100% enrollment; 50% equalized valuations/50% enrollment; and 5% equalized valuations/95% enrollment. The current method of apportionment is 95% enrollment/5% equalized valuations, so the property valuations in each constituent were important to the allocation of costs.

The facilities' implications are also described by Centennium Consultants (2003). They noted that irrespective of whether the regional expands, Somerset Hills intended to seek voter approval to construct an addition to the high school, renovate the high school, construct a new primary school building, and perform other renovations. These costs were assumed in the budget.

Projected budgets, revenues, and tax rates were included in the study by Centennium Consultants (2003) to compare the costs of the status quo with the proposed

alternative. To estimate the budgets, revenues, and tax rates if the regional expands, Centennium Consultants combined the general fund and debt service budgets of the two districts assuming the status quo. Financial factors, including central office staff savings, the elimination of duplicative services, start-up costs, and salary guide coordination, were then added or subtracted to arrive at the cost of adding Bedminster to Somerset Regional.

Revenue was determined by calculating and combining the revenue budgets of each district (Centennium Consultants, 2003). Taxes were then calculated by subtracting State aid and other revenue from the total budget. The total tax burden was then allocated between the districts using the four different formulas of enrollment and equalized valuations.

Centennium Consultants (2003) reported that there would be no substantial negative financial impact on either district if Bedminster Township joins the regional, particularly if the current method of apportionment (95% enrollment/5% equalized valuation) is used. The tax rates for each district were found to vary under the four allocation formulas depending on the relationship of the percentage of equalized valuation to the percentage of enrollment. While costs would generally increase (assuming the debt for renovations and construction in Somerset Hills), the increases were found to be small.

Process to consider and approve enlargement of the regional school district

Centennium Consultants (2003) cited the guidelines issued by Klagholz and Contini (1993) in describing the procedures to follow when enlarging a regional district. These procedures are essentially identical to the initial formation of a regional school district.

Legal issues

Lastly, Centennium Consultants (2003) outlined some legal issues the districts would encounter when expanding. Some of these issues included the corporate existence of the regional district, the assumption of indebtedness, and representation on the regional board. According to the Centennium Consultants (2003), the County Superintendent, within 30 days of voter approval for the expanded regional, must appoint one board member from the citizens of the new constituent to serve on the regional board. The new member would serve until the first Monday succeeding the first annual school election of the enlarged regional. The enlarged board would have nine members and reapportionment of membership would be based on the most recent census data. The projected apportionment of the board would be as follows: Bedminster Township, four members; Bernardsville, three members; and Peapack - Gladstone and Far Hills, one member each. While membership on the board must be reapportioned at the earliest possible time, the members in office continue for the balance of the terms for which they were elected or appointed.

Other miscellaneous legal issues were also addressed by Centennium Consultants (2003). They noted that all existing properties of Bedminster would become property of the regional district. In addition, Bedminster would be deemed dissolved when Somerset Hills assumes control of its educational facilities. Funds, records, and assets would need to be transferred to the regional district, as would the financial obligations of Bedminster. The regional board would be required to have a financial audit made of the accounts of all officers of the Bedminster Township School District and to settle all such accounts. Personnel issues, including tenure and seniority rights, would need to be addressed.

Additionally, all statutory and contractual rights to accumulated sick leave, leaves of absence, and pensions must be recognized for certified staff members. Neither superintendent would have rights to the position at the new regional school district. Employees who are otherwise eligible for re-employment but who are not initially retained by the regional must be placed in a pool from which vacancies are filled.

Summary and recommendations

Centennium Consultants (2003) concluded that there appeared to be no substantial negative educational, racial, or financial impacts that would impede the enlargement of the regional district to include Bedminster Township.

Centennium Consultants (2003) outlined the identified advantages and disadvantages to expanding the regional district. The advantages noted include: Bedminster's access to Somerset Hills's curriculum experts and extensive staff development; an articulated K-12 curriculum; the opportunity for more in-district special education programs; uniform programs for high school athletics; an increased sense of belonging for Bedminster students and parents; improved planning; increased options for school and athletic facilities sites; the ability to redistrict students; the opportunity to balance minorities; a greater perception of control of costs for Bedminster residents; a sense by Somerset Hills' residents that Bedminster is fully sharing in the costs of high school improvements; a larger tax base to support future budgets and referenda; savings in administrative overhead; full participation on the regional school board by Bedminster; a more efficient board of education; more potential board member candidates; greater efficiency of business offices; and the ability to provide specially trained employees.

The disadvantages noted by Centennium Consultants (2003) include: the loss of the “neighborhood school” for Bernardsville; decreased parental identification with the expanded regional district; additional transportation times and increased transportation costs; the erosion of Bedminster’s positive partnership with local government; and the loss of majority board seats for Bernardsville.

Centennium Consultants (2003) opined that each of the four affected communities “enjoy a common history, geography and culture that make them highly compatible for becoming an enlarged district” and that including Bedminster in the regional district would “bring a sense of stability to both districts” (p. 76).

Centennium Consultants (2003) noted that enlargement would increase stability, reduce tension, and engender greater cooperation among Bedminster and Somerset Hills. Costs were predicted to increase slightly, but the fluctuations would be minimal for each district. Centennium Consultants also opined that the educational benefits from enlarging the district would be great, and that Somerset Hills would suffer educationally if Bedminster chose to end the current send/receive relationship. Students would benefit from earlier integration, and a combined middle school would likely better prepare students for high school. Bedminster Township was described as offering attractive property values, open space for future building needs, and a state of the art facility to the regional district.

Centennium Consultants (2003) therefore concluded that “there is much to be gained and little to be risked from enlarging the Somerset Hills School District to include

Bedminster Township” (p. 76). Centennium Consultants (2003) therefore recommended that “both Boards give this option serious consideration” (p. 76).⁴

Franklin Township, Elk Township, and Delsea Regional 7-12 Limited Purpose High School Districts: Feasibility of expanding to a K-12 all purpose regional or dissolving the limited purpose regional and creating two independent K-12 districts

The Franklin Township, Elk Township, and Delsea Regional Boards of Education, together with Elk and Franklin Townships commissioned Statistical Forecasting, LLC (2004), to analyze three potential scenarios: expanding the limited purpose 7-12 regional to an all purpose regional; dissolving the Delsea Regional School District to create two independent Pre-K through grade 12 districts; and maintaining the status quo. Statistical Forecasting ultimately concluded that the formation of an expanded Pre-K through grade 12 all purpose regional would provide educational and financial benefits to both constituent districts.

Demographic analysis

The report of the Statistical Forecasting (2004) analysis begins with a description of its methodology, and goes on to review the demographics of each constituent district. Franklin Township’s population was noted to be 15,466 in 2000, and was noted to be rising steadily. Continued growth was expected. While Elk Township, with a population of 3,514, was much smaller and steady population growth was similarly expected. The demographics of both Townships were described as quite similar, with Elk Township having a slightly larger percentage of minorities than Franklin Township.

⁴ The study includes an addendum that reflects the impact on taxes if the new primary school is removed from the referendum. (77) The subsequent decrease in estimated school tax rates for Bedminster is approximately two cents; for Bernardsville it ranges from one to eight cents, depending on enrollment and budget; for Far Hills it ranges from one to four cents; and in Peapack & Gladstone it ranges from two to seven cents. (77)

Both Franklin and Elk Townships were found to operate Pre-K through grade 6 schools districts and send their students in grades 7-12 to the Delsea Regional High School. The Regional High School received students only from these two constituents.

Statistical Forecasting (2004) included enrollment projections for the districts using the cohort survival method. Using their method, student enrollment was expected to decrease in all grades in Franklin Township and was expected to increase in Pre-K through grade 6 and to decrease in grades 7-12 in Elk Township. Overall, Pre-K through 12 enrollment was expected to increase slightly. Enrollment in Delsea Regional was also expected to decline through the 2008-2009 school year.

When accounting for the effect of new housing, it was noted that these projected populations could increase slightly in Franklin Township and significantly in Elk Township, depending on the number of housing units actually constructed (Statistical Forecasting, 2004). Since according to Statistical Forecasting, enrollment in Delsea Regional would depend on the projections in the constituent districts, the effect of new housing development would likely increase the projections. However, the actual construction was noted to be difficult to predict.

Racial balance

Franklin Township was found to have the lowest percentage of minorities, about 11%, while Elk Township was found to have the highest, about 28%, among the three districts (Statistical Forecasting, 2004). If an all purpose regional was created, minority enrollment would be approximately 15% (Statistical Forecasting, 2004).

Educational program

According to Statistical Forecasting (2004), each of the three school districts demonstrated the ability to provide an education that meets or exceeds the requirements of the United States Department of Education and the New Jersey Department of Education, and all of the schools met the performance requirements of the No Child Left Behind Act. Statistical Forecasting opined that any change in the configuration of the districts would not be influenced by any distinct advantages or disadvantages regarding the educational program but rather would revolve around student enrollment, facilities, and finances.

Statistical Forecasting (2004) analyzed the impact of the three possible districting scenarios on the educational program. First, they found that if the district becomes an all purpose regional, the educational program from grades 7 through 12 would remain unchanged, while the Pre-K through grade 6 programs in each of the constituents would require significant change. The varying grade configurations and curricula of the elementary schools would need to be aligned. However, articulation of the program was noted to benefit all grade levels as the program would operate under a unified governance and administration; would have coordinated resources, textbooks, and curriculum; would share professional development; and would enjoy an “overall conceptual focus” (Statistical Forecasting, 2004, p. 36). It was noted that Elk Township might negatively perceive the loss of the small school atmosphere, but Statistical Forecasting claimed that changes in the school structure would be necessary even absent expanded regionalization. Overall, they claimed that “the administration has the experience and knowledge necessary to accommodate change, integrate and add the elementary personnel within the

existing framework, and successfully operate the larger Pre-K-12 school system” (Statistical Forecasting, 2004, p. 36).

Statistical Forecasting (2004) noted that if the regional dissolved and each constituent created its own Pre-K through grade 12 district, Franklin Township would gain ownership of the Delsea Middle and High Schools since both are located within its boundaries. Also, they reported that Franklin Township could operate a Pre-K through grade 12 district given the availability of the necessary physical, program, and human resources.

According to Statistical Forecasting (2004), Elk Township, on the other hand, would need to make arrangements with another district to educate its students in grades 7-12. Such a send/receive relationship would likely exacerbate the existing curriculum inconsistency and lack of program articulation. Statistical Forecasting reported that operating a secondary education program would “present a significant change in mission for an organization that previously had an elementary focus for the past decades” (Statistical Forecasting, 2004, p. 37). On the other hand, however, Statistical Forecasting noted that dissolution of the regional may give Elk Township greater control in the long run, as it would have the ability to terminate any existing send/receive relationship in the event enrollment and infrastructure permit the district to build its own secondary educational facility in the future. This option would not exist if the regional district was expanded.

If the districts were to maintain the status quo, Statistical Forecasting claimed that each district could continue to more than adequately educate its students. However,

Statistical Forecasting suggested that Delsea Regional employ a region-wide curriculum specialist to assist in the articulation of the educational program of the three districts.

Financial analysis

The financial analysis by Statistical Forecasting (2004) began with an articulation of the key assumptions made, including: (a) each community's tax rate was estimated to compare alternative configurations only; (b) estimates of revenues, expenses, and tax levies and rates were based on the 2003-2004 combined budgets, and represent 2003-2004 real dollars; (c) enrollment projections were made using the cohort survival method; (d) State aid would remain at the existing percentage; (e) educational programs were equivalent to those offered for the 2003-2004 school year; (f) instruction after a change in configuration would require the same number of certified staff per pupil; (g) for either the status quo or all purpose regional scenarios, the present method of apportioning costs would be used; (h) equalized and assessed valuations would be based on the 2003 table of ratables; (i) for the dissolution scenario, tuition rates for Elk Township would be based on the current rates established by Delsea Regional; and (j) surplus would not be used.

Statistical Forecasting's (2004) financial analysis began by comparing current State aid to the aid Delsea Regional would receive after becoming an all purpose regional. Statistical Forecasting's figures are based on 2001-2002 data, when the Department of Education last ran the funding formula.

Statistical Forecasting (2004) found that a reduction of approximately \$428,000 in State aid would result if expanded regionalization occurred. However, this figure does not include "hold harmless" (Statistical Forecasting, 2004, p. 41) aid for core curriculum

standards, which would reduce the loss. Similarly, if the limited purpose regional dissolved, the districts would lose approximately \$341,000 in State aid.

Statistical Forecasting (2004) then analyzed the proposed budgets and corresponding tax rates for each of the three potential scenarios. Statistical Forecasting described its methodology of arriving at the estimated budgets, and based the estimations on the following criteria: (a) rate of inflation is 2.3% for 2004-2005, 2.5% for 2005-2006, and 2.4% for 2006-2007; (b) teacher salary increases were 4% annually; (c) per-pupil costs were averaged to determine the rate for the new organizational structure; (d) the allocation for the tax levy was approximately 19% for Elk Township and approximately 81% for Franklin Township; (e) special revenue funds were not included; (f) no free balance was appropriated for any year other than the current year; (g) estimated tax rates were for comparison only; and (h) population growth scenarios from the constituents were combined where necessary.

If the district were became an all purpose regional, each constituents' taxes would initially decrease primarily because of staff reductions at the central office level (Statistical Forecasting, 2004). If the regional district dissolved, local tax levies would also initially decrease in both Townships, again due to the elimination of central office staff.

The distribution of assets and liabilities was also covered by Statistical Forecasting (2004). Statistical Forecasting noted that if the district deregionalized, the County Superintendent would determine the amount of indebtedness and liabilities to be assumed by each constituent pursuant to the pertinent State statutes. Under this scenario, Franklin Township would assume approximately 80% of the regional's liabilities. Assets

other than buildings would be allocated in a similar manner. If, however, Delsea became an all purpose regional, the regional district would assume the remaining debt of both constituent school districts.

Regarding teacher salaries, if the districts were to become an all purpose regional, there would be little impact on the current combined budget according to Statistical Forecasting (2004). However, since the elementary districts' salaries were found to be higher than the high school districts' salaries, deregionalization would have financial consequences.

Statistical Forecasting (2004) then described the projected enrollment of each district compared with its building capacity. Statistical Forecasting found that Elk Township could exceed its enrollment capacity for elementary students in the near future and would need to establish a send/receive relationship with another district for its middle and high school students if deregionalization occurred. Franklin Township, however, was found to have the ability to house its students given its projected enrollment, particularly since it will take ownership of the middle and high school buildings under deregionalization. If Delsea Regional expanded to an all purpose regional, Elk Township's high growth would likely require the construction of additional buildings in the future.

Statistical Forecasting (2004) commented that the audit reviews of each district revealed that Delsea Regional's audit "serves as evidence of successful budget management and successful operation of the Board office" (p. 60). Similarly, Franklin Township was noted to have shown no evidence of non-compliance or material weakness. However, Elk Township's 2003 audit revealed multiple examples of non-

compliance, several reportable conditions, and two material weaknesses. Also, the fund balance was found to be dwindling.

Advantages and disadvantages

The advantages and disadvantages of regionalization are outlined first in the document by Statistical Forecasting (2004). Statistical Forecasting noted that the elementary school programs would benefit the most from expanded regionalization due to the alignment of the curriculum and shared governance of the schools. Furthermore, it was noted that the expanded regional would essentially maintain all of the educational programs available at the time of the study. Additionally, it was found that each constituent's tax burden would initially decrease due primarily to staff reduction (however, these savings would be lost if the growing population in Elk Township forced the expanded regional to build additional schools).

The disadvantages of expanding the limited purpose regional noted by Statistical Forecasting (2004) included: the loss of the neighborhood small school concept in Elk Township. In addition, it was predicted that attendance areas would likely change, forcing students to attend new schools. A potential problem noted due to the growing population of Elk Township was that Franklin Township may be required to fund a building in Elk Township, and conversely, Elk Township may need to fund expansion programs at the middle and high schools, which were located within Franklin Township. Taxpayers may have been reluctant to support the building or expansion of schools within the other constituent's boundaries. Staff seniority and tenure issues would also need to be addressed.

The advantages and disadvantages of deregionalization are described next. Statistical Forecasting (2004) noted that deregionalization would give each district greater control over its own students. However, with deregionalization, Franklin Township would take ownership of the middle and high schools, thereby giving it the ability to provide its students with a systematic Pre-K through grade 12 program, and a distinct advantage over Elk Township. One advantage of deregionalization for Elk Township would be that if its enrollment increased and provided the district with the ability to construct its own secondary school building, it would have the ability to control its own district and establish its own identity. Also, deregionalization would result in a reduced tax burden for each district.

The primary disadvantage of deregionalization, as noted by Statistical Forecasting (2004), was Elk Township's need to establish a send/receive relationship with another district to educate its students in grades 7-12. The district would continue to lack an articulated curriculum. Additionally, as these districts were currently educating only elementary students at the time of the study, providing a K-12 education would likely present challenges. The dissolution of the Delsea board of education and establishment of a send/receive relationship, would result in Elk Township losing board representation. Also, State aid would be reduced if the district deregionalized.

If the districts chose to maintain the status quo, Statistical Forecasting (2004) reiterated its recommendation that Delsea Regional hire a region-wide curriculum specialist to serve all three districts and facilitate articulation of the curriculum and unified governance. Also, Statistical Forecasting (2004) suggested consolidating

administrative tasks, sharing grant initiatives and educational initiatives, and engaging in broad-based administrative planning.

Statistical Forecasting (2004) noted that a disadvantage of the status quo was the three districts' inability to cooperate due to financial and educational differences. This failure to cooperate would prevent students from achieving maximum performance. The status quo also costs taxpayers more money and reduces each constituent's borrowing margin.

Summary of findings

Statistical Forecasting (2004) recommended the formation of an expanded Pre-K-12 all purpose regional. This option was noted to provide costs savings to both constituents and the greatest educational benefits for students. However, Statistical Forecasting cautioned that if the population in Elk Township grows at the high end of the expected range, "there is logic to support two individual K-12 districts to give each autonomy to control their 'education destiny' into the middle of the 21st century" (Statistical Forecasting, 2004, p. 65).

Clinton Township School District: Feasibility of the withdrawal from the North Hunterdon-Voorhees Regional High School District

The Clinton Township Board of Education commissioned Beineman and Kirtland to perform a feasibility study. It was completed in 2005, in response to the disproportionate tax burden paid by the district to the North Hunterdon-Voorhees Regional High School District. Beineman and Kirtland (2005) concluded that Clinton Township should withdraw from the regional, despite that fact that withdrawal would likely increase Clinton Township's taxes. Other factors, such as the creation of its own

K-12 school district and ownership of a high school building, are cited to support Beineman and Kirtland's recommendation.

Introduction

North Hunterdon-Voorhees is a limited purpose regional which was approved by referendum in 1947. The district serves students in grades 9-12 from Gardner Borough, Califon Borough, the Town of Clinton, Clinton Township, Franklin Township, Glen Gardner Borough, Hampton Borough, High Bridge Borough, Lebanon Borough, Lebanon Township, Tewksbury Township, and Union Township. Taxes are apportioned based on property values and income, which has created a disproportionate tax burden among constituents and has lead to certain districts subsidizing others. Additionally, at the time of the study, the regional was considering constructing a third high school, which would further increase taxes.

Beineman and Kirtland (2005) reported that if Clinton Township were to withdraw from the regional, Clinton Township could save 30 percent of the cost of the proposed new high school in the regional district, which amounted to over \$1.2 million. Beineman and Kirtland opined that other constituents might benefit from withdrawal, and suggested that the report of the study be shared in an effort to seek their cooperation to allow simultaneous withdrawal and the creation of the Clinton Township K-12 school district. However, in the absence of such cooperation, Beineman and Kirtland (2005) recommended that Clinton Township withdraw nonetheless, as it can provide its students with an education equal to or better than that currently provided with a cost savings of over \$1 million annually.

Educational analysis

Beineman and Kirtland (2005) reviewed demographics, which revealed that Clinton Township's population was the largest of the constituents. Student enrollment projections for each constituent and the regional were also included in the study, based on the cohort survival method. A review of building permits issued to the constituents revealed that Clinton and Union Townships have received the most permits for the construction of new housing.

Enrollment projections for the regional district showed slight growth the next 3 years following the study and a slight decline thereafter. Beineman and Kirtland (2005) reported that the regional superintendent expected the student population to grow by 700 students by 2008-2009, which would justify building a third high school. However, Beineman and Kirtland (2005) stated that the regional district study on which this projection is based "which some questions have been raised" and that according to the Planning Board Offices of each constituent, "there is no large residential development at any stage of approval in any of them" (p. 35). Enrollment projections from this study are therefore referred to as "inflated" (p. 36).

Beineman and Kirtland (2005) detailed the educational impact of Clinton Township's withdrawal from the regional district, and noted that the proposed withdrawal had been spurred due to fiscal, not educational, concerns. If Clinton Township were to withdraw, it would take possession of the North Hunterdon Regional High School since it is situated within Clinton Township. Its students would therefore continue their education in the same building. Beineman and Kirtland (2005) claimed that Clinton Township's students would receive a better overall education from withdrawal and that

the Department of Education prefers Pre-K through grade 12 school districts as they provide a “continuum of articulation and curriculum not available in a Pre-K-12 organizational pattern under two different boards, as well as for its more efficient use of educated monies” (p. 36).

According to Beineman and Kirtland (2005), if no other constituent were to withdraw from the regional, students from Bethlehem Township, Franklin Township, Clinton Town, Lebanon Borough, and Union Township, who attend the North Hunterdon Regional High School, would need to be educated elsewhere. Voorhees High School could accommodate these students only via an extended day or split sessions. Alternatively, the regional board could establish a send/receive relationship with Clinton Township so that its students could continue their education in the North Hunterdon High School.

Beineman and Kirtland (2005) opined that Franklin Township, Lebanon Borough, Union Township, and Tewksbury Township seemed most likely to join Clinton Township in its withdrawal efforts. All students within these communities, with the exception of Tewksbury, would be educated in the same school they now attend if they establish a send/receive relationship with Clinton Township. It was noted that each district would enjoy a cost savings if such a relationship was established, and could gain greater board representation as well. It was suggested that none of the constituent elementary schools would be adversely affected by Clinton Township’s withdrawal since each had its own board of education and administrative structure (with the exception of Lebanon Borough where the Clinton Township superintendent also serves as the Lebanon Borough

superintendent). “Articulation efforts currently in place in the regional district could [also] continue uninterrupted” (Beineman and Kirtland, 2005, p. 37).

Racial impact

The racial impact of Clinton Township’s withdrawal is included in the study (Beineman and Kirtland, 2005). While specific racial and ethnic data for Clinton Township students attending the regional district was not available, Beineman and Kirtland assumed the 834 students enrolled in the regional were distributed by race and ethnic origin similarly to the Clinton Township elementary students. On this assumption, it was determined that no significant reduction in minority enrollment would occur if Clinton Township withdrew from the regional.

Financial impact

According to Beineman and Kirtland (2005), the disproportionate tax levies paid by constituent districts to a regional school district has garnered much attention. For the 2003-2004 school year, Clinton Township paid slightly over 30% of the tax levy while sending less than 28% of the students. With tax levies approximating \$40 million, the extra 2% paid by Clinton Township amounted to more than \$800,000. This money acted as a subsidy for the benefit of the taxpayers of the other constituent districts.

Beineman and Kirtland (2005) articulated the average tax levy per student in each constituent and the regional district and revealed that the tax levy per student ranges from \$6,123 to \$24,801 between constituents. Clinton Township was noted to pay \$14,452 at the time of the study. Beineman and Kirtland claimed that this uneven distribution would require further exploration of withdrawal by other districts.

Beineman and Kirtland (2005) analyzed the financial impact of the status quo versus: (a) the withdrawal of Clinton Township and the formation of a Clinton Township K-12 School District with a high school for Clinton Township students only; (b) the withdrawal of Clinton Township and additional communities who would educate their students in grades 9-12 on a send/receive basis with Clinton Township; and (c) the status quo with a planned third high school building.

It was determined that Clinton Township would not realize savings from unilateral withdrawal unless the regional district undertakes new construction or expands existing facilities (Beineman and Kirtland, 2005). Although Beineman and Kirtland claimed such construction or expansion was proposed, they failed to articulate whether approval for these changes had been sought.

Beineman and Kirtland (2005) explained their methodology of calculating the financial impact of withdrawal and detailed the materials reviewed in their analysis. Beineman and Kirtland noted that while a dissolution scenario would typically be analyzed in this type of study, dissolution was not considered since only four or five of the constituents would save money as a result, and a referendum would therefore be defeated.

Beineman and Kirtland (2005) assumed certain factors in their financial analysis, including: (a) each community's tax levy and rate were estimated to compare alternative configurations and not to approximate actual rates; (b) estimates of revenues, expenses, tax levies and tax rates were expressed in 2004 real dollars; (c) enrollment projections were calculated using the cohort survival method; (d) State aid for each district would approximate the rate of funding that existed in the districts in the 2003-2004 school year,

assuming each had existed in the 2001-2002 school year; (e) extraordinary and consolidated aid would be available to withdrawing districts; (f) State aid for existing debt service would continue at the 2003-2004 rate; (g) the educational programs of the districts would be equivalent to the programs provided in the constituents and the regional during the 2003-2004 school year; (h) the actual average cost per student at the North Hunterdon and Voorhees high schools were the same; (i) the method of apportioning taxes in the regional district was based on equalized valuations; (j) equalized and assessed valuations were held at their 2004 levels; (k) the rent from the Polytech lease would continue at the same level and 60% will go to Clinton Township if withdrawal occurred; (l) special education costs would be proportional to the number of students over the long term; (m) transportation costs would be proportional to the number of students over the long term; (n) tuition for districts if Clinton Township withdrew would be based on a send/receive relationship, with payments to the Clinton Township K-12 School District based upon the enrollment projections; (o) surplus was not used; (p) new conditions that have no impact in the comparison of alternatives might not be included in the projected tax levies and tax rates; (q) the withdrawal and send/receive relationships were fully implemented beginning in the 2006-2007 school year; and (r) K-6 programs not yet implemented were not included.

Assuming no facilities would be built in the regional district, Beineman and Kirtland (2005) claimed that if Clinton Township unilaterally withdrew, its tax levy would increase by approximately \$1 million dollars. The increase was noted to be due to Clinton Township's loss of aid and the fact that fixed costs, such as athletics, operation, and maintenance, would be spread over a smaller student population. It was found that

the remaining 11 constituents' tax levies, however, would decrease due to the increased State aid that results from Clinton Township's withdrawal (Beineman and Kirtland, 2005). According to Beineman and Kirtland, if the regional district were to construct a new high school facility, Clinton Township would save approximately \$200,000 per year (and the other 11 districts would absorb the full debt service) upon its unilateral withdrawal.

According to Beineman and Kirtland (2005), if Clinton Township, Franklin Township, Lebanon Borough, Tewksbury Township, and Union Township simultaneously withdrew from the regional, Clinton Township's tax levy would increase if the regional district did not expand. Additionally, it was noted that Clinton Township's taxes would decrease if the regional district built a third high school.

A significant reason for the projection of increased taxes is the fact that Clinton Township's subsidy to the other constituents decreased significantly in the 2005-2006 school year, meaning that its proportionate tax levy is almost equal to the percentage of students Clinton Township sends to the regional district. The projected decreased subsidy is due to a large increase in the student population of the high school with no increase at the elementary level, and the slower growth rate in the equalized values of Clinton Township compared to the other constituents. Beineman and Kirtland (2005) state that "if the above trend on equalized value growth continues, the estimates for the cost of withdrawal will be slightly understated" (p. 53). Beineman and Kirtland (2005) found that Clinton Township would also lose a significant amount of State aid, and its debt service would therefore increase if it withdrew from the regional, thereby resulting in increased taxes.

Beineman and Kirtland (2005) noted that if the regional district built a third high school, at a cost between \$60 and \$74 million, or expanded existing facilities at a cost of \$50 million, the cost of the status quo would increase significantly. If Clinton Township were to remain a constituent of the regional district, it would pay an additional amount annually between \$1.24 and \$1.5 million for the construction of a new high school and \$900,000 for expansion of an existing facility. Beineman and Kirtland (2005) reported that these savings “dwarf any cost increases for withdrawing from the regional district” (p. 54). The likelihood of expanding the regional district was therefore a critical issue in assessing the advantages and disadvantages of withdrawal.

Franklin Township, Lebanon Borough, Tewksbury Township, and Union Township, since they pay a disproportionately high percentage of the tax levy, were noted to also benefit from withdrawing from the regional district before any expansion began. In fact, it was found that these districts would benefit financially if they withdrew from the regional district absent construction or expansion. However, if these four districts and Clinton Township withdrew from the regional, the taxes in the remaining seven districts would increase (Beineman and Kirtland, 2005).

Beineman and Kirtland (2005) reviewed the operating expenses of the regional district, the equalized and average equalized valuations of each community, the borrowing margin for each district, the replacement costs for fixed assets of the regional district, indebtedness to be assumed, and the distribution of assets and liabilities among the constituents. To summarize the financial impact of withdrawal, Beineman and Kirtland concluded that Clinton Township would not realize savings from unilateral withdrawal unless the regional district was to undertake new construction or expand

existing facilities. Withdrawal of the other four districts which pay a disproportionately high percentage of the tax levy will still result in increased taxes for Clinton Township.

Beineman and Kirtland (2005) noted that if the regional either builds a third high school or expands the existing facilities, Clinton Township would save a significant amount of money by withdrawing, as will the other four districts should they choose to withdraw. Furthermore, it was found that if all five districts withdrew, the remaining seven districts would face an increased tax levy of \$1.8 million annually, even absent expansion.

Recommendations and conclusions

Beineman and Kirtland (2005) reiterated that Clinton Township and other communities were paying a disproportionate share of costs to operate the regional district. According to Beineman and Kirtland, if it withdrew, Clinton Township would be able to provide its students with a thorough and efficient education in its own K-12 district in the same building that housed the students at the time of the study. Beineman and Kirtland (2005) noted that the remaining 11 constituents would offer “similarly attractive educational opportunities” to its students (p. 61). Beineman and Kirtland (2005) suggested that Clinton Township work with the other districts that can gain economically from withdrawal to coordinate a joint effort.

Beineman and Kirtland (2005) noted that if the regional district constructed a third high school, Clinton Township could save \$1.5 million annually if it withdrew. More importantly, according to Beineman and Kirtland, withdrawal would allow Clinton Township to create its own K-12 school district and gain ownership of North Hunterdon High School’s building. Such ownership would allow Clinton Township to reduce

overhead, transportation costs, and to coordinate building programs. Beineman and Kirtland quoted the Commissioner of Education in his statement that K-12 districts are preferred over regional high school districts since all purpose regional districts are more effective, more efficient, and share unified governance and educational policy as well as a continuity of curriculum.

Beineman and Kirtland (2005) concluded by stating that “withdrawal...is both feasible and beneficial as Clinton Township would become a K-12 district....If possible, it should be pursued promptly and jointly with certain other constituents, which would also gain educational and financial benefits” (p. 62).

Pemberton Borough and Pemberton Township School Districts: Feasibility of converting from a send/receive relationship to a K-12 all purpose regional school district

The Pemberton Borough (“Borough”) and Pemberton Township (“Township”) School Districts commissioned a feasibility study, completed in February 2005 by Centennium Consultants (2005, Feb.), to investigate transforming their present send/receive relationship to a Pre-K through 12 all-purpose regional district. Centennium Consultants ultimately concluded that regionalization would benefit both districts.

Background information

Centennium Consultants (2005, Feb.) reviewed the histories and communities of the two school districts. They noted that both municipalities were classified in the CD District Factor Group in 1990; however, the Township was in class B at the time of the study. Thus, the two municipalities were noted to be somewhat similar socio-economically. It is important to note that the Township is classified as an Abbott District, and the Centennium Consultants’ study was conducted assuming that the

consolidated district would retain this classification, with the school tax rate continuing at the minimum tax levy.

Centennium Consultants (2005, Feb.) found that the Borough sent its students in grades 7-12 to the Township on a tuition basis, but the two districts have a long history of shared educational services. The Borough educated Township students until 1959 when the Township established its own high school. The Borough closed its high school at the same time and sent its students to the Township. Beginning in 2002-2003, the Borough sent its 7th and 8th grade students to the Township as well. Despite extensive discussion of a merger between the districts, no formal study of this issue has been conducted.

The need for a merger of the districts had been highlighted by: the Borough's failure to pass budgets, including a 2004 referendum for an upgrade of facilities; the imposition of a \$180,000 penalty by the Department of Education for excessive administrative costs in relation to the Borough's size; and the need to fund the federal No Child Left Behind legislation (Centennium Consultants, 2005, Feb.). These issues "negatively impacted . . . [the Borough's] ability to provide the programs and facilities the Board and administration feel are necessary in order to meet student needs" (Centennium Consultants, 2005, Feb., p. 11).

The relationship between the districts ran deeper than the Township's education of the Borough's students in grades 7-12. The Township prepared meals for Borough students. It also provided specialists, such as safety officers and electricians, on an as-needed basis. Further, staff members not needed full time in the Borough were shared between the two districts, such as art, music, and physical education teachers.

While the districts amicably shared services for many years, no formal agreement between them existed. The districts shared professional development and curriculum redesign on a very limited basis. By invitation, one Borough resident participated on the Township's Board as a non-voting member. The two boards also met on an as-needed basis regarding specific issues. The administrators and Boards of Education of the two districts worked cooperative and effectively.

The educational plan for the new regional district would be to combine all students in the Township's current Pre-K through 12 program (Centennium Consultants, 2005, Feb.). After reviewing the Township's facilities and enrollment projections, Centennium Consultants determined that the facilities were sufficient to house the additional Borough students. Additionally, the Borough's school building would be available to the new regional district.

Demographics

Centennium Consultants (2005) projected enrollment using the cohort survival method. The student population in the districts is not expected to grow significantly over the 4 years after the study, and it was anticipated that the all-purpose regional could suitably handle the expected population.

Additionally, "no substantial negative racial impact" would result from regionalization (Centennium Consultants. 2005, Feb., pp. 14-15). The minority population among the Township's students was found to be 45%, while the Borough's Pre-K through 6 minority student population was found to be 31%. A merger would result in an overall minority population of 44%. This 13% increase in minority

population was not expected to impact Borough students, as these students would eventually join the Township student population in grades 7-12 absent regionalization.

Facilities

Centennium Consultants (2005, Feb.) examined each district's Long Range Facility Plan⁵. They found that the Borough's facilities were not in satisfactory condition and would require certain core components and repairs. The estimated cost of these improvements was estimated at \$4,268,122, of which 59% would have been subsidized by State aid. When put to a vote, the referendum was defeated in 2004 (Centennium Consultants, 2005, Feb.). To meet the programmatic and educational needs of its students, the Township was awaiting Department of Education approval to construct two new buildings. The facilities were in satisfactory condition at the time of the study (Centennium Consultants, 2005, Feb.).

Program information

Centennium Consultants (2005, Feb.) examined how consolidation would affect the program offerings in each district. At the time of the study, the Borough housed one class per grade level, with an average class size of 15 students, in its Pre-K through grade 6 curriculum. The standards-based curriculum included art, music, physical education, remedial enrichment and supplemental instruction, character education, science, world language, resource center, hands-on science, and literature-based reading. Its technology was up to date and made available to students and teachers.

The Township's program was found to be far more expansive than the Borough's, according to Centennium Consultants (2005, Feb.). It had approximately 5800 students

⁵ The Department of Education required each district within the State to submit a Long Range Facility Plan by December 15, 2000 and articulated the information the districts must provide in such plans. (18) As of the date of the completed study, the Township's amended plan had not yet been approved by the Department of Education. (18-20)

in contrast to the Borough's 100 students. In addition to its students in grades 7-12, the Borough also sent several of its special education students to the Township.

As an Abbott District, each school within the Township had to adopt a "whole school reform" model to address the inequities that "have plagued the educational system" (Centennium Consultants, 2005, Feb., pp. 23-24). The Township embraced an inclusive strategic planning process that promoted wide representation of school and community members. The Township's technology was state-of-the-art and computers were widely available in each school. The Township provided a comprehensive professional development program and an early childhood program for 3 and 4 year olds. The Township's Pre-K through grade 6 curriculum offered not only the same, but more specialty programs than the Borough's.

Centennium Consultants (2005, Feb.) reviewed the extensive educational and extra-curricular opportunities available to students in Township middle and high schools. Based on this program information, they concluded that there would be "no substantial negative program impact" (Centennium Consultants, 2005, Feb., p. 36) as a result of regionalization, and further claimed that regionalization would benefit both districts. They explained that Borough students would benefit from the Township's more comprehensive programs and services, and the Township's overall educational product would also benefit by educating the Borough's Pre-K though grade 6 population. Additionally, an articulated program, uniform teaching materials and methods, and common professional development would benefit students and teachers in both districts.

Financial implications

Centennium Consultants (2005, Feb.) examined the effect of regionalization on the students, staff, and facilities. However, they did not ignore the financial consequences of regionalization. It was cited as a major obstacle. Centennium Consultants noted that the financial implications of the merger were complicated by the fact that only the Township, not the Borough, was categorized as an Abbott District.

Since no merger has ever taken place between an Abbott and a non-Abbott district, and the Department of Education has failed to provide solid information regarding the calculation of a minimum tax levy, Centennium Consultants (2005, Feb.) assumed that both districts would be held harmless if they regionalize, and that the regional district would retain Abbott classification. Centennium Consultants also projected the budgets, revenues, and tax rates from the 2004-2005 school year through the 2007-2008 school year assuming the status quo, and then compared these figures to the projected budgets, revenues, and tax rates assuming the districts regionalize.

Centennium Consultants (2005, Feb.) reviewed the budget histories and projected property valuations of the districts. The projected property valuations are important since assessed valuations determine school tax rates and equalized valuations determine the apportionment of taxes to each community under regionalization (Centennium Consultants, 2005, Feb.).

Facility costs in the regional district were also considered. However, Centennium Consultants (2005, Feb.) found that no new construction was needed and only the Borough's school building was found to need renovations. Assuming the regional district was to retain Abbott classification, Centennium Consultants predicted that State aid

would fully fund such renovations, resulting in no cost to either the Borough or the Township.

Centennium Consultants (2005, Feb.) examined the impact of regionalization on transportation costs, and estimated that transporting the Pre-K through grade 6 Borough students, none of whom were bused to school, to the Township would increase costs by \$35,000. They claimed that busing Borough special education students to schools other than Township schools cost \$95,000. However, half of this cost could be saved by transporting these students on existing Township routes. The cost of transporting the grades 7-12 students from the Borough to the Township would remain at \$40,000. Therefore, they concluded that overall transportation costs would decrease slightly as a result of regionalization.

Assuming the status quo is maintained, Centennium Consultants (2005, Feb.) projected the Borough's general fund to increase between 4.5% and 5% per year and State aid, federal aid, and other revenue to increase 3% per year. Tuition to the Township was also expected to increase 3% per year. The Township's general fund budget was expected to increase by 3% and State aid was adjusted in each ensuing year to insure that taxes to be raised were set at the minimum tax levy amount pursuant to the district's Abbott classification. Federal aid was projected to increase at 5% per year while other revenue was estimated to increase 3% annually (Centennium Consultants, 2005, Feb.).

Centennium Consultants (2005, Feb.) made certain assumptions when calculating the projected tax rates assuming the district regionalize. Importantly, it was assumed that the new regional district uses a 50% equalized valuation and 50% enrollment formula to apportion costs, although taxes were calculated using other formulas for comparison

purposes. Centennium Consultants also assumed: (a) legislation would be passed allowing the regional district to retain Abbott classification; (b) a new minimum tax levy would be established that is comprised of the Township's minimum tax levy and costs carried over from the Borough's budget; (c) as an Abbott district, all 3 and 4 year old pupils would receive pre-school instruction; (d) no additional construction would be needed to educate Borough students in the Township; (e) the cost of educating Borough students, including teachers' salaries, could be absorbed in the Township budget; and (f) the Township would employ the Borough teachers, but would not replace Township teachers who retire or leave, resulting in an insignificant cost to the regional.

The budget projections for the proposed regional district were calculated by: (a) combining the 2004-2005 general funds and debt services of the two districts, (b) estimating State aid, (c) adjusting State aid to ensure that the revised minimum tax levy is maintained and adjusting other revenue, (d) assuming taxes are allocated using a formula of 50% equalized valuation and 50% enrollment, (e) multiplying the resulting percentage by the total taxes to determine the taxes allocated to each community, and (f) dividing the regional taxes by the respective assessed valuations to estimate tax rates.

Overall, Centennium Consultants concluded that there would be no substantial financial negative impact on either community irrespective of which method of allocation was used. Generally, under any of the methods, the tax rate for the Borough would decrease significantly through 2007-2008 and the tax rate for the Township would remain the same or decrease slightly due to its classification as an Abbott District.

Legal issues

Lastly, Centennium Consultants (2005, Feb.) outlined some legal issues that the districts would encounter when regionalizing. Pursuant to State statute, the board of the regional district shall be known as the "Board of Education of the Regional School Districts of Pemberton Borough and Pemberton Township of the County of Burlington," unless the regional board selects a shorter name (Centennium Consultants, 2005, Feb., p. 58). Centennium Consultants (2005, Feb.) suggested that "Pemberton Regional School District" or "School District of the Pembertons" were possibilities for the regional district's name (p. 58). An alternative would be a school district name that would not refer to either municipality, like the Great Meadows School District, which is composed of Liberty and Independence Townships.

Another legal issue anticipated by Centennium Consultants (2005, Feb.) is representation on the new regional school board. The regional board was found to have nine members; one from each district with the remaining seats apportioned among the municipalities based on population. According to the 2000 census (U. S. Department of Commerce, Bureau of the Census, 2000), the Borough would have one seat and the Township would have eight seats on the regional board. The County Superintendent of Schools would appoint the first members of the regional board, pursuant to State statute. One 3 year term would go to the Borough, and the remaining eight seats would be appointed to the Township, with two 3 year terms, three 2 year terms, and three 1 year terms.

Miscellaneous legal issues were also addressed by Centennium Consultants (2005, Feb.). All existing properties of Pemberton Borough and Pemberton Township

would become property of the regional district. Tenure and seniority rights for certified staff members would be retained, except for superintendents of schools. Additionally, all statutory and contractual rights to accumulated sick leave, leaves of absence, and pensions would be recognized for certified staff members. Neither superintendent would have rights to the position at the new regional school district. Employees who are otherwise eligible for re-employment but who are not initially retained by the regional would be placed in a pool from which vacancies are filled. Pursuant to State statute, the terms and conditions of employment in the largest affected school district would apply, until a successor agreement is negotiated.

Summary and recommendations

Overall, Centennium Consultants (2005, Feb.) revealed that “there appear to be no substantial negative educational, racial or financial impacts that would impede the formation of a Pre-K through grade 12 all purpose regional school district comprised of the Borough and Township of Pemberton” (p. 64). However, Centennium Consultants outlined the advantages and disadvantages of regionalization that the boards of education and voters should consider prior to making a final decision. Advantages noted include: additional expertise in education made available to the Borough students and staff; an uninterrupted, standards-based K-12 curriculum; expanded program opportunities for Borough students; a comprehensive professional development program for Borough teachers; increase in elementary clubs and activities for Borough students; improved connection to the district for Borough students and parents; improved facilities for Borough staff and students; the ability to redistrict students if necessary; an improved racial balance for Borough students; reduced Borough taxes; permanency of a Borough

financial contribution to the Township; an increased tax base to support financial burdens; savings in administrative costs; Borough status as “debt free”; shared governance of schools; more efficient board of education; increased population pool for board member candidates; ability to provide specially trained employees; and the consolidation and added efficiency of business offices.

Centennium Consultants (2005, Feb.) identified only two disadvantages, the “loss of the neighborhood school for Borough parents and students” and the “loss of plurality representation on [the school board] for Borough residents” (p. 66).

Centennium Consultants (2005, Feb.) concluded that “it seems that there is much to be gained and little to be risked from the formation of a regional district to include the Pemberton Borough and Township districts” (p. 67). They therefore recommended that “both Boards of Education give this option serious consideration” (Centennium Consultants, 2005, Feb., p. 67).

Centennium Consultants (2005, Feb.) further recommended alternatives if regionalization was not pursued to strengthen the send/receive relationship between the two communities, such as: (a) establishing more transition programs for Borough students, (b) providing Borough students with access to Township co-curricular activities, (c) providing more opportunities for shared curriculum planning and professional development, (d) increasing articulation of the K-6 curriculum, (e) providing a full array of administrative services by the Township to the Borough, and (f) holding formal and regular articulation meetings between boards, superintendents, and business administrators.

Seaside Park School District: Feasibility of the withdrawal from, or dissolution of, the Central Regional 7-12 Limited Purpose School District

Seaside Park commissioned a feasibility study, completed in April 2005 by Donald Beineman and James Kirtland, in response to its disproportionate share of the tax burden of the Central Regional School District. Beineman and Kirkland (2005, April) concluded that dissolution of the limited purpose regional, rather than Seaside Park's withdrawal, was preferred as the "global benefits" of dissolution were found to be greater (p. 1). In fact, it was noted that if Seaside Park withdrew, it would save a significant amount of money while all other constituent districts would suffer financially. If the regional were to dissolve, Seaside Park would still enjoy significant savings while one district would suffer significant financial losses and the others benefit or suffer mild losses.

Introduction

Central Regional was formed in 1950 and is a limited purpose regional serving Berkeley Township, Island Heights, Ocean Gate, Seaside Heights and Seaside Park students in grades 7-12. The tax levy was initially apportioned based upon student enrollment, but was later changed to equalized valuation. This change drastically increased costs for Seaside Park and Island Heights, such that these districts have been paying a disproportionate share of the operating costs of the regional district.

Beineman and Kirkland (2005, April) concluded that the regional district should dissolve and Berkeley Township, the home to the regional district and largest constituent, should become a K-12 district. However, they recommended that if the other constituents were opposed to the regional district's dissolution, that Seaside Park should pursue withdrawal from the regional because this would save its taxpayers over \$1.7

million annually. They noted that if the regional dissolved or Seaside Park withdrew, Seaside Park would have the ability to provide its students with an equal or better education than is currently provided.

Educational analysis of options

Beineman and Kirkland (2005, April) described the communities and demographics of each constituent and calculated enrollment projections for regular and special education students using the cohort survival method. Approved housing construction was reviewed to accurately assess projected enrollments.

Beineman and Kirkland (2005, April) reported that each of the constituent districts had demonstrated the ability to educate students in a manner that exceeds the United States Department of Education and New Jersey Department of Education standards. They noted that if Seaside Park withdrew, each constituent district would continue to operate their elementary schools and send their students in grades 7-12 to the regional school. K-12 articulation among the constituents was “modest at best” (Beineman and Kirkland, 2005, April, p. 19).

The removal of Seaside Park’s students would have no impact on the curriculum, staffing, or operation of the middle or high school, according to Beineman and Kirkland (2005, April), since Seaside Park students only comprised a small percentage of the population and the students educated in the regional would likely be permitted to graduate. Therefore, the regional would be able to continue providing a thorough and efficient education to its students if Seaside Park were to withdraw.

Racial impact

Beineman and Kirkland (2005, April) analyzed the impact on the racial balance of the district if Seaside Park were to withdraw. They concluded that the departure of Seaside Park students from the regional district would have no significant impact upon the racial distribution of the regional district.

Financial impact

The method of apportioning the tax levy has resulted in Seaside Park paying a disproportionate share of the regional's operational costs (Beineman and Kirkland, 2005, April). The financial analysis by Beineman and Kirkland compared the status quo with three alternatives: the withdrawal of Seaside Park; the dissolution of the regional and formation of the Berkeley Township K-12 School District, with the four other constituents paying tuition to Berkeley to educate their students in grades 7-12; and, the dissolution of the regional and formation of the Berkeley Township K-12 School District with two constituents paying tuition to Berkeley to educate their students in grades 7-12, and the other two constituents sending their students elsewhere.

Beineman and Kirkland (2005, April) described their method for calculating the financial impact of the withdrawal from, or dissolution of, the regional district, and then outlined the key assumptions made. These assumptions include: (a) each community's tax levy and rate were estimated to compare alternative configurations and not to approximate actual rates; (b) estimates of revenues, expenses, tax levies and tax rates were expressed in 2004 real dollars; (c) enrollment projections were calculated using the cohort survival method; (d) State aid for each district will approximate the rate of funding that existed in the districts in the 2003-2004 school year, assuming each had existed in

the 2001-2002 school year; (e) State aid for existing debt service will continue at the 2003-2004 rate; (f) educational programs of the district are equivalent to the programs provided during the 2003-2004 school year; (g) after withdrawal or dissolution, the same number of certificated staff per pupil will be required as in the 2003-2004 school year; (h) the method of apportioning taxes in the regional district is based on equalized valuations; (i) equalized and assessed valuations were held at their 2003 levels; (j) special education costs will be proportional to the number of students over the long term; (k) transportation costs will be proportional to the number of students over the long term; (l) tuition for districts if Seaside Park withdraws or the regional dissolves is based on a send/receive relationship, with payments to the regional based upon the enrollment projections; (m) surplus is not used; (n) new conditions that have no impact in the comparison of alternatives may not be included in the projected tax levies and tax rates; (o) the withdrawal or dissolution and send/receive relationships are fully implemented beginning in the 2005-2006 school year; and (p) K-6 programs not yet implemented are not included.

Beineman and Kirkland (2005, April) found that Seaside Park would benefit financially from either withdrawal or dissolution. Berkeley Township would suffer financial losses from either Seaside Park's withdrawal or dissolution of the regional, and would suffer the greatest financial losses of all constituent districts. Island Heights, Ocean Gate, and Seaside Heights all would suffer from withdrawal and either benefit or suffer mild financial loss from dissolution.

The operating expenditures of the district and the distribution of expenses among the constituents were analyzed by Beineman and Kirkland (2005, April). They found that

Berkeley Township paid the largest percentage of the regional's operating expenses and debt service. They included information concerning the district's equalized and average equalized valuations, the borrowing margin of each district, the replacement costs of fixed assets and indebtedness to be assumed by each constituent, and the distribution of assets and liabilities among constituent districts.

Summary of advantages and disadvantages

Beineman and Kirkland (2005, April) concluded that either withdrawal or dissolution of the regional district would save Seaside Park approximately \$1.7 million annually. However, withdrawal would increase taxes for each of the other four constituents, with Berkeley Township suffering the greatest financial impact. If Seaside Park were to send its students to a district other than the remaining regional, the costs to the constituents would be even higher. However, the study claims that the remaining regional could control these costs by soliciting nonresident students on a tuition basis.

Dissolution would impact the constituent districts differently. Beineman and Kirkland (2005, April) found that if all five communities sent their students in grades 7-12 to the proposed Berkeley Township School District, Seaside Heights' taxes would basically remain the same; Ocean Gate and Island Heights' taxes would decrease; and Berkeley Heights' taxes would increase. If two of the constituents sent their students elsewhere, Berkeley Township's tuition rates for nonresident students would increase. Under this scenario, Island Heights' taxes would still decrease, but by a lesser amount, and Ocean Gate's taxes would essentially remain the same. Additionally, Berkeley Township's taxes would increase by an even greater amount. Beineman and Kirkland

claimed that Berkeley Township's loss could be controlled by soliciting nonresident students.

Beineman and Kirkland (2005, April) concluded by stating that Berkeley Township had reaped the benefits of Seaside Park and Island Heights' disproportionate payment of costs for many years and should consider an alternative now to "avoid a more adverse financial outcome in the future" (p. 41). They cited litigation involving North Haledon and warned that a similar result could occur here. They also suggested that the other districts "consider a cooperative approach, with tuition arrangements and the \$4,200,000 in regional district assets as negotiating tools" (Beineman and Kirkland, 2005, April, p. 41).

Ringwood Borough, Wanaque Borough, and Lakeland Regional High School Districts: Feasibility of expanding to a K-12 all purpose regional school district

A feasibility study, completed in October 2005 by Centennium Consultants, was commissioned by the Lakeland Regional High School District and its two constituents, the Ringwood Borough and Wanaque Borough School Districts, to assess conversion to an all purpose Pre-K through 12 district. The study ultimately recommends that the districts fully regionalize, citing multiple educational and financial benefits.

Background information

Ringwood and Wanaque are Pre-K through grade 8 constituent districts and their students in grades 9 through 12 attend the Lakeland Regional High School District. Ringwood is a borough with a population of 12,396 in 2000, of which 94% was White. Wanaque is a borough with a population of 10,266 in 2000, of which 91% was White. These communities have long shared the education of their high school students. Prior to

forming the limited purpose regional high school in 1957, they sent their students together to other area schools.

The relationship between these districts had wavered over the years and at the time of the study, it was considered “cordial” (Centennium Consultants, 2005, Oct., p. 9). Although the districts had differing curricula and philosophies, joint efforts were made to improve articulation and shared services for a few years preceding the study.

According to Centennium Consultants (2005, Oct.), regionalization would not impact the educational plan in the high school, the constituents would need to merge their curricula and alter grade configurations in the elementary and middle schools. Centennium Consultants suggested that the merged district would provide full day kindergarten and that the schools would be organized as Pre-K through 4, grades 5-6, and grades 7-8 to facilitate a uniform curriculum.

Demographics

Centennium Consultants (2005, Oct.) reviewed the projected enrollments of each of the constituents and the proposed regional. They concluded that the racial balance within the district would not be substantially altered from regionalization due to the relatively low percentages of minorities in the constituents and their similar demographics. They concluded that there would be “no negative racial impact” resulting from the conversion to an all purpose regional (Centennium Consultants, 2005, Oct., p. 12).

Facilities

Lakeland Regional completed \$7 million in renovations following a December 2000 referendum. Based upon each district’s Long Range Facilities Plan, neither

Lakeland nor Ringwood proposed any grade reconfiguration. Wanaque, however, proposed the construction of a middle school and a reconfiguration of grades. All three districts had enrollments at or near capacity, but future enrollments were expected to decline slightly (Centennium Consultants, 2005, Oct.).

Program information

To convert to an all purpose Pre-K through grade 12 regional, the breadth and scope of the current K-8 programs were examined. Centennium Consultants (2005, Oct.) concluded that there would be “no substantial negative impact” on programs and services from merging the districts (p. 30). However, they recommended the two elementary schools align their grade levels and select a unified curriculum to successfully merge.

Financial information

Centennium Consultants (2005, Oct.) estimated the financial impact of converting the regional high school to an all purpose Pre-K through 12 regional district. They projected the budgets, revenues, and school tax rates assuming the status quo to compare these rates assuming the districts regionalized.

To project tax rates assuming regionalization, Centennium Consultants (2005, Oct.) combined the projected status quo budgets and factored in the cost implications of regionalization, such as facilities, transportation, State aid, and reduced expenses. The resulting tax rates were then compared with the tax rates projected under the status quo to determine the financial impact on the constituents.

In Lakeland Regional, taxes are allocated using a combination of enrollment and equalized property valuations. In 2004, Ringwood funded 60% of Lakeland’s taxes and Wanaque funded 40%.

The projected property valuations in each community were also included in the study by Centennium Consultants (2005, Oct.). These projections are significant as assessed valuations are used to determine school tax rates and equalized valuations are used to apportion taxes amongst constituents.

Budgets, revenues, and school tax rates were projected for each district, assuming the status quo (Centennium Consultants, 2005, Oct.). In each district, Centennium Consultants (2005, Oct.) assumed that State aid and other revenue would increase 3% per year. General fund budgets were predicted to increase in Wanaque by 4% per year, and tax rates were predicted to decrease due to an \$80 million increase in assessed valuations. In Ringwood, budgets were projected to increase 3% annually. In Lakeland Regional, the budgets were expected to increase 4% per year.

Centennium Consultants (2005, Oct.) examined the facilities in each district and concluded that the new regional district would not need to construct additional buildings due to expanded regionalization. However, due to the distinctly different grade configurations in the elementary and middle schools, they noted that Ringwood and Wanaque would need to redistribute the population and select a uniform grade level pattern and curriculum. Centennium Consultants stated that the high school, which educated students from Ringwood and Wanaque, would not need to be altered in any way. Wanaque, which leased office space from Ringwood, would no longer need to lease space if expanded regionalization occurred.

Centennium Consultants (2005, Oct.) also articulated the impact expanded regionalization would have on transportation. Ringwood and Lakeland owned the buses which transported the students in all three districts. Since grade levels would need to be

reconfigured and the student population redistributed in Wanaque and Ringwood due to expanded regionalization, the impact on transportation would be significant. Centennium Consultants concluded that these changes would require five additional bus routes, at a cost of approximately \$111,000 to \$124,000 annually between 2004 and 2008.

The impact of expanded regionalization on the proposed district's budgets, revenues, and school tax rates was also studied by Centennium Consultants (2005, Oct.). To determine these figures, Centennium Consultants combined the three current budgets of each district and then accounted for certain assumptions regarding staffing, facilities, transportation, duplicative costs, salary guide coordination, start-up costs, and State aid.

Regarding staffing, certain duplicative services and positions would be eliminated, thereby significantly reducing costs by \$1,289,000. However, the salary and benefits for the additional staff needed by the expanded regional was predicted to cost \$749,000.

The facilities of the existing districts were noted to be sufficient to educate the students of the expanded regional through 2009. Coordinating the salary guides of each district would cost approximately \$266,000 annually (Centennium Consultants, 2005, Oct.). The estimated start-up cost of coordinating the elementary districts was found to be \$80,000 (Centennium Consultants, 2005).

If the district were to expand to an all purpose regional, the new district would be entitled to less State aid than the total amount received by the three districts at the time of the study. However, districts are held harmless and are therefore protected from the loss of State aid for a minimum of 2 years following regionalization (Centennium Consultants, 2005, Oct.). In addition, since State aid had been frozen for 4 years in New

Jersey at the time of the study, Centennium Consultants assumed the hold harmless provision would be extended for the 4 years covered in the study.

Taxes were assumed to be allocated between the districts based on 40% equalized valuations and 60% enrollment (Centennium Consultants, 2005, Oct.). Centennium Consultants selected this method of apportionment as it produces tax rates below or very similar to the projected rates under the status quo. When comparing the taxes under the status quo with the estimated rates under regionalization, Centennium Consultants found that taxes would slightly decrease or remain the same over the next 4 years, and average taxes would decrease each year of the study. Based upon these findings, Centennium Consultants concluded that there would be no substantial negative financial impact on any district if they expanded the purposes of the limited purpose regional.

Shared services

The districts requested that Centennium Consultants also review shared services and recommend changes to further reduce costs.

Centennium Consultants (2005, Oct.) found the existing shared services between the districts to include three shared administrative positions, some professional development, transportation, some business services, a few facilities, and special education services. The districts also were noted share certain services and the purchase of products, such as: the purchase of fuel, copy paper, snow plow blades, and radio equipment; recycling; trash removal; paving; and lawn mowing. Many agreements also existed with municipalities regarding heavy equipment, athletics, and recreation.

Centennium Consultants (2005, Oct.) concluded that due to the informal and inconsistent nature of many of the existing shared services, they could not quantify the

resulting savings. Additionally, Centennium Consultants noted that with the exception of transportation, the districts did not share services of “any magnitude or financial importance” (p. 49). Should the districts choose not to expand its regional district, Centennium Consultants recommended that the districts consider sharing: a purchasing agent for joint bidding and bulk purchasing; a custodial/maintenance program; special education programs for students served out-of-district; professional development; a director for curriculum development; technology staffing and services; food services; and community services.

Legal implications

Centennium Consultants reviewed the possible legal repercussions of an expanded regional, including the steps the limited purpose regional must take to convert to an all purpose regional; staffing implications; and representation on the new regional board.

Next steps to forming an all purpose regional

The steps to convert a limited purpose regional to an all purpose regional are similar to those taken to form any regional district, according to Centennium Consultants (2005, Oct.). They suggested steps and recommended a timeline for expanding the regional district, but also suggested that the districts consult the County Superintendent regarding the conversion since the Department of Education must ultimately approve the formation of the new district.

Summary and recommendations

Based upon all of the information reported in the study, Centennium Consultants (2005, Oct.) found that no substantial negative educational, racial, or financial impact

would result from expanding the limited purpose regional district. Centennium Consultants articulated the advantages of becoming an all purpose regional, as: an articulated Pre-K through 12 program; the opportunity for more in-district special education services; improved coordination of special education and child study teams; enhanced educational programs; articulated professional development; a coherent strategic plan; an improved ability to redistribute students; a more efficient administration and board of education; a slight decrease in tax rates; more efficient business offices; an improved ability to provide specialists; and less tension between constituents. Some of the disadvantages of the expanded regional noted were: the loss of neighborhood schools; longer bus routes; the redistribution of K-8 students; a decrease in State aid; a reduced opportunity to serve on the board of education; the need for the high school board to expand knowledge to Pre-K through 12; and the loss of "home rule" for Ringwood and Wanaque.

Based on the common history, geography, and culture of the two districts, Centennium Consultants (2005, Oct.) recommended that Ringwood and Wanaque were highly compatible for becoming an all purpose regional. They noted that the community might perceive the need to redistrict the K-8 students negatively, which would present a serious obstacle to expanding the regional district. However, Centennium Consultants opined that the benefits of forming an all purpose regional far outweigh the temporary changes necessitated by the district's conversion.

Centennium Consultants (2005, Oct.) noted that the reduced taxes that would result from regionalization were not the most compelling reason to convert the limited purpose district. Rather, the ability to articulate the Pre-K through 12 curriculum was the

major advantage. Centennium Consultants (2005, Oct.) concluded that “full regionalization, Pre-K-12, be given serious consideration” (p. 56).

Cape May City School District: Feasibility of the withdrawal from, or dissolution of, the Lower Cape May Regional School District

Cape May City School District hired Dr. Donald Beineman and James Kirtland, C.P.A., to analyze alternatives to its current constituency in the Lower Cape May Regional School District. The study was completed in December 2005, and Beineman and Kirkland (2005, Dec.) concluded that Cape May City should obtain the other constituents’ cooperation in dissolving the regional, or withdraw from the regional if such cooperation is not forthcoming, due primarily to the substantial savings that will result to Cape May City if dissolution or withdrawal occurs.

Introduction

Lower Cape May Regional is a limited purpose regional district that educates students from Cape May City, Lower Township, and West Cape May in grades 7-12. Like many other regional districts, while the initial apportionment of taxes was based upon student enrollment, it was later changed to equalized valuations following a change in the law. This change resulted in Cape May City and West Cape May paying a disproportionate share of the costs of operating the regional district. For example, for the 2005-2006 school year, Lower Township paid \$5,364 per student; West Cape May paid \$16,374 per student; and, Cape May City paid \$41,199 per student (Beineman and Kirtland (2005, Dec.).

Beineman and Kirkland (2005, Dec.) reported that each community would benefit from dissolution of the regional district and that Cape May City would save its residents approximately \$2.9 million per year by either withdrawal or dissolution. They also

concluded that dissolution of the regional, rather than Cape May City's unilateral withdrawal, was preferable for all constituents since both Cape May City and West Cape May would save money, while Lower Township would gain ownership of the regional buildings.

Educational analysis

Beineman and Kirkland (2005, Dec.) outlined the demographics of each constituent. They found that Lower Township had the largest population, and that the three communities had somewhat similar demographics.

Beineman and Kirkland (2005, Dec.) went on to project student enrollment using the cohort survival method. The average percentage of special education students for the previous 5 years was used to predict enrollment for the ensuing 5 years. Beineman and Kirkland projected that enrollment for Cape May City would remain essentially the same, and that the student populations in West Cape May, Lower Township, and Lower Cape May Regional would decrease.

A district seeking to dissolve or withdraw from a regional district must demonstrate that the affected districts would be able to continue providing their students with an appropriate educational program. Beineman and Kirkland (2005, Dec.) found that Cape May City and West Cape May Elementary Schools met the mandates of the No Child Left Behind Act, while Lower Township and the Lower Cape May Regional Middle and High Schools had not met the mandates concerning students with disabilities. However, Beineman and Kirkland (2005, Dec.) asserted that each of the four school districts, if Cape May City withdrew, would "be in essentially the same situation that they are now" (p. 15).

Beineman and Kirkland (2005, Dec.) went on to review the elementary school programs in the districts and noted that “K-12 curriculum articulation among the constituent districts is modest at best and has recently been stimulated by the Regional District” (pp. 15-16). It was determined that Cape May City’s withdrawal from the regional district would not impact the elementary services of any of the constituents since the regional district educates only students in grades 7-12.

Beineman and Kirkland (2005, Dec.) also reviewed the programs in the regional district middle and high schools. They reported that the withdrawal of Cape May City students would have no impact on the educational programs. If the Cape May City students currently attending the high school were permitted to graduate, no impact on curriculum, staff, or operation of the regional district would result. The remaining constituents, upon Cape May City’s withdrawal, could continue to provide a thorough and efficient education, according to Beineman and Kirkland. Cape May City would need to establish a send/receive relationship for the education of its students in grades 7-12, and Beineman and Kirkland assumed the preferred district for this relationship would be the remaining regional.

Racial impact

The impact on racial balance in the regional district if Cape May City withdraws was also discussed by Beineman and Kirkland (2005, Dec.). They concluded that the removal of Cape May City students from the regional district would have no significant impact upon the racial and ethnic balance of the regional.

Financial impact

The disproportionate tax levies among the constituent districts prompted Cape May City to commission the study by Beineman and Kirkland (2005, Dec.). For the 2004-2005 school year, Cape May City paid 33% of the tax levy while it sent only 7% of the students. This difference amounts to Cape May City subsidizing Lower Township by approximately \$3.5 million.

Beineman and Kirkland (2005, Dec.) analyzed the status quo verses: (a) the withdrawal of Cape May City from the regional district and the establishment of a send/receive relationship for its students in grades 7-12, and (b) the dissolution of the regional district and the formation of the Lower Township K-12 School District, with Cape May City and West Cape May sending its students there on a tuition basis.

Beineman and Kirkland (2005, Dec.) explained their methodology of calculating the financial impact of withdrawal and details the materials reviewed in their analysis. They assumed certain factors in their financial analysis, including: (a) each community's tax levy and rate were estimated to compare alternative configurations and not to approximate actual rates; (b) estimates of revenues, expenses, tax levies and tax rates were expressed in 2004 real dollars; (c) enrollment projections were calculated using the cohort survival method; (d) State aid for each district would approximate the rate of funding that existed in the districts in the 2003-2004 school year, assuming each had existed in the 2001-2002 school year; (e) State aid for existing debt service would continue at the 2003-2004 rate; (f) educational programs of the districts are equivalent to the programs provided in the constituents and the regional during the 2003-2004 school year; (g) instruction in the districts after withdrawal or dissolution would require the

same number of certificated staff per pupil as in the 2003-2004 school year; (h) the method of apportioning taxes in the regional district is based on equalized valuations; (i) equalized and assessed valuations were held at their 2004 levels; (j) special education costs will be proportional to the number of students over the long term; (k) transportation costs will be proportional to the number of students over the long term; (l) if withdrawal or dissolution occurs, tuition would be based on a send/receive relationship, with payments to the Lower Cape May Regional based upon the enrollment projections; (m) surplus would not be used; (n) new conditions that have no impact in the comparison of alternatives may not be included in the projected tax levies and tax rates; (o) the withdrawal and send/receive relationships would be fully implemented beginning in the 2005-2006 school year; and (p) K-6 programs not yet implemented at the time of the study are not included.

The analysis of Beineman and Kirkland (2005, Dec.) revealed that Cape May City would benefit financially from either withdrawal or dissolution. Lower Township's taxes would increase under either withdrawal or dissolution, but its losses would be less under dissolution. West Cape May would experience a tax increase if Cape May City withdrew but a tax decrease if the regional dissolved.

The operating expenditures of the district and the distribution of expenses among the constituents were also analyzed by Beineman and Kirkland (2005, Dec.). They provide information concerning the district's equalized and average equalized valuations; the borrowing margin of each district; the replacement costs of fixed assets and indebtedness to be assumed by each constituent; and the distribution of assets and liabilities among constituent districts.

Beineman and Kirkland (2005, Dec.) found that that since the buildings and grounds of the regional district were located within Lower Township, all of the debt would likely be apportioned to the district operating in that community, which would be either the remaining regional district or the Lower Township School District. If the regional were to dissolve, Lower Township would also gain ownership of the buildings, as they would be situated within its boundaries. The study suggests that Cape May City and/or West Cape May forego some or all of the non-building assets to which they are entitled as an incentive to Lower Township to dissolve the regional district.

Beineman and Kirkland (2005, Dec.) summarized the financial advantages and disadvantages of the alternatives. For Cape May City, withdrawal from or dissolution of the regional were found to save its taxpayers approximately \$2.9 million annually, with minimal differences between the two options. Unilateral withdrawal of the district would increase the other constituents' taxes. Lower Township would be more adversely affected than West Cape May. Additionally, Beineman and Kirkland assumed that Lower Township would receive tuition payments for the education of the Cape May City students. If the students were to attend school elsewhere on a tuition basis, the impact would be even greater.

According to Beineman and Kirkland (2005, Dec.), if the district were to dissolve, Lower Township would receive an additional \$900,000 in core curriculum aid. However, its taxes would increase by approximately \$1.9 million per year. West Cape May would save approximately \$325,000 annually. Beineman and Kirkland (2005, Dec.) concluded by claiming that Lower Township has benefited at the expense of the other constituents

for many years and that Lower Township “should choose an alternative now to avoid a more adverse financial outcome in the future” (p. 32).

Recommendations and conclusions

According to Beineman and Kirkland (2005, Dec.), the disproportionate allocation of the operating costs of the regional district would require that alternatives be considered. Beineman and Kirkland note that, educationally, Cape May City would have the ability to continue to provide its students with a thorough and efficient education via a send/receive relationship with another district, most likely either the remaining regional or newly formed Lower Township District. It was noted that West Cape May could also establish a similar send/receive relationship if the district dissolved. It was noted that dissolution would also save Cape May City approximately \$2.9 million annually and West Cape May approximately \$325,000 per year (Beineman and Kirkland).

Beineman and Kirkland (2005, Dec.) found that if the regional were to dissolve, Lower Township would gain ownership of the educational facilities of the regional and would create its own K-12 school district. Creation of the district would allow it to “reduce overhead, transportation, and other costs, and to coordinate building programs to provide a major benefit to its taxpayers as well” (Beineman and Kirkland, 2005, Dec., p. 33). Its taxes, however, would increase by approximately \$1.9 million per year.

Beineman and Kirkland (2005, Dec.) cited the Commissioner of Education, who endorsed K-12 programs as “inherently more effective and more efficient” (p. 33).

Beineman and Kirkland (2005, Dec.) concluded that dissolution was both feasible and beneficial. However, they recommended that Cape May City unilaterally withdraw if the other districts refuse to dissolve the regional district.

Chapter V

Summary, Conclusions and Recommendations

The purpose of this study is to identify and analyze the factors that school districts consider in the regionalization/deregionalization decision-making process, and to assess each factor's relative importance in weighing the potential alternatives. The following findings identify and assess those relevant factors, reveal the growing trends and common issues associated with regionalization, and articulate the conclusions that can be drawn from the summaries of the multiple feasibility studies.

Summary of findings

1. Districts are consistently encouraged to create either independent or regional K-12 districts and are generally discouraged from creating limited purpose regional school districts.
2. Control over an articulated K-12 educational program may be a more important factor than financial impact in the regionalization/deregionalization decision-making process.
3. Converting limited purpose regional school districts to K-12 all purpose regional school districts does not consistently increase or decrease overall costs.
4. Converting send/receive relationships to all purpose K-12 regional school districts decreases overall costs more often than not.
5. Converting send/receive relationships to limited purpose regional school districts generally increases overall costs.

6. Constituents of limited purpose school districts demonstrate greater dissatisfaction than constituents of all purpose school districts.
7. Constituents seek withdrawal from limited purpose regional school districts to eliminate payment of a disproportionate share of district costs.
8. Withdrawal from limited purpose regional school districts generally reduces overall costs for the withdrawing constituent.
9. Unilateral withdrawal of constituent districts from limited purpose regional school districts do not consistently increase or decrease overall costs for the remaining regional school district.
10. Apportioning regional district costs based only on equalized valuations typically creates disparities in payments between districts.
11. Apportioning regional district costs based upon a combination of equalized valuations and enrollment is the preferred method of apportionment.
12. The construction of new facilities or renovation/improvement of existing facilities is a significant consideration in the regionalization/deregionalization decision-making process.
13. Local issues such as the loss of neighborhood schools, loss of "home rule", increased transportation time for students, and the need to redistribute students are highlighted in the studies and are potentially serious obstacles to K-12 all purpose regionalization.
14. The impact of regionalization/deregionalization on school district tax rates is a primary focus of the studies.

15. Racial balance, although addressed in the studies, is not stressed as a critical factor in the regionalization/deregionalization decision-making process.
16. Board representation is not a critical factor in the regionalization or deregionalization decision-making process.
17. Uncertainties exist regarding whether a regional district which is comprised of one Abbott district and one non-Abbott district retains Abbott classification.
18. Reduction in staff is not articulated as a critical factor in the regionalization or deregionalization decision-making process.
19. No studies address the impact of regionalization or deregionalization on labor relations and how the power between unions and management may shift as a result of a change in the status quo.
20. Feasibility studies may be outcome-driven by the parties commissioning the studies.
21. A limited number of companies/individuals conduct feasibility studies, all of which generally follow the same format and analysis recommended by the Department of Education in its Advisory Report.

Districts are consistently encouraged to create either independent or regional K-12 districts and are generally discouraged from creating limited purpose regional school districts.

Districts which educate students from kindergarten through grade 12 are unquestionably favored in the studies examined in this work. Eight of the ten studies which examined converting limited purpose districts or send/receive relationships to K-12 districts³, and which made recommendations regarding the proposed actions, support

³ The Branchburg/Somerville and Stratford/Laurel Springs studies examine converting send/receive relationships only to limited purpose regionals and are therefore not relevant to this particular analysis. The

all purpose regionalization.⁴ On the other hand, none of the feasibility studies reviewed recommend the creation of limited purpose regionals, and the studies which consider both all purpose and limited purpose regionalization consistently support K-12 all purpose districts. The Commissioner of Education has also explicitly declared that K-12 districts are preferred over limited purpose districts, since they are more effective and efficient, share a unified governance and educational policy, and develop an articulated curriculum (Beineman and Kirkland, 2005, Dec., p. 33).⁵

Specifically, the Lakeland Regional (Centennium Consultants, 2005, Oct.), Delsea Regional (Statistical Forecasting, 2004), and Greater Egg Harbor Regional (Centennium Consultants, 2001) studies explicitly recommend that the existing limited purpose districts expand to K-12 all purpose regional school districts.⁶ By accentuating the benefits K-12 regionalization offers over limited purpose regionalization, the Delaware Valley study (Centennium Consultants, 2000b), although it contains no specific recommendation, implicitly supports the creation of an all purpose regional over either maintaining, or adding grades to, the existing limited purpose regional.

Additionally, the Ocean City and Pemberton studies (Centennium Consultants, 2001; 2005, Feb.) both recommend converting the present send/receive relationships to K-12 regionals. While the Somerset Hills and Buena Regional studies (Centennium

Branchburg/Somerville study recommends, however, that the districts consider forming a K-12 regional at a later time.

⁴ The Clearview and Upper Freehold Regional studies, both of which assess creating K-12 all purpose regionals, do not make any explicit or implicit recommendations regarding the proposed actions. The studies are therefore not relevant to this particular analysis.

⁵ The North Hunterdon-Voorhees and Lower Cape May Regional studies, in which constituent districts sought withdrawal from limited purpose regionals, also quote these statements by the Commissioner to support their sought-after withdrawal since K-12 districts would result.

⁶ As stated above, the Greater Egg Harbor study also analyzes the possibility of dissolving the limited purpose regional to create two K-12 all purpose regionals. The study concludes, however, that one K-12 regional is preferred due to its educational benefits, and claims that the Department of Education would more likely approve the creation of one K-12 district.

Consultants, 2003, Jan.; Guidelines Inc. and Yaniero, 2002) are slightly different in that they examine altering the send/receive relationships by including the sending districts in the already existing K-12 all purpose regionals, they both recommend that the districts pursue regionalization.

Not all of the studies, however, support the formation of K-12 districts. As set forth above, the Northern Burlington and Barrington/Haddon Heights studies (Beineman, 1994, March; Beineman, 1994, April) suggest that the districts should maintain their existing limited purpose district and send/receive relationship rather than create K-12 all purpose regionals. While the Northern Burlington study (Beineman, 1994, March) states that a coordinated K-12 curriculum is a distinct advantage of an all purpose regional, the study states that since articulation can be accomplished voluntarily, expanded regionalization is unnecessary. The Barrington/Haddon Heights study similarly finds that regionalization causes losses without “significant offsetting gains” (Beineman, 1994, April). However, Beineman fails to even mention the impact of regionalization on the educational program.

These two studies were completed in 1994, before regionalization gained significant momentum. They were also the earliest reports acquired for this analysis, and further, convey an underlying tone of anti-regionalization. Although these studies offer some insight as to the early attitudes toward regionalization, they do not reflect present opinions. They additionally include only limited and superficial analyses of potential regionalization. For all of these reasons, these particular reports generally offer little value to this analysis.

Unlike K-12 all purpose regionalization, limited purpose regionalization is generally discouraged in several studies. Specifically, both the Branchburg/Somerville and Stratford/Laurel Springs studies (Centennium Consultants, 2000; Beineman, 1997), which assess converting send/receive relationships to limited purpose regionals, recommend that the districts maintain the status quo. The Ocean City study (Centennium Consultants, 2001, Aug.) similarly recommends all purpose regionalization over limited purpose regionalization, and Centennium Consultants cite the Commissioner of Education's preference for K-12 districts in its assessment.⁷ Additionally, the Delaware Valley study (Centennium Consultants, 2000) recommends creating a K-12 all purpose regional rather than maintaining, or adding grades to, the existing limited purpose regional school district.

Four studies, the Manchester Regional (Beineman and Kirtland, 2001), North Hunterdon-Voorhees Regional (Beineman and Kirtland, 2005), Lower Cape May Regional (Beineman and Kirtland, 2005, Dec.), and Central Regional (Beineman and Kirtland, 2005, April) studies, also assess a constituent district's potential withdrawal from limited purpose regionals. All four of these studies recommend withdrawal from, or dissolution of, the limited purpose regional school district.

Remarkably, none of the researchers recommend the creation of a limited purpose district.

Control over an articulated K-12 educational program may be a more important factor than financial impact in the regionalization/deregionalization decision-making process.

A number of the studies concluded that control over an articulated K-12 curriculum was a more important factor than increased costs in the decision-making

⁷ As stated above, the Upper Freehold Regional study also assesses the possibility of forming both an all purpose and a limited purpose regional. However, this study fails to recommend a course of action.

process. Specifically, while six of the studies (Beineman and Kirtland, 2005; Centennium Consultants, 2000; 2001; 2003; 2005, Oct.; Statistical Forecasting, 2004) determine that creating K-12 regional or independent districts will increase costs, only four recommend a final course of action.⁸ Of these four studies, all recommend the formation of the K-12 districts despite the increased costs. Additional studies stress that control over a K-12 program is of paramount importance in the regionalization decision-making process, irrespective of the financial consequences.

Specifically, in the North Hunterdon-Voorhees Regional study (Beineman and Kirtland, 2005), Clinton Township's taxes are expected to increase upon its withdrawal from the limited purpose high school district. However, based upon Clinton Township's ability to create its own K-12 district and operate its own high school building independent of the regional, Beineman and Kirtland recommend withdrawal.

Similarly, Centennium Consultants (2003) recommended that the Bedminster School District become a constituent of the existing K-12 regional, despite increased costs. Centennium Consultants concluded that the educational and programmatic benefits of an expanded regional, including an articulated K-12 program for Bedminster, outweighed any corresponding increase in costs.

Centennium Consultants (2001) recommended in the study of the Greater Egg Harbor Regional expanding the limited purpose district to a K-12 regional despite increased costs. Centennium Consultants concluded that the educational advantages of an all purpose regional outweighed any associated increase in costs.

⁸ The Clearview and Upper Freehold Regional studies, which find that creating K-12 districts increases costs, make no final recommendations.

In the study of the Delaware Valley Regional, Centennium Consultants (2000b) articulated the many educational and financial advantages of K-12 regionalization over limited purpose regionalization, and similarly recommends, although implicitly, the creation of an all purpose regional district despite increased costs.

Two additional studies emphasize the importance of comprehensive educational control in the decision-making process. In the Lakeland Regional study, Centennium Consultants (2005, Oct.) specifically note that the ability to articulate the Pre-K through 12 curriculum, rather than the reduced taxes, is the primary advantage of expanded regionalization. Additionally, Statistical Forecasting (2004) of the Delsea Regional study, without commenting on the relative costs, claimed that dissolution and the creation of two K-12 districts may be preferred to one K-12 all purpose regional since dissolution would "give each autonomy to control their 'education destiny'" (p. 37).

Despite the foregoing, Beineman, in the Northern Burlington (1994, March) and Barrington/Haddon Heights (1994, April) studies recommended that the districts maintain the status quo despite the lack of control over a K-12 program and the decreased costs of K-12 regionalization.⁹ However, Beineman offered little value to this analysis.

K-12 educational programs are consistently favored in the studies in this analysis. However, recommending K-12 programs despite increased costs suggests that while financial consequences are an important consideration, educational control over a K-12 curriculum is the more critical factor in the decision-making process.

⁹ These studies imply that regionalization will decrease costs, but fail to explicitly identify the savings.

Converting limited purpose regional school districts to K-12 all purpose regional school districts does not consistently increase or decrease overall costs.

Six of the studies (Centennium Consultants, 2000; Centennium Consultants, 2001; Beineman, 1998; Statistical Forecasting, 2004; Centennium Consultants, 2005, Oct.; Beineman, 1994) analyzed converting limited purpose regionals to all purpose regionals. Of these six studies, it was found that expanded regionalization would increase overall costs in three instances and decrease overall costs in the remaining three districts.¹⁰ The effect of expanded regionalization on costs is therefore unpredictable, and K-12 regionalization does not consistently reduce costs for districts already participating in limited purpose regionals.

Specifically, expanded regionalization was found to increase costs in the Delaware Valley Regional, (Centennium Consultants, 2000b), Greater Egg Harbor Regional, (Centennium Consultants, 2001), and Clearview Regional School Districts (Beineman, 1998). However, costs were expected to decrease in Delsea (Statistical Forecasting, 2004), Lakeland (Centennium Consultants, 2005, Oct.), and Northern Burlington (Beineman, 1994, March) upon converting these limited purpose regionals to all purpose regionals.¹¹

Overall increases in costs, according to the studies of Delaware Valley (Centennium Consultants, 2000b), Greater Egg Harbor (Centennium Consultants, 2001), and Clearview (Beineman, 1998), were due to construction needs, salary guide coordination, and the loss of State aid. The studies of Delsea Regional (Statistical Forecasting, 2004), Lakeland Regional (Centennium Consultants, 2005, Oct.), and

¹⁰ This particular analysis discusses the overall effect of K-12 regionalization on costs. The impact on each particular constituent, however, depends upon the selected method of apportioning costs between districts.

¹¹ As established above, the North Burlington study implies that costs decrease, but does not explicitly describe the savings.

Northern Burlington Regional (Beineman, 1994, March) studies each identified the reduction in staff as a significant source of the savings which result from expanded K-12 regionalization.

Converting send/receive relationships to all purpose K-12 regional school districts decreases overall costs more often than not.

Six of the studies (Centennium Consultants, 2001; 2003; 2005, Feb.; Stanton Leggett & Associates, 2001; Beineman, 1994, April; Guidelines Inc. and Yaniero, 2002) discussed assessed converting send/receive relationships to all purpose K-12 regionals, and overall costs were found to decrease in four of these six studies.¹² Costs were also found to decrease, under certain circumstances, in an additional study where send/receive districts became a K-12 all purpose regional (Stanton Leggett & Associates, 2001). Accordingly, overall costs decrease more often than increase when send/receive districts join together to become K-12 all purpose regionals.

Specifically, K-12 regionalization was found to decrease costs in the study of Pembertons (Centennium Consultants, 2005, Feb.), Ocean City (Centennium Consultants, 2001), Barrington/Haddon Heights (Beineman, 1994, April),¹³ and Buena Regional (Guidelines Inc. and Yaniero, 2002) studies.¹⁴ In the Upper Freehold Regional study (Stanton Leggett & Associates, 2002), K-12 regionalization was found to decrease costs when all three districts were included in the proposed regional and increase costs when only two of the three districts were included. Although costs are predicted to increase in Somerset Hills if Bedminster, the sending district, becomes a constituent of the existing

¹² This particular analysis discusses the overall effect of regionalization on costs. The impact on each particular constituent, however, varies.

¹³ As established above, the Barrington/Haddon Heights study implies that costs decrease, but does not explicitly describe the savings.

¹⁴ This particular analysis discusses the overall effect of K-12 regionalization on costs. The impact on each particular constituent, however, varies.

K-12 all purpose regional, the increases were described in the study as small (Centennium Consultants, 2003). Savings would result from reductions in staff, the elimination of duplicative expenses, the closure of school buildings, and, in the Pembertons, the retention of Abbott district classification. On the other hand, costs were predicted to increase in Upper Freehold due to the smaller tax base available to fund necessary construction if only two districts were to become constituents of the proposed all purpose regional (Stanton Leggett & Associates, 2002), and in Somerset Hills due to the construction necessary to encompass Bedminster as a constituent. However, the cost increases in Somerset Hills were found to be insignificant (Centennium Consultants, 2003).

Converting send/receive relationships to limited purpose regional school districts generally increases overall costs.

Four of the studies reviewed analyze converting send/receive relationships to limited purpose regional school districts (Stanton Leggett & Associates, 2002; Centennium Consultants, 2000a; 2001; Beineman, 1997). In all four of these studies, overall costs are found to increase as a result.¹⁵

Specifically, converting send/receive relationships to limited purpose regionals is predicted to increase costs in Upper Freehold (Stanton Leggett & Associates, 2002), Branchburg/Somerville (Centennium Consultants, 2000a), Stratford/Laurel Springs (Beineman, 1997), and Ocean City (Centennium Consultants, 2001). No explanation for the increased costs was offered for Branchburg/Somerville (Centennium Consultants, 2000a) and Stratford/Laurel Springs (Beineman, 1997). In the Upper Freehold Regional (Stanton Leggett & Associates, 2002) and Ocean City (Centennium Consultants, 2001),

¹⁵ This particular analysis discusses the overall effect of limited purpose regionalization on costs. The impact on each particular constituent, however, varies.

the employment of additional staff and additional administrative services were noted to be the cause of increases.

Constituents of limited purpose school districts demonstrate greater dissatisfaction than constituents of all purpose school districts.

In all four of the studies (Beineman and Kirtland, 2001, Aug.; Beineman and Kirtland, 2005, April; Beineman and Kirtland 2005; Beineman and Kirtland, 2005, Dec.) where a constituent district seeks withdrawal from, or dissolution of, a regional school district, the district is a constituent of a limited purpose regional.¹⁶ Specifically, constituents sought withdrawal from, or dissolution of, the Manchester Regional (Beineman and Kirtland, 2001,), Central Regional (Beineman and Kirtland, 2005, April), North Hunterdon-Voorhees Regional (Beineman and Kirtland, 2005), and Lower Cape May Regional (Beineman and Kirtland, 2005, Dec.), and it was recommended that the constituents withdraw in each case. Nowhere was a constituent district's desire to withdraw from an all purpose regional school district addressed.

Constituents seek withdrawal from limited purpose regional school districts to eliminate payment of a disproportionate share of district costs.

In each of the four instances (Beineman and Kirtland, 2001, Aug.; 2005; 2005, April; 2005, Dec.) where a district explored withdrawal from, or dissolution of, a limited purpose regional school district, the reason cited is the constituent's disproportionate payment of district operating costs. Studies of the Manchester Regional (Beineman and Kirtland, 2001, Aug.), Central Regional (Beineman and Kirtland, 2005, April), North Hunterdon-Voorhees Regional (Beineman and Kirtland, 2005), and Lower Cape May

¹⁶ The Southern Regional and Upper Freehold Regional studies, which assess the possible termination of send/receive relationships, are not relevant to this particular finding since the sending districts were not constituents of limited purpose regionals.

Regional (Beineman and Kirtland, 2005, Dec.) addressed deregionalization and were all commissioned as a result of the imbalanced costs between constituent districts.

Withdrawal from limited purpose regional school districts generally reduces overall costs for the withdrawing constituent.

Overall costs are generally reduced for constituent districts upon withdrawal from limited purpose regionals. Of the four studies which assess deregionalization (Beineman and Kirtland, 2001, Aug.; Beineman and Kirtland, 2005, April; Beineman and Kirtland, 2005; Beineman and Kirtland, 2005, Dec.), costs were found to be reduced for three withdrawing constituents, Manchester Regional, Central Regional, and Lower Cape May Regional (Beineman and Kirtland, 2001, Aug.; 2005, April; 2005, Dec.).¹⁷

Specifically, Beineman and Kirtland (2001, Aug.) concluded that North Haledon's tax levy could be reduced by approximately \$800,000 annually by withdrawing from the regional and eliminating its payment of a disproportionate share of the regional's operating costs. Similarly, Beineman and Kirtland (2005, April) determined that Seaside Park could save its taxpayers over \$1.7 million annually by withdrawal from the limited purpose district. Beineman and Kirtland (2005, Dec.) likewise predicted approximately \$2.9 million in savings per year for Cape May City through withdrawing from the Lower Cape May Regional.

Unilateral withdrawal of constituent districts from limited purpose regional school districts does not consistently increase or decrease overall costs for the remaining regional school district.

Beineman and Kirtland (2001, Aug; 2005, April; 2005.; 2005, Dec.) assessed the deregionalization of limited purpose districts. Beineman and Kirtland (2005, April; 2005, Dec.) found it was determined that unilateral withdrawal of the constituent would

¹⁷ As set forth above, costs are expected to rise for Clinton Township upon its withdrawal from the North Hunterdon-Voorhees Regional.

result in overall cost increasing for the remaining regional.¹⁸ Alternatively, it was determined overall costs would decrease for the other two districts (Beineman and Kirtland, 2001, Aug.; 2005). The effect of a constituent district's unilateral withdrawal on the remaining regional's overall costs is therefore unpredictable.

Specifically, costs would decrease in the Manchester Regional and North Hunterdon-Voorhees Regionals if North Haledon and Clinton Township were to unilaterally withdraw (Beineman and Kirtland, 2001, Aug.; 2005). However, costs would increase for the remaining limited purpose regionals in Central Regional and Lower Cape May Regional (Beineman and Kirtland, 2005, April; 2005, Dec.) if Seaside Park and Cape May City were to unilaterally withdraw.

Both studies of Manchester Regional and North-Hunterdon Voorhees Regional (Beineman and Kirtland, 2001, Aug.; 2005) found increased State aid as the source of the decreased overall costs for the remaining regionals. Although the studies of Central Regional and Cape May Regional (Beineman and Kirtland, 2005, April; 2005, Dec.) do not identify the source of their increased costs since the withdrawing constituents are disproportionately subsidizing the regionals, this lost subsidy is likely the source of the increased costs for the remaining constituents.

Three of these studies (Beineman and Kirtland, 2001, Aug.; 2005, April, 2005, Dec.) mentioned that voluntary dissolution of the limited purpose regional may be preferred to unilateral withdrawal.¹⁹ However, dissolution is difficult to achieve as it

¹⁸ This particular analysis discusses the overall effect of limited purpose regionalization on costs. The impact on each particular constituent, however, varies.

¹⁹ The North Hunterdon-Voorhees Regional study states that while voluntary dissolution would typically be discussed when a constituent seeks unilateral withdrawal from a regional, the rise in costs in one of the remaining constituent districts would prevent voluntary action. Therefore, the study fails to further assess the possibility.

requires the approval of the voters in each constituent. Since taxes typically rise in at least one constituent upon dissolution, voter approval would be difficult, if not impossible, to obtain.

Apportioning regional district costs based only on equalized valuations typically creates disparities in payments between districts.

In each of the four studies (Beineman and Kirtland, 2001, Aug; 2005, April; 2005; 2005, Dec.) where constituents sought withdrawal from limited purpose regional districts due to disproportionate payments of district costs, taxes were apportioned based 100% on equalized valuations, rather than on enrollment or a combination of the two. The amount of money expected to be saved by the constituent districts upon withdrawal, reveals that this method of allocation creates an imbalanced share of costs amongst constituents, with certain districts financially subsidizing others. Alternative methods of allocating costs are frequently recommended when regional districts are created or expanded.

Apportioning regional district costs based upon a combination of equalized valuations and enrollment is the preferred method of apportionment.

Of the 14 studies which reviewed the creation or expansion of regional school districts, using a specific formula to apportion costs between districts was recommended in six of them (Beineman, 1994, April; Centennium Consultants, 2000a; 2001; 2003; 2005, Oct.). Of these six studies, five (Beineman, 1994; Centennium Consultants, 2000a; 2001; 2003; 2005) recommend apportioning costs based upon a combination of equalized valuations and enrollment.²⁰ The large percentage of studies which recommend this

²⁰ Seven of the studies, the Delsea Regional, Delaware Valley Regional, North Burlington Regional, Stratford/Laurel, Clearview Regional, Upper Freehold Regional, and Buena Regional studies, fail to recommend any specific method of allocating costs, although some, like the Buena Regional study, assess the financial impact of the different methods of apportionment. The final study, which addresses the merger of an Abbott district with a non-Abbott district, concludes that little difference in costs results irrespective of the selected method of allocation and therefore recommends no particular method of allocation.

method of allocation suggests that differences in the shares of costs between districts are minimized when taxes are apportioned using a combination formula, rather than on equalized valuations or enrollment alone.

Specifically, at the time the study of Somerset Hills Regional (Centennium Consultants, 2003) was conducted, taxes were allocated based 5% on equalized values and 95% on enrollment. Centennium Consultants, who recommended enlarging the regional to include Bedminster School District, included tax rates under four formulas: 100% enrollment; 100% equalized values; 50% of each; and, 5% equalized values/95% enrollment. Centennium Consultants concluded that no substantial negative impact would result from expanding the regional, especially if the status quo for allocating costs is used.

Taxes were also allocated using a combination formula in Lakeland Regional at the time the feasibility study (Centennium Consultants, 2003) was completed. Centennium Consultants analyzed comparative tax rates using a combination formula of 40% equalized valuations and 60% enrollment, since it produced tax rates similar to the rates under the status quo.

The studies of Ocean City (Centennium Consultants, 2001) and Branchburg/Somerville (Centennium Consultants, 2000a) included the assessment of the allocation of taxes under 100% equalized values, 100% enrollment, and 50% each. Centennium Consultants (2001) explicitly recommended a combination formula to allocate costs between constituents, and the Centennium Consultants (2000a) likewise suggested that a combination of equalized valuations and enrollment would reduce any disparity in costs between districts.

While Beineman (1994, April), who examined Barrington/Haddon Heights, recognized that the impact on school district tax rates varies depending upon the chosen method of apportionment, he also failed to provide specific rates under each allocation method. Beineman ultimately concluded that using a combination formula may help gain voter acceptance for regionalization, but found that it would be unlikely to receive voter support of any proposed regional district.

One researcher recommended allocating costs based on equalized valuations rather than on enrollment or a combination of the two Centennium Consultants (2001). At the time of the study, Greater Egg Harbor was a regional high school district that allocated costs based on equalized values. Centennium Consultants analyzed the impact of allocating costs based on 100% equalized values, 100% enrollment, and 50% each, and acknowledged that the tax rates differed depending upon the chosen method of apportionment. However, Centennium Consultants claimed that apportioning taxes on property values rather than enrollment is a fair way to apportion taxes and finds that the rates under this method are not much different than the status quo.

The construction of new facilities or renovation/improvement of existing facilities is a significant consideration in the regionalization/deregionalization decision-making process.

The construction of a new facility or renovation/expansion of an existing facility is a fundamental factor in several of the feasibility studies, either causing districts to consider a change in the status quo or influencing the assessments of the proposed change.

Many districts were found to be motivated to initiate a change in the status quo due to facility implications. Specifically, one of the primary reasons Pemberton Borough

and Pemberton Township considered regionalization was the Borough's failure to pass a budget which included necessary improvements to facilities (Centennium Consultants, 2005, Feb.). Similarly, Ocean City and its sending districts commissioned the feasibility study due in large part to the failure of three referenda to improve the poor condition of its facilities (Centennium Consultants, 2001, Aug.). Centennium Consultants claimed that approval for the improvements would be more easily obtained if the districts merged.

Similarly, Guidelines Inc. and Yaniero (2002), who studied Buena Regional, claimed that expanded regionalization would create greater support for the construction of a much-needed middle school. Beineman (1998) who assessed Clearview Regional for potential all purpose regionalization, noted that a building referendum to expand facilities in one of the constituent districts had been defeated. In addition, Clinton Township sought withdrawal from the North Hunterdon-Voorhees Regional District (Beineman and Kirtland, 2005) in response to the potential construction of a new high school in the limited purpose regional.

The studies of Delaware Valley Regional (Centennium Consultants, 2000), Delsea Regional (Statistical Forecasting, 2004), and North Burlington Regional (Beineman, 1994, March) led the researchers to perceive potential construction as either a significant advantage or disadvantage of K-12 regionalization. In the study of Delaware Valley, it was determined that a new middle school would be needed if an all purpose regional were formed. Centennium Consultants viewed the new school as an important advantage to expanded regionalization and articulated the numerous benefits of educating students in appropriate middle schools. To the contrary, the studies of Delsea Regional (Statistical Forecasting, 2004) and Northern (Beineman, 1994, March) cited the potential

need for new construction in a K-12 regional as a striking disadvantage. Statistical Forecasting and Beineman claimed that each district would be hesitant to fund construction within the boundaries of the other constituent. This reluctance could be due, at least in part, to a New Jersey law which allows each district to take ownership of all of the facilities within its boundaries upon deregionalization.

Stanton Leggett & Associates, (2002) analyzed the construction implications of each of the five alternatives considered, and therefore emphasizes its importance in the decision-making process. Stanton Leggett & Associates, however, did not discuss how the construction implications would influence an overall recommendation, as no conclusions or final suggestions were made.

Local issues such as the loss of neighborhood schools, loss of "home rule", increased transportation time for students, and the need to redistribute students are highlighted in the studies and are potentially serious obstacles to K-12 all purpose regionalization.

Local issues that directly impact taxpayers and students are highlighted in the feasibility studies. Specifically, issues such as the loss of neighborhood schools, loss of "home rule," increased transportation time, and the possible redistribution of students arise when school districts regionalize and may generate voter opposition to the proposed change. Additionally, when limited purpose high school and middle/high school districts convert to all purpose regionals, extensive changes to the elementary school level are often required, including potential changes in grade levels amongst schools and attendance areas for students.

However, while the public may perceive these changes negatively, the feasibility studies do not suggest that such potential disadvantages prevent a change in the status quo. Rather, it was consistently recommended that K-12 regionalization be pursued in

spite of these potential problems, thereby implying that districts should properly address such issues to alleviate voter concerns.

For example, the following changes were presented as disadvantages and obstacles to obtaining voter approval for regional school districts: the loss of neighborhood schools in Somerset Hills, Pembertons, Delsea Regional, Ocean City, Delaware Valley Regional, and Lakeland Regional; the loss of a small school atmosphere in Delsea; the possibility of longer bus routes in Somerset Hills, Lakeland Regional, Delaware Valley Regional, Ocean City, and Greater Egg Harbor Regional; loss of “home rule” in Lakeland Regional, Delaware Valley Regional, and Greater Egg Harbor Regional; the potential redistribution of students in Delsea Regional, Lakeland Regional, and Delaware Valley Regional; and the loss of local control in Ocean City and Delaware Valley Regional. Board members also identified the loss of a community school as a primary concern of regionalization in the study of Buena Regional.

However, in all of these studies, K-12 regionalization was recommended despite these negatively perceived local issues.²¹ Although the study of Northern Burlington Regional found the loss of control of decision making for students as a disadvantage of regionalization, it was recommended that the districts maintain the status quo. This recommendation does not reflect current attitudes and attitudes of regionalization (Beineman, 1994, March).

In addition, significant changes in the elementary schools, such as altering grade configurations and school attendance areas, often arise when districts expand from limited purpose high school and middle/high school regionals to all purpose regionals. For example, in the study of Delsea, Statistical Forecasting (2004) recommended

²¹ As noted above, the Delaware Valley Regional study implicitly recommends K-12 regionalization.

expanding from a 7-12 regional to a K-12 regional, and acknowledged that significant changes in the elementary schools' grade configurations and curricula would be necessary. However, Statistical Forecasting concluded that the benefits of expanded regionalization outweigh any negatively perceived local issues. Similar conclusions were reached in the study of Lakeland Regional (Centennium Consultants, 2005, Oct.) and Delaware Valley Regional (Centennium Consultants, 2000).

The impact of regionalization/deregionalization on school district tax rates is a primary focus of the studies.

All of the feasibility studies analyzed in detail the impact regionalization or deregionalization would have on school district tax rates. The budgets, revenues, and tax rates were typically projected over 4 years under the status quo and each potential alternative to compare the financial consequences of each. The impact of the different alternatives under varying methods of cost allocation was also analyzed to determine which formula will create rates similar to those under the status quo while reducing any potential disparities in the payments of regional district costs between constituents.

Notably, the vast majority of feasibility studies, which recommend a course of action,²² supported the alternative that would result in either decreased or virtually unchanged taxes. However, the financial consequences may not be the decisive reason for these recommendations.

It is presumed that feasibility studies focus on the impact of regionalization on tax rates since any referenda to change the status quo would likely be defeated if the proposed change increased taxes. In the study of Branchburg/Somerville, for example,

²² As set forth above, the Clearview Regional, Southern Regional, and Upper Freehold Regional studies make no recommendations regarding maintaining the status quo versus adopting the proposed action. Of the sixteen remaining studies, ten recommend action that will decrease or have virtually no effect on taxes.

Centennium Consultants (2000a) claimed that voter approval could not be obtained to create a limited purpose regional due, in large part, to the resulting increase in costs. They therefore recommended that the districts maintain the status quo.

Racial balance, although addressed in the studies, is not stressed as a critical factor in the regionalization/deregionalization decision-making process.

The Department of Education, in Klagholz and Contini's Advisory Report (1993), suggested that feasibility studies articulate the impact of a change in the status quo upon racial balance. Accordingly, all of the feasibility studies reviewed, with the exception of one, contained a statement as to how regionalization or deregionalization would influence the distribution of race. Each study, however, provides only a very brief and cursory analysis of the impact of regionalization on racial balance, and typically included only a statement or two, finding that the proposed change would have no substantial negative impact on the racial balance within the district. Further, the report of the study of Barrington/Haddon Heights study (Beineman, 1994, April) fails to even mention the impact of regionalization on race.

Only the reports of the studies of Ocean City (Centennium Consultants, 2001, Aug.) and Northern Burlington Regional (Beineman, 1994, March) provide any additional analysis regarding the influence of the proposed alternatives on racial balance. These authors caution that the redistribution/desegregation of students may be necessary under K-12 regionalization due to the high concentration of minority students in one of the constituent elementary schools. Centennium Consultants stated that Department of Education officials informally opined that the redistribution of students would generally not be necessary if a racial imbalance resulted from regionalization.

Reduction in staff is not emphasized as a critical factor in the regionalization/deregionalization decision-making process.

Although a reduction in staff is typically predicted when school districts regionalize, the studies reviewed did not emphasize this reduction as a critical factor in the decision-making process. In fact, not one of the 19 studies reviewed provides a comprehensive analysis of the impact of regionalization or deregionalization on the employment of staff.

In reality, pressure from unions may influence regionalization/deregionalization decisions more than the studies reviewed indicate. However, the natural attrition which occurs when individuals retire may ameliorate the need to reduce staff. Additionally, the hypothesis that employees receive higher salaries in regional school districts may help to decrease potential union pressure against regionalization.

Board representation is not a critical factor in the regionalization/deregionalization decision-making process.

Despite lost board representation, the majority of studies reviewed that addressed a district's potential withdraw from a limited purpose regional recommended withdrawal nonetheless. In three of the four deregionalization studies (Beineman and Kirtland, 2001; 2005, April; 2005, Dec.), the districts would need to establish send/receive relationships to educate their students following withdrawal.²³ Additionally, when send/receive relationships are created, the sending district, unless its students represent 10 percent of the total student body, has no representation on the receiving district's board of education. However, in all three studies, Beineman and Kirtland recommend that the

²³ The fourth district, Clinton Township, would create its own K-12 district upon withdrawal from the North Hunterdon-Voorhees Limited Purpose Regional School District.

constituent districts withdraw from the limited purpose regionals despite the loss of board representation.

Specifically, withdrawal was recommended despite the necessity of creating a subsequent send/receive relationship in the feasibility studies assessing Seaside Park's withdrawal from Central Regional (Beineman and Kirtland, 2005, April); North Haledon's withdrawal from Manchester Regional (Beineman and Kirtland, Aug.; 2005); and Cape May City's withdrawal from Lower Cape May Regional (Beineman and Kirtland, 2005, Dec.). These studies suggest that, although increased board representation may be cited as an advantage for districts considering a change in the status quo, board representation is not a critical factor in the decision-making process.

Uncertainties exist regarding whether a regional district, which is comprised of one Abbott district and one non-Abbott district, retains Abbott classification.

The study of Pemberton (Centennium Consultants, 2005, Feb.) assesses the merger of an Abbott and a non-Abbott District, and assumes that the consolidated district would retain this classification, with the school tax rate continuing at the minimum tax levy. However, the State has failed to provide guidance on this specific issue, which could alter the author's conclusions significantly.

No studies address the impact of regionalization or deregionalization on labor relations and how the power between unions and management may shift as a result of a change in the status quo.

The Department of Education does not suggest in Klagholz and Contini's 1993 Advisory Report that feasibility studies describe how regionalization will impact labor relations, or specifically the balance of power between unions and management. Accordingly, this issue is not addressed in any of the studies reviewed, although it may play an important role in the actual decision-making process.

Feasibility studies may be outcome-driven by the parties commissioning the studies.

In reality, the party or parties commissioning feasibility studies likely have a desired outcome in mind, which is communicated to the person or company conducting the studies. Although the studies reviewed should articulate the advantages and disadvantages of each possible alternative, certain aspects could be emphasized over others, making the desired alternative seem more appealing. This finding is evident in the fact that of the 19 studies reviewed, only four districts were recommended to maintain the status quo rather than adopting a proposed change (Centennium Consultants, 2000a; Beineman, 1994, March; 1994, April; 1997).²⁴ Two of these studies are the Branchburg/Somerville (Centennium Consultants, 2000a), and Stratford/Laurel Springs (Beineman, 1997). In the studies of these districts, the possibility of converting send/receive relationships to limited purpose regional districts was considered. This is generally not favored for the reasons stated above. Additionally, the studies of Northern Burlington Regional, Barrington/Haddon Heights, and Stratford/Laurel Springs are dated, and they therefore offer limited value to this analysis.

A limited number of companies/individuals conduct feasibility studies, all of which generally follow the same format and analysis recommended by the Department of Education in Klagholz and Contini's 1993 advisory report.

Of the 19 studies reviewed, Centennium Consultants and Dr. Donald Beineman conducted the overwhelming majority.²⁵ With few exceptions, each study followed essentially the format recommended by the New Jersey State Department of Education in

²⁴ Again, the Clearview, Southern Regional and Upper Freehold Regional studies make no final recommendations regarding maintaining the status quo versus adopting a potential alternative.

²⁵ Centennium Consultants conducted seven studies outlined herein. Dr. Donald Beineman conducted four of the earliest studies, and later partnered with James Kirtland to draft an additional four. Statistical Forecasting, Inc., Barre and Company, Stanton Leggett & Associates, and Guidelines, Inc. with Vincent Yaniero each completed one.

its 1993 Advisory Report, analyzed the data similarly, and made the same assumptions. Therefore, irrespective of which company or individual conducted the study, the analyses were almost identical.

Summary and conclusions of studies assessing regionalization

14 of the 19 studies reviewed analyzed the creation or expansion of regional school districts, with 12 studies examining possible all purpose regionalization and 2 assessing only the creation of limited purpose districts. All of the districts participating in these feasibility studies existed as limited purpose districts or were engaged in send/receive relationships, with one exception (Stanton Leggett & Associates, 2002).²⁶

K-12 regionalization was generally encouraged as a result of the feasibility studies. Of the 12 studies assessing K-12 all purpose regionalization, 2 failed to make any recommendation whatsoever. Of the remaining 10, K-12 regionalization was recommended in 7 of the studies. Centennium Consultants (2000b), who examined Delaware Valley's 9-12 limited purpose regional school district, failed to make a specific recommendation but implicitly supported all purpose regionalization by citing the advantages and benefits it offered over grades 6-12 limited purpose regionalization.

The creation of limited purpose regionals, however, is generally discouraged. Both studies that examined only the creation of limited purpose regionals, rather than all purpose regionals, recommended that the districts maintain the status quo. Additional studies specifically stated a preference for all purpose regionalization over limited purpose regionalization, and all of the studies which discussed potential withdrawal from

²⁶ The exception is the Upper Freehold study, where Roosevelt had no relationship with either Millstone or Upper Freehold. However, Millstone, which sent its students to Upper Freehold, was completed surrounded by Roosevelt. The study therefore concluded that essential decisions regarding the educational program should include all three districts.

limited purpose regionals suggested withdrawal. Notably, none of the studies summarized above recommended the creation or expansion of limited purpose regionals.

The effect of regionalization on costs was found to be mixed. Converting existing limited purpose regionals to all purpose regionals was predicted to increase costs in the same number of districts where it would decrease costs. When send/receive relationships were projected to convert to K-12 regionals, costs were found to decrease the majority of the time, while converting send/receive relationships to limited purpose districts increases costs in all four of the studies assessing this type of regionalization.

The studies are also of differing value to this analysis. For example, four of the studies were completed between 1994 and 1998 (Beineman, 1994, March; 1994, April; 1997; 1998). These studies were completed before regionalization gained significant momentum and undoubtedly convey an underlying tone of anti-regionalization. Additionally, the analyses included in these studies are very brief and fail to comprehensively assess the potential regionalization alternatives. While these studies offer some insight as to the early attitudes towards regionalization, they do not reflect present opinions. For these reasons, these particular studies are of limited value to this analysis.

Further, a number of studies reviewed fail to make any final recommendations regarding maintaining the status quo versus adopting the proposed change. These studies, while offering some insight as to the regionalization/deregionalization analysis and decision-making process, are missing critical information, thereby limiting their value.

Summary and conclusions of studies assessing deregionalization

Four of the 19 studies summarized above address a constituent district's desire to withdraw from or dissolve existing regional districts (Beineman and Kirtland, 2005, April; 2005; 2005, Dec.; Stanton Leggett & Associates, 2002). All of these studies involved limited purpose, rather than all purpose, regional districts, and all recommended deregionalization.

In each of these studies, the district sought withdrawal due to its disproportionately high share of district costs as compared with the other constituents, which results from apportioning taxes based only on equalized valuations. Accordingly, deregionalization was predicted to decrease costs in the majority of districts seeking withdrawal. Withdrawal was still recommended, however, in the study where costs would increase based upon the district's ability to control its own K-12 district and operate its own high school upon withdrawal.

Costs do not consistently increase or decrease for the remaining regional upon a constituent district's unilateral withdrawal. However, three of the four studies discussed the possible voluntary dissolution of the limited purpose regional rather than unilateral withdrawal (Stanton Leggett & Associates, 2002; Beineman and Kirtland, 2005, April; 2005, Dec.).²⁷ Dissolution, however, is difficult to accomplish as it requires the approval of the voters in each constituent district. As dissolution typically causes taxes to increase in at least one of the constituent districts, any such referenda would almost certainly be defeated.

²⁷ As set forth above, the North Hunterdon-Voorhees Regional study states that while voluntary dissolution would typically be discussed when a constituent seeks unilateral withdrawal from a regional, the rise in costs in one of the remaining constituent districts would prevent voluntary action. Therefore, the study fails to further assess the possibility.

Additionally, two studies contemplate terminating their send/receive relationships with existing regional districts.²⁸ However, these studies reach no conclusions regarding the proposed actions.

**Recommendations for additional studies regarding
regionalization and deregionalization within New Jersey**

1. A study of the actions taken by school districts after feasibility studies were completed, and whether the districts followed the studies' recommendations.
2. A study and comparison of the impact of K-12 and limited purpose regionalization on academics and whether K-12 articulation improves educational results.
3. A study and comparison of all purpose and limited purpose regional school districts to assess the financial impact of regionalization, including: (a) the costs and school tax rates in each constituent school district; (b) the overall costs of the regional versus the status quo; (c) if overall costs decrease, the length of time to realize the savings; (d) employee salaries and whether reductions or increases in staff were necessary; (e) state and federal aid; (f) transportation costs; (g) start-up costs; (h) bond ratings; (i) borrowing capabilities; (j) the ability of the regional school district to pass budgets; and (k) whether construction and/or renovations were necessary.
4. A study of the different methods of apportioning taxes among constituents in regional school districts; why the current methods create financial disincentives to regionalization; and potential solutions.
5. A study of the current State initiated incentives to regionalization; the success or failure of the current incentives; and suggestions for improvements.

²⁸ The Upper Freehold study also assesses creating K-12 all purpose regionals and a limited purpose regional as well.

6. A study of regional school districts to assess the regionalization process, including: (a) identifying the principal concerns of the districts prior to regionalization and whether those concerns proved to be legitimate; (b) identifying the most important factors that influenced the decision-making process; (c) determining whether financial disincentives impacted the process and if so, how; (d) determining whether any State initiated incentives impacted the process and if so, how; (e) identifying the biggest obstacles to regionalization; and (f) suggestions for improving the process.

7. A study of the number of school districts which have regionalized and deregionalized across the State; whether more all purpose or limited purpose districts are being created; whether a certain type of district is most conducive to regionalization; and whether the overall number of school districts is increasing or decreasing within the State.

8. A survey of the satisfaction level of administrators, educators, and parents in regional school districts; whether these individuals would return to the status quo if given the opportunity; and if so, why.

9. A summary of the current and pending relevant laws and legal decisions and their actual or expected impact on regionalization and deregionalization within the State.

10. A study outlining the labor unions' positions on regionalization; the impact of regionalization on unions in general; and specifically how regionalization affects the balance of power between unions and management.

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Appendix A

Charts

CHART I - FEASIBILITY STUDIES

	SCHOOL DISTRICT STUDIES	AUTHOR	YEAR
1	No. Burlington	Beineman	1994
2	Barrington/Haddon Heights	Beineman	1994
3	Stratford/Laurel Springs	Beineman	1997
4	Clearview	Beineman	1998
5	Ocean Township/Southern	Centennium Consultants	1999
6	Delaware Valley	Centennium Consultants	2000
7	Branchburg/Somerville	Centennium Consultants	2000
8	Greater Egg Harbor	Barre & Co.	2001
9	Ocean City/Corbin City/etc	Centennium Consultants	2001
10	North Haledon/Manchester	Beineman & Kirtland	2001
11	Roosevelt/Millstone/Upper Freehold	Stanton Leggett	2001
12	Newfield/Buena	Guidelines, Inc. & Yaniero	2002
13	Bedminster/Somerset Hills	Centennium Consultants	2003
14	Franklin/Elk Township/Delsea	Statistical Forecasting	2004
15	Clinton/North Hunterdon-Voorhees	Beineman & Kirtland	2005
16	Pembertons	Centennium Consultants	2005
17	Seaside Park/Central	Beineman & Kirtland	2005
18	Ringwood/Wanaque/Lakeland	Centennium Consultants	2005
19	Cape May City /Lower Cape May	Beineman & Kirtland	2005

CHART II - FEASIBILITY STUDIES

	SCHOOL DISTRICT STUDIES	Type of Change
1	No. Burlington	7-12 Reg. to K-12 Reg.
2	Barrington/Haddon Heights	SR to K-12 Reg.
3	Stratford/Laurel Springs	SR to K-8 Reg.
4	Clearview	7-12 Reg. to K-12 Reg.
5	Ocean Township/Southern	Term. SR for 7/8 grades
6	Delaware Valley	9-12 Reg. to K-12 Reg. or 6-12 Reg.
7	Branchburg/Somerville	SR to 9-12 Reg.
8	Greater Egg Harbor	9-12 Reg. to one K-12 Reg. or dissolve & create 2 K-12 Reg.
9	Ocean City/Corbin City/etc	SR to K-12 Reg. or 9-12 Reg.
10	North Haledon/Manchester	Withdrawing from 9-12 Reg.
11	Roosevelt/Millstone/Upper Freehold	SR to K-12 Reg./7-12 Reg./Term. SR & create 2 K-12 ind. districts.
12	Newfield/Buena	Expand Buena K-12 Reg. to include Newfield (currently SR)
13	Bedminster/Somerset Hills	Expand Somerset K-12 Reg. to include Bedminster (currently SR)
14	Franklin/Elk Township/Delsea	7-12 to K-12 or dissolve
15	Clinton/North Hunterdon-Voorhees	Withdrawing from 9-12 Reg.
16	Pemberton	SR to K-12 Reg.
17	Seaside Park/Central	Withdrawing from 7-12 Reg.
18	Ringwood/Wanaque/Lakeland	9-12 Reg. to K-12 Reg.
19	Cape May City /Lower Cape May	Withdrawing from 7-12 Reg.

CHART III - FEASIBILITY STUDIES

	SCHOOL DISTRICT STUDIES	RECOMMENDATION
1	No. Burlington	Maintain status quo (Implicit) - tone against regionalization
2	Barrington/Haddon Heights	Maintain status quo (Implicit) - tone against regionalization
3	Stratford/Laurel Springs	Maintain status quo
4	Clearview	No recommendation
5	Ocean Township/Southern	No recommendation but "no sub. negative impact will result"
6	Delaware Valley	K-12 regionalization (Implicit)
7	Branchburg/Somerville	Maintain status quo
8	Greater Egg Harbor	One K-12 Reg.
9	Ocean City/Corbin City/etc	K-12 Reg.
10	North Haledon/Manchester	Withdrawal from 9-12 Reg.
11	Roosevelt/Millstone/Upper Freehold	No Recommendation
12	Newfield/Buena	"Pursue further regionalization activities"
13	Bedminster/Somerset Hills	K-2 Reg.
14	Franklin/Elk Township/Delsea	K-12 Reg.
15	Clinton/North Hunterdon-Voorhees	Withdrawal from 9-12 Reg.
16	Pemberton	K-12 Reg.
17	Seaside Park/Central	Withdrawal from 7-12 Reg.
18	Ringwood/Wanaque/Lakeland	K-12 Reg.
19	Cape May City /Lower Cape May	Withdrawal from 7-12 Reg.

CHART IV - FEASIBILITY STUDIES

	SCHOOL DISTRICT STUDIES	FINANCES
1	No. Burlington	Lack of State incentive an issue/Data difficult to interpret
2	Barrington/Haddon Heights	Analyzed but data difficult to interpret
3	Stratford/Laurel Springs	Cost emphasized as most impt. factor/Lack of State incentive an issue
4	Clearview	Analyzed - nothing unusual
5	Ocean Township/Southern	Analyzed - nothing unusual
6	Delaware Valley	Analyzed - nothing unusual
7	Branchburg/Somerville	Analyzed - nothing unusual
8	Greater Egg Harbor	Analyzed - nothing unusual
9	Ocean City/Corbin City/etc	Analyzed - nothing unusual
10	North Haledon/Manchester	Equalized valuations/disproportionate payments - costs stressed as v. impt.
11	Roosevelt/Millstone/Upper Freehold	Very detailed - stressed as most impt. factor (with construction)
12	Newfield/Buena	Analyzed - nothing unusual
13	Bedminster/Somerset Hills	Analyzed - nothing unusual
14	Franklin/Elk Township/Delsea	Analyzed - nothing unusual
15	Clinton/North Hunterdon-Voorhees	Equalized valuations/disproportionate payments - costs v. impact.
16	Pembertons	Assumes K-12 Reg. retains Abbott classification
17	Seaside Park/Central	Equalized valuations/disproportionate payments - costs v. impact.
18	Ringwood/Wanaque/Lakeland	Analyzed - nothing unusual
19	Cape May City /Lower Cape May	Equalized valuations/disproportionate payments - costs v. impact.

CHART V - FEASIBILITY STUDIES		
	SCHOOL DISTRICT STUDIES	COSTS INCREASE OR DECREASE
1	No. Burlington	K-12 Reg. decreases costs (Implicit) (current 7-12 Reg.)
2	Barrington/Haddon Heights	K-12 Reg. decreases costs (Implicit) (current SR)
3	Stratford/Laurel Springs	K-8 Reg. increases costs (current SR)
4	Clearview	K-12 Reg. increases costs (current 7-12 Reg.)
5	Ocean Township/Southern	Withdrawing decreases costs for sending/ increases costs v. slightly for receiving (current SR)
6	Delaware Valley	K-12 Reg. (and 6-12 Reg.) increases costs (but K-12 less than 6-12) (current SR)
7	Branchburg/Somerville	9-12 Reg. increases costs (current SR)
8	Greater Egg Harbor	One K-12 Reg. and Two K-12 Regs. increase costs (current 9-12 Reg.)
9	Ocean City/Corbin City/etc	K-12 Reg. decreases costs slightly; 9-12 Reg. increases costs (current SR)
10	North Haledon/Manchester	Withdrawing decreases costs for Withdrawing district (current 9-12 Reg.)
11	Roosevelt/Millstone/Upper Freehold	K-12 Reg. decreases costs w/ 3 districts; increases costs w/ 2 districts (current SR)
12	Newfield/Buena	Including sending district in K-12 Reg. decreases costs (current SR)
13	Bedminster/Somerset Hills	Including sending district in K-12 Reg. decreases costs (current SR)
14	Franklin/Elk Township/Delsea	K-12 Reg. and dissolution decreases costs (current 7-12 Reg.)
15	Clinton/North Hunterdon-Voorhees	Withdrawing increases costs for Withdrawing district (current 9-12 Reg.)
16	Pembertons	K-12 Reg. decreases costs (current SR)
17	Seaside Park/Central	Withdrawing decreases costs for Withdrawing district (current 7-12 Reg.)
18	Ringwood/Wanaque/Lakeland	K-12 Reg. decreases costs (slightly)
19	Cape May City /Lower Cape May	Withdrawing decreases costs for Withdrawing district (current 7-12 Reg.)

CHART VI - FEASIBILITY STUDIES

	SCHOOL DISTRICT STUDIES	RECOMMENDED METHOD OF APPORTIONMENT
1	No. Burlington	Not addressed
2	Barrington/Haddon Heights	Combination formula recommended
3	Stratford/Laurel Springs	Not addressed
4	Clearview	Not addressed
5	Ocean Township/Southern	Not applicable (terminating SR for 7&8 grades)
6	Delaware Valley	Not addressed
7	Branchburg/Somerville	Combination formula recommended
8	Greater Egg Harbor	"property values rather than enrollment"
9	Ocean City/Corbin City/etc	Combination formula recommended
10	North Haledon/Manchester	Not applicable (Withdrawing from 7-12 Reg.)
11	Roosevelt/Millstone/Upper Freehold	Not addressed
12	Newfield/Buena	Equalized valuations - "closest to current rates"
13	Bedminster/Somerset Hills	Combination formula recommended
14	Franklin/Elk Township/Delsea	Not addressed
15	Clinton/North Hunterdon-Voorhees	Not applicable (Withdrawing from 9-12 Reg.)
16	Pemberton	Combination formula assumed (but different under any formula)
17	Seaside Park/Central	Not applicable (Withdrawing from 7-12 Reg.)
18	Ringwood/Wanaque/Lakeland	Combination formula recommended
19	Cape May City /Lower Cape May	Not applicable (Withdrawing from 7-12 Reg.)

CHART VII - FEASIBILITY STUDIES

	SCHOOL DISTRICT STUDIES	K-12 ARTICULATION
1	No. Burlington	Described as only advantage of K-12 Reg. over 7-12 Reg.
2	Barrington/Haddon Heights	Not addressed
3	Stratford/Laurel Springs	Not addressed/Not applicable (SR to K-8 Reg.)
4	Clearview	Not addressed
5	Ocean Township/Southern	Not addressed/Not applicable (Term. SR for 7&8 grades)
6	Delaware Valley	Cited as advantage of K-12 Reg. over 9-12 or 6-12 Reg.
7	Branchburg/Somerville	Loss of articulation cited as disadvantage
8	Greater Egg Harbor	Major advantage cited as a disadvantage
9	Ocean City/Corbin City/etc	Cited as advantage of K-12 Reg./Lost articulation cited as disadvantage of 9-12 Reg.
10	North Haledon/Manchester	Not addressed (but no articulation because create SR upon withdrawal)
11	Roosevelt/Millstone/Upper Freehold	Not emphasized but cites lack of control over educational program a problem for sending district
12	Newfield/Buena	Not addressed
13	Bedminster/Somerset Hills	Benefits of K-12 educational program outweigh increased costs
14	Franklin/Elk Township/Delsea	Significant advantage of K-12 Reg./Continued lack of articulation a problem if dissolve and create SR
15	Clinton/North Hunterdon-Voorhees	Important factor - Withdrawing district creates ind. K-12 district upon withdrawal
16	Pemberton	Cited as advantage but not emphasized
17	Seaside Park/Central	Not addressed (but no articulation because create SR upon withdrawal)
18	Ringwood/Wanaque/Lakeland	Articulated K-12 program more important than costs
19	Cape May City /Lower Cape May	Not addressed (but no articulation because create SR upon withdrawal)

CHART VIII - FEASIBILITY STUDIES

	SCHOOL DISTRICT STUDIES	RACE
1	No. Burlington	Desegregation may be necessary
2	Barrington/Haddon Heights	Not addressed
3	Stratford/Laurel Springs	Brief statement - No impact on race
4	Clearview	Brief statement - No impact on race
5	Ocean Township/Southern	Brief statement - No impact on race
6	Delaware Valley	Brief statement - No impact on race
7	Branchburg/Somerville	Brief statement - No impact on race
8	Greater Egg Harbor	Brief statement - No impact on race
9	Ocean City/Corbin City/etc	Redistricting may be necessary
10	North Haledon/Manchester	Brief statement re: percentages of minorities
11	Roosevelt/Millstone/Upper Freehold	Not addressed
12	Newfield/Buena	Brief statement - No impact on race
13	Bedminster/Somerset Hills	Brief statement - No impact on race
14	Franklin/Elk Township/Delsea	Brief statement re: percentages of minorities
15	Clinton/North Hunterdon-Voorhees	Brief statement - No impact on race
16	Pemberton	Brief statement of percentages- No impact on race
17	Seaside Park/Central	Brief statement - No impact on race
18	Ringwood/Wanaque/Lakeland	Brief statement - No impact on race
19	Cape May City /Lower Cape May	Brief statement - No impact on race

CHART IX - FEASIBILITY STUDIES

	SCHOOL DISTRICT STUDIES	CONSTRUCTION/RENOVATION
1	No. Burlington	Paying for construction in other districts major disadvantage of K-12 Reg.
2	Barrington/Haddon Heights	Not addressed
3	Stratford/Laurel Springs	Not addressed
4	Clearview	Bldg. referendum defeated; Detailed discussion of renovations/construction
5	Ocean Township/Southern	Sending district at full capacity - need to build additions if withdrawing 7&8 grades
6	Delaware Valley	New middle school necessary if regionalize
7	Branchburg/Somerville	Construction of new HS in other district cited as disadvantage of 9-12 Reg.
8	Greater Egg Harbor	Detailed analysis of necessary construction under alternatives
9	Ocean City/Corbin City/etc	Bldg. referenda defeated/new facility necessary
10	North Haledon/Manchester	Not addressed
11	Roosevelt/Millstone/Upper Freehold	Very detailed - emphasized as most important factor (w/costs)
12	Newfield/Buena	Expansion creates more support for new middle school
13	Bedminster/Somerset Hills	Not addressed
14	Franklin/Elk Township/Delsea	Paying for construction in other districts a potential disadvantage
15	Clinton/North Hunterdon-Voorhees	Critical issue; Proposed construction causes district to consider withdrawal
16	Pembertons	Budgets incl. facility improvements defeated; State funds constr. if Abbott
17	Seaside Park/Central	Not addressed
18	Ringwood/Wanaque/Lakeland	Not addressed
19	Cape May City /Lower Cape May	Not addressed

CHART X - FEASIBILITY STUDIES

	SCHOOL DISTRICT STUDIES	LOCAL ISSUES
1	No. Burlington	Lost control of decision-making over students cited as a problem
2	Barrington/Haddon Heights	Not addressed
3	Stratford/Laurel Springs	Reconfiguring grades and attendance areas a potential problem
4	Clearview	Not addressed
5	Ocean Township/Southern	Not addressed
6	Delaware Valley	Lost home rule/community school/local control; increased travel; reassign
7	Branchburg/Somerville	Not addressed
8	Greater Egg Harbor	Lost home rule; increased travel time
9	Ocean City/Corbin City/etc	Lost local control/neighborhood school; increased travel time
10	North Haledon/Manchester	Not addressed
11	Roosevelt/Millstone/Upper Freehold	Not addressed
12	Newfield/Buena	Lost community school is a primary concern of school board members
13	Bedminster/Somerset Hills	Lost neighborhood school; increased travel time
14	Franklin/Elk Township/Delsea	Lost small school atmosphere/ neighborhood school; reassignment
15	Clinton/North Hunterdon-Voorhees	Not addressed
16	Pemberton	Lost neighborhood school
17	Seaside Park/Central	Not addressed
18	Ringwood/Wanaque/Lakeland	Lost neighborhood school/home rule; increased travel time; reassign
19	Cape May City /Lower Cape May	Not addressed

CHART XI - FEASIBILITY STUDIES

	SCHOOL DISTRICT STUDIES	BOARD REPRESENTATION
1	No. Burlington	Not addressed
2	Barrington/Haddon Heights	Board representation cited as advantage of K-12 Reg. but not emplasized
3	Stratford/Laurel Springs	Not addressed
4	Clearview	Not addressed
5	Ocean Township/Southern	Not addressed
6	Delaware Valley	Not addressed
7	Branchburg/Somerville	Lost representation and control of board would prevent 9-12 Reg.
8	Greater Egg Harbor	Not addressed
9	Ocean City/Corbin City/etc	Board representation an advantage of K-12 Reg. but not emphasized
10	North Haledon/Manchester	Not addressed (but lose board representation because creates SR upon withdrawal from 9-12
11	Roosevelt/Millstone/Upper Freehold	Considering terminating SR because no board representation/control over educational program
12	Newfield/Buena	Board representation an advantage of K-12 Reg. but not emphasized
13	Bedminster/Somerset Hills	Lost board representation a disadvantage/gained seat an advantage but not emphasized
14	Franklin/Elk Township/Delsea	Lost board representation a disadvantage (because creates SR if dissolve)
15	Clinton/North Hunterdon-Voorhees	Not addressed
16	Pembertons	Loss of board representation is a disadvantage but not emphasized
17	Seaside Park/Central	Not addressed (but lose board representation because create SR upon withdrawal from 7-12 Reg.
18	Ringwood/Wanaque/Lakeland	Not addressed
19	Cape May City /Lower Cape May	Not addressed (but lose board representation because create SR upon withdrawal from 7-12 Reg.

CHART XII - FEASIBILITY STUDIES

	SCHOOL DISTRICT STUDIES	OTHER
1	No. Burlington	One of the earliest studies
2	Barrington/Haddon Heights	One of the earliest studies. Doesn't address educational impact of change but cites control over board and education program as important factors
3	Stratford/Laurel Springs	One of the earliest studies. Doesn't address educational impact of change
4	Clearview	One of the earliest studies
5	Ocean Township/Southern	
6	Delaware Valley	
7	Branchburg/Somerville	
8	Greater Egg Harbor	Commissioner of Education more likely to approve one district than two
9	Ocean City/Corbin City/etc	Commissioner of Education preference for K-12 districts cited
10	North Haledon/Manchester	
11	Roosevelt/Millstone/Upper Freehold	Roosevelt had no relationship with either Millstone or Upper Freehold; 7-12 Reg. increases costs more than K-12 Reg.
12	Newfield/Buena	Newfield is a non-operating district
13	Bedminster/Somerset Hills	Common history, geography and culture make districts compatible for regionalization
14	Franklin/Elk Township/Delsea	Dissolution and creation of 2 independent districts an option because can control own students
15	Clinton/North Hunterdon-Voorhees	Commissioner of Education preference for K-12 districts cited
16	Pemberton	Abbott and non-Abbott merger - assume K-12 Reg. retains Abbott status
17	Seaside Park/Central	
18	Ringwood/Wanaque/Lakeland	Common history, geography and culture make districts compatible for regionalization
19	Cape May City /Lower Cape May	Dissolution recommended, but withdrawal if necessary; Commissioner of Education preference for K-12 districts cited