
Task Force Meeting

of

ASSEMBLY TASK FORCE ON SCHOOL DISTRICT REGIONALIZATION

“Discussion of existing State law and a historical perspective on the laws pertaining to regional school districts; positive and negative factors influencing school district regionalization; and the process of dissolving a regional school district”

LOCATION: Room 319
State House
Trenton, New Jersey

DATE: February 25, 1998
10:00 a.m.

MEMBERS OF TASK FORCE PRESENT:

Assemblyman Joseph R. Malone III, Chairman
Assemblyman Francis J. Blee, Vice-Chairman
Assemblywoman Carol J. Murphy
Assemblyman Herbert C. Conaway Jr.
Anthony D’Ovidio
Fred Caruso
John Peterson Jr.
Bruce M. Quinn



ALSO PRESENT:

Anita Saynisch
*Office of Legislative Services
Secretary*

Deborah K. Smarth
Christine Costigan
*Assembly Majority
Task Force Aides*

Jason Teele
*Assembly Democratic
Task Force Aide*

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ASSEMBLYMAN JOSEPH R. MALONE III (Chairman): Good morning, everyone. Can everyone hear me? (no response) I'd like to welcome you, this morning, to the Regionalization Task Force. We originally assembled this Task Force last fall, and due to the hectic schedule of a number of individuals, primarily the legislators, during the fall season last year, we were not able to really complete or continue our hearings last fall.

With that being said, what we plan to do for the future is I would like to hold hearings every three to four weeks and probably have somewhere between three to five hearings regarding a number of issues surrounding regionalization. The primary issue that we will be focusing on, though, will be the issue of disparity of costs and regionalized school districts and looking at that particular problem from a regionalization standpoint and also a deregionalization standpoint and some of the legal factors involved.

I have had the opportunity to speak to the Department of Education at length yesterday. They are involved in a number of very critical meetings today and could not be here, but they have assured me that at the next session they will be here to go over, very thoroughly, the legal aspects of regionalization, deregionalization, some of the factors involved in the cost -- the apportionment of the costs. So, hopefully, we will have a much deeper and more thorough discussion on those issues tomorrow -- or within a month.

What I would like to do, again, just for the sake of the members of the audience and for the record, if we could just go quickly around the room and introduce ourselves again so that we get ourselves focused as to who is here, the diversity of individuals that are on the Task Force, and then we will proceed to take testimony.

John.

MR. PETERSON: I'm John A. Peterson Jr. I'm the Mayor of the Borough of Seaside Park and one of the towns in the Central Regional School District, in Ocean County.

MR. QUINN: I'm Bruce Quinn, Assistant Superintendent for Business of the Red Bank Public Schools, in Monmouth County.

MR. D'OVIDIO: I'm Tony D'Ovidio, retired superintendent of the Somerset County Vocational School. I live in Piscataway, New Jersey.

MR. CARUSO: Fred Caruso, Mansfield Township, Burlington County.

MR. TEELE (Minority Aide): Jason Teele, I'm with the Democratic staff.

MS. SAYNISCH (Committee Aide): Anita Saynisch, I'm with the Office of Legislative Services.

ASSEMBLYMAN MALONE: I'm Joe Malone, 38th District., Chair of the Task Force.

MS. SMARTH (Minority Aide): Deb Smarth, with the Assembly Majority office.

ASSEMBLYMAN BLEE: Frank Blee, legislative District 2, which is most of Atlantic County.

ASSEMBLYWOMAN MURPHY: Carol Murphy, 26th District, Morris, Essex, and Passaic.

ASSEMBLYMAN MALONE: And we also have Pete Biondi, from Somerset County, who will also be on this Task Force. He is the Assemblyman from Somerset County. Assemblyman Conaway, from Burlington County, and also Assemblyman Caraballo will also be a member of this Task Force.

Assemblyman Caraballo could not be here today. I expect Assemblyman Biondi and also Assemblyman Conaway to be here. They were detained.

We have a list of speakers today, plus a number of individuals, who have asked to speak. My only, I guess prerequisite-- I want our conversations to be as fruitful as possible. The Task Force members will be asking panel members questions. It really is not appropriate for people in the audience to be asking questions at this point. So when you come and testify, make sure that you speak clearly into the microphone because it is being recorded so a transcript can be made of these hearings. State your name and your address, so if we have to get back to you with some material or something, we will have that piece of information so that we can get back to you with material if, in fact, it was not properly written down.

I would first like to ask Gene Keyek, the Assistant Executive Director of New Jersey Association of School Business Officials.

Would you like to come forward? Gene.

EUGENE KEYEK, Ed.D.: Thank you, Mr. Chairman and members of the Task Force.

You have before you a Regionalization Study Report, which was written by the members of NJASBO and school business officials. Obviously, our members are involved in the budgetary process -- deeply involved in the budgetary process -- so we felt that many of the issues that are being raised by various individuals pertaining to regionalization needed to be examined and needed to be looked at from a very objective viewpoint in terms of, How does this affect the educational process in the State of New Jersey?

What I'd like to do is just very briefly take you through the report and highlight some of the issues for you and then give you some of the

conclusions that our Committee finalized. I guess the first question that needs, as we did-- Why are we talking about regionalization? I have heard the Governor, I have heard the Commissioner make the statement we have too many school districts, but there is nothing to substantiate why we have too many school districts. There has been no study that says, specifically, how many should we have. What should comprise a good school district?

So as we went through that we found the same kinds of problems that you're going to face, and I will highlight those for you. But we ask ourselves, which held the greatest promise for educational or financial improvement? Those consequences which were likely to deter regionalization efforts and those consequences of regionalizations which posed the greatest negative for those involved. So we are looking at it not just from a very self-serving posture for school business administrators and those people who might lose their jobs through regionalization.

I wanted to put that out on the table early and very clearly. Many of our members know that in any regionalization process their jobs would be at stake. Yet we still felt that we had an obligation as an organization -- an educational organization -- to review this as objectively as possible.

On Page 3 you will see some background information, related initiatives, by the Commissioner. Perhaps the best one I can address right now is the School Efficiency Program. We talk efficiency; we have yet to define what efficiency is. Now, I have been in education since 1960. I have participated with the first study, and that was the Mancuso Report, back in the '60s. So 30 years ago we were talking about regionalization. Today we are talking about regionalization. The issues haven't disappeared; in fact, the issues have become more paramount than ever.

There is an underlying feeling on the part of our members that the administration is utilizing the funding formula to effect efficiency as they perceive it, and the unwillingness of the administration to identify what factors make up efficiency-- So what we see are budget caps. What we see are additional questions beyond the so-called Core Curriculum Standards being presented to the voters with the assumption that the voters will defeat these questions and that cost savings will be effected.

To me, as an individual, and to many of our members we are concerned that this is a very simplistic approach to dealing with the issue of regionalization. There are too many issues which need to be addressed. So we have the School Efficiency Program in which the Commissioner has identified an illustrative model as an efficient school district. We have challenged the illustrative model, we've asked for the assumptions. The data has not been forthcoming.

So we question the efficiency, the model, the premise behind the model, and the costing out of the model. I'm an accountant. I have a background in accounting. I have a background in education. I have asked the Department to show me the cost perimeters that you utilized to arrive at these, and they haven't been forthcoming.

The next one is shared administrative services. Shared administrative services is an excellent concept if it's utilized properly. Legislation was presented by Assemblyman Bagger, which established a process by which shared administrative services should be worked out with districts. It's gone too far to the other side. As an example, we have one individual who is a business administrator for eight districts. Now, you can't be a business administrator for eight districts. You're a business administrator in name only.

You put your name on the papers, the reports, everything else that is being prepared for that particular district.

The cost savings is minimal, because while the business administrator is no longer there, they have hired an accountant or some other individual in that business office for that district. So that this great savings just didn't materialize. What we have, then, is a question of, how efficient is one person who is a business administrator for eight districts?

There have been -- on Page 5 -- related initiatives, and we looked at all of these initiatives by the Legislature: sending board members on receiving boards; regionalization study awards; proposed grants for more studies; county transportation coordinator; the deregionalization efforts; local property tax will be based on rateables, enrollment, or combination. So the Legislature recognizes there are many issues and has attempted to do this but in doing so has addressed these issues piecemeal. We still haven't addressed the major thrust -- the major concerns -- of regionalization.

Then on Page 7 -- throughout -- we have prior studies concerning regionalization, and as I referred to, the Mancuso Report goes back to April of 1969. That was almost three years in the making. Many hearings were held. Dr. Ernie Reock from Rutgers-- I have worked with Ernie on a number of issues from school funding to regionalization, and I think that some of the issues that he has identified and the cost savings that he has identified in his report are great -- the regionalization studies that we have completed.

Then on Page 9, you see two of the regionalization initiatives. I am most familiar with Pennsylvania, and I can tell you that there is still question as to how effective the regionalization process was in Pennsylvania. It was a mandated regionalization. We studied one district up in the coal area, Nanticoke Regional High School. There were four or five districts who were

regionalized into Nanticoke. The state even came in -- they built a high school-- They took on the initiative of building the high school, but then they bulldozed the two other high schools to make sure they would never be used again. So you have that kind of a process that needs to be done. Forced regionalization created a tremendous uproar in those communities.

Now, starting on Page 10, we have the findings of our study group. They are not meant to be sophisticated analyses. These are nuts-and-bolts analyses of: Here is what happens when you look at regionalization. These are people who have experienced regionalization. These are people who have worked in regional school districts, who have been involved in a process. So what we have listed are all of the advantages and then the disadvantages of regionalization.

We have looked at them from educational considerations, fiscal considerations, and, most important, political considerations and not politics in the broad sense of the State Legislature and the administration, but the local political considerations which play an important part in a decision-making process of a community to decide whether or not to regionalize.

So as we look at the educational considerations-- Obviously there are many small districts, and I was superintendent in a district which started out at 2200 students when I was there. It ended up around 1300 students, K to 12. We were forced, because of declining enrollment, to reduce the kinds of programs that we had to offer, and this was both because we didn't have the enrollment and the cost became prohibitive in terms of offering these programs to the students. So that when you look at regionalization in educational considerations, you've got to look at programs, you've got to consider what is the impact of a regionalization.

Now, in elementary districts it is less of an impact than it is on a secondary district. That's an issue that most people don't take into consideration. However, when we ask under the current Core Curriculum Standards in an elementary district, staffing is an important process. Do we have an art teacher, a music teacher, a physical education teacher, or should all of these skills be taught by the elementary classroom teacher as part of the ongoing process?

That's a philosophical decision. That's one of the political considerations that we raise. This is what parents want for their children, and does the State dictate in a regionalization process that these are not necessary, that the job can be done just as well without all of this? What the State fails to recognize, and a most important issue throughout all regionalization, is something called a negotiated agreement. The negotiated agreement dictates, to a large extent, what you are going to do when you begin to look at the regionalization process, and I will address that a little later.

You have probably an educational consideration to my way of thinking, and I know our association's is that it does provide a broader sense of educational programs for students. It gives them more of a broader menu to select from.

Disadvantages, and one of the things that most people will not look at -- and I've read many of the regionalization reports or requests for changes in sending-receiving -- and this is the concept of racial-balancing requirements. When you look at regionalization, that factor cannot escape your consideration, because even if it does, the courts will step in and say that this is an issue that needs to be addressed before you regionalize school districts. Another one in educational considerations, the loss of some highly regarded, nontenure, and possibly even low-seniority, tenured, teaching staff

may occur. This is a requirement that all of the teaching staff maintain their tenure rights and their seniority rights when they move to a regionalized school district.

I have personal experience. School District Audubon Park closed its school, 118 students. We had to accept nine of their tenured teachers almost at the top of the salary guide. What occurred then was that these people bumped some of my nontenured people. So it escalated our costs significantly, plus they had to come from their salary guide to our salary guide, which was higher. They were most happy to join us because most of them got minimum of \$2000 pay raises through that consolidation process.

Did we regionalize? No.

The county superintendent tried to get us to regionalize. Regionalization, under the current statutes, where you have this disparity in assessed evaluations-- Audubon Park's assessed evaluation was so low. It's a residential community. Audubon's assessed evaluation had two major shopping centers, and it was not in the district's best interest, financially, to regionalize and absorb all of those students because we would be subsidizing the students in Audubon Park. As long as that process remains in place, most districts will not go into a voluntary regionalization. That has to remain--

ASSEMBLYMAN MALONE: Gene, I've got to ask you just a quick question since you're on that point.

DR. KEYEK: Yes.

ASSEMBLYMAN MALONE: I guess during your process of looking at the advantages and disadvantages, would you say that the financial disadvantage/disincentive of the disparity of cost issue was probably the major issue in why towns would not regionalize?

DR. KEYEK: Yes. I would say that there are going to be winners and losers, and the losers-- This idea that the wealthy district will subsidize the lower-assessed evaluation -- or even if we use, as we currently use in funding, assessed evaluation and income, there is still going to be that disparity so that if you were to look at a--

ASSEMBLYMAN MALONE: In your process of doing your report, did you really look into any of the substantive background as to the change from a per pupil cost to a community-valued cost? Was that something that your Committee did look into?

DR. KEYEK: Yes, we did, and quite frankly, Assemblyman, if I were a board member in one district, I wouldn't change the assessed evaluation if I were the receiving district or the regional district. Why go to a per pupil cost? Because a per pupil cost may cause some change for the other district, the poor district. It will increase their tax rate. So no matter which way you go, as long as we have this heavy reliance on property taxes and assessed evaluation, it's going to be-- It's probably the most difficult issue you're going to deal with. How do you come up with--

ASSEMBLYMAN MALONE: I guess the question I was trying to get at, more particularly, that the issue of per pupil cost-- When many regionals were formed back in the '60s and early '70s, they were formed under the premise that it was a per pupil cost to the municipality and not a community value issue.

DR. KEYEK: Right.

ASSEMBLYMAN MALONE: And some things occurred in the '80s which changed that. Did your Committee look at what those changes were and what caused the evolution from a per pupil cost to a community-valued cost?

DR. KEYEK: No, we did not go into the historical perspective of those issues. We just identified these were the issues that a district needs to deal with.

When we look at the political considerations -- and again, as I pointed out, I want to be sure that you understand that in our study the political considerations dealt with the local district as much as it did the State level and the county level -- perhaps under political considerations on Page 11 in a *K-12* regionalization, the former elementary districts gain influence on high school operations.

In the advantages-- This is a great discussion that took place with our Committee in No. 8. In some cases, the larger community would remain in control of the expanded board, and we said, allowing greater continuity. The small districts who have limited representation don't see that as an advantage to regionalizing. If the distribution of membership on the board still is effectively handled by one district -- and the best one I can give you, if you are looking at this issue, is Trighton Regional in Camden County.

Trighton Regional is comprised of Gloucester Township, Runnemede, and Belmar. Runnemede and Belmar share a certain number, but Gloucester Township has six members on the board. They are talking now about going out for a lease purchase because their bond referendum for a new high school was defeated overwhelmingly by Runnemede and Belmar. So now they are talking a lease purchase process by which they can bypass the wishes of Runnemede and Belmar. That's the political considerations that we are talking about when we look at this from a local standpoint.

Another political issue, which most people tend not to consider too much -- and, unfortunately, we have heard the term regionalization and busing perfect together -- that there is a mind-set that when you regionalize that there

is this concept that busing will occur. Parents who have a strong feeling for the neighborhood school and the local school--

Just yesterday there was a bond issue -- a bond referendum -- held in Haddonfield. Haddonfield historically has supported education, passed every bond referendum, passed their budgets. The vote to defeat the bond issue was 3400 to 700. They had 50 percent of their people come out because part of the issue is taking away the local school identity, moving to a middle school, expanding the middle school, and this whole concept of neighborhood schools -- it's a tough issue to get people not to buy into.

Then on Page 12 are the financial considerations. Many years ago, 1974 to be exact, I prepared a study for the New Jersey School Boards Association in which I took every regional school district and its constituent districts and we moved from limited purpose to K-12. I applied very conservative accounting standards -- cost accounting standards -- and at that time we showed a savings of \$272 million statewide, which, at that time, was fairly extensive. I guess in today's dollars we'd be talking close to a billion dollars.

What we found, though, was that in applying these conservative financial estimates -- and that's something this committee (*sic*) needs to consider -- that savings are not absolute. I use, as perhaps the best example, auditors' fees. We say that we have four constituent districts in a regional school district. We combine it to make it one district. We are going to save four auditors' fees. Not so. The auditor who is auditing that regional school district now is going to increase the fees. There is going to be some savings in fees, but it isn't an absolute figure. You just can't arbitrarily say that I'm removing four auditors, so therefore, I have a cost savings. It doesn't work that way. And that's true--

ASSEMBLYMAN MALONE: Gene.

DR. KEYEK: Yes.

ASSEMBLYMAN MALONE: In your experiences of where school districts have regionalized, has an in-depth analysis been done as to exactly where the savings have been? For example, you use the item of auditors and attorneys and engineers. I mean, have-- When we've gone from four separate districts to one district, has there been a significant decrease in those costs for professional services?

DR. KEYEK: I don't know of any study except, perhaps, for Dr. Reock's works in which--

ASSEMBLYMAN MALONE: He is supposed to be speaking at our next hearing.

MR. KEYEK: Yes.

ASSEMBLYMAN MALONE: I think it's important because many times that issue is brought up as being a major cost savings, and I think that something substantive ought to be reported as to exactly what those cost savings are. If we are just shifting them from one law firm or accounting firm or engineering firm from four to one, I think we should be able to ascertain rather easily what the difference in costs are for those professional services.

MR. KEYEK: I know that the Department of Education would love me for this, but I think that that is something the Department should be doing. If we are looking at regionalization-- If the Commissioner is saying we have too many school districts, the Department should be responsible for substantiating that comment and justify it. Yes, if there is regionalization to be considered, these are the issues and these are the cost savings.

I did a detail of advertised appropriations, and I used four categories: actual savings, potential savings, no savings, and an increased cost.

There are some increased cost affiliated with regionalization and one of them might be transportation. So I did that type of an analysis with our current budget so that if you would like, I can make this available to the committee.

ASSEMBLYMAN MALONE: We would appreciate it.

DR. KEYEK: Okay.

Finally, another study approach -- we looked at that on Page 14 and Page 15 -- an analysis of regionalization effort, was to identify certain scenarios that identified a more favorable reaction. You have, in addition to this, an analysis to be completed.

Very quickly, student enrollment projections. Why aren't we regionalizing? Are we having increased enrollment? If we're having increased enrollment, will regionalization resolve some of the problems at local districts?

Organizational structure. What are we looking at? New schools, closing of schools, redistricting, changes in grade configuration.

Administrative organization. The major idea that if you take the four elementary regional school districts and you say we are going to do away with the superintendents and the business administrators, but some of those superintendents may act as principals in that particular district, so you're still going to need a principal for the school. You're still going to need some management personnel in the school, so the savings isn't as absolute as you might think it is.

And No. 4 is a crucial one. Bargaining unit contracts. I don't know -- and I know you would be challenged -- that if legislation came out which upset any of the bargaining unit contracts -- I don't even know if you could do that in terms of PERK and all of the court rulings -- that once something is bargained, seniority lists are important.

Board policy regulations and procedures. Something as simple as a board policy between five school districts.

Time on bus. Transportation is an important cost factor. Some boards have policies which say that no student shall be on the bus more than 30 minutes, others say 1 hour. Now what do we do? We begin to get into the battle with parents over changing policy once we regionalize.

Curriculum guide. The articulation for a curriculum guide.

Job descriptions. Existing service contracts and transition costs moving from a limited-purpose to a regional school district. All-purpose school district doesn't come without some cost involved.

Also, looking at in our county, Camden County, Lower Camden County Regional wants to deregionalize and the costs that are involved there in terms of who is going to assume the debt, who is going to take the buildings over, who has responsibility for all of these issues. So these are the kinds of issues that need to be looked at before a district even decides to take into consideration regionalization.

Lastly, legislative alternatives. Encourage voluntary regionalization. We feel that is being done right now by the administration. Provide incentives for voluntary regionalization. Fiscal incentives are necessary if you're going to have voluntary regionalization. Districts are not going to look at regionalization unless there is something in it for them. And it's not necessarily going to be we're going to give you a better educational program for your children.

Next, abolish limited-purpose regional school districts, that no one should be a 9 to 12 or 7 through 12. Mandate limited-purpose districts regionalize K-12. Mandate nonoperating districts regionalize. I still, for the life of me, never understand why we have nonoperating school districts and

they spend money. I have two that are close. Audubon Park is one of them and Tavistock, which is a golf course and has eight homes on it. It's a community that has a school board, has a board secretary, and two of the students who are children that live there are on a tuition basis to Haddonfield and the parents pay it. So we go through this process.

Mandate all sending-receiving districts regionalize. Mandate full regionalization on the *K-12* basis with an enrollment threshold. Now you become the wizards. What's the threshold? What is an ideal school district? Is a county school district an ideal school district? We have many states that have county school districts. Is that ideal? A friend of mine is a superintendent down in Tampa, St. Petersburg area, and the headaches that he has with the size of the district are amazing. He originally was in Gainesville. The people in Gainesville wanted one thing, the people in the surrounding areas of Gainesville wanted another approach to education. So these are the issues that come.

Mandate a commission similar to the Federal Base Closing Commission with a power to establish regionals when voluntary agreements fail. It's an interesting process that perhaps everyone gets out of the discussion process and all the volatility and give it to a commission to make those decisions.

The last one on Page 20 -- and this is the one that created most of discussion with our group -- establish a new form of governance for certain schools less encompassing than current regionalization, yet more cost effective. And it is somewhat similar to the Union setup in New Hampshire, the Union School Districts, where each school district maintains its identity, but it has a central administration, one board, and one contract. All of these issues are found in there. That has a lot of merit.

And probably something that you should review because when I look at our conclusions -- local control. While it may be a myth -- and it is my belief -- and I know most of our members share this belief with me -- that local control today is truly a myth. We have core curriculum, we have test scores, we have mandates, we have budget caps, we have so many directives. When I started in this business, Title 18A was one book. Title 18A today is four volumes, the Administrative Code. So the districts have very little leeway.

The one place where they do have -- and, Assemblyman, this addresses your disparity-- They have the decision-making powers for contracts and salaries. When you negotiate and you make those decisions, that's what makes the difference. Remember that 62 percent to 65 percent of our budget is comprised of salaries and in some districts higher because of one issue, senior staff.

If you have 80 percent of your staff at the top of the salary guide, no matter what you do, you're not going to cut cost. It's still there. People aren't retiring as readily today as they have done in the past. People are now looking and saying, "Well, if I need 80 percent of my current income to live, I'd better build up my pension," and they don't move out. Financial savings, myth or reality? We think it's a combination. There are some real savings to be effected by regionalization.

Finally, educational justification. Too many times we talk regionalization and we don't look at the impact of education. I leave you with this. If we are going to regionalize school districts, why aren't we regionalizing municipalities? Now, the issue is the same as municipalities so that when you hear from a representative from the Mayors Association -- you may or may not want to hear from them and hear what they have to say about regionalizing municipalities. There are many, many horror stories about duplication of

services and municipalities. I'm sure that those are things that you should take into consideration.

That's essentially our report. As you can see it doesn't make a specific recommendation. What it does is to identify all of the issues that need to be considered. The fact that regionalization is an issue that has been around for a long time -- and I wish you great success in trying to resolve this and come up with some recommendations -- I have a feeling that your final report will probably be somewhat similar to ours. We can't come to a definitive conclusion, but these are the things that should be addressed.

I'd be glad to answer any of your questions.

ASSEMBLYMAN MALONE: In all honesty, I think the time is ticking where people want definitive answers though.

Do any of the Task Force members have any questions?

MR. D'OVIDIO: I was just curious, based on your experience and background, would you care to make a recommendation to this Task Force on what you would do if you--

MR. KEYEK: Well, I work for the New Jersey Association of School Business Officials. My salary is paid by the members. If I were to come up with a personal recommendation, I'd probably be looking for another job very quickly. (laughter)

I think that in sitting with the Committee and listening to people, they recognize that regionalization is an issue that has to be addressed and regionalization can effectively bring about some savings. But their concern is that regionalization, like a lot of other issues that now impact education, is not being introduced with education in mind. That too many of the issues that we deal with today are responses to political issues rather than education issues. While we may be looked at as the bean counters, the majority of our people

came up through the ranks -- were teachers -- and still have a great faith in public education. I do. I'm a product of public education, my kids are a product of public education. I don't think that we would say that it shouldn't be done at all. There is no justification for some school districts with 230 kids.

However, if you say small schools aren't efficient, why are we having charter schools? Why is the administration saying charter schools are the way out? If charter schools are the way out and they are small in operation -- really it's not the charter school or the size of the school, it's the imposition of all of the regulations and statutes that may prevent a small district to becoming efficient. Who is to say, until we find out or decide what's efficient, that a small district isn't efficient? The small district may be providing the best education in this state, and we have no way of making that kind of comparison except for what? Fourth- eighth- and twelfth-grade tests.

ASSEMBLYMAN MALONE: Assemblywoman Murphy.

ASSEMBLYWOMAN MURPHY: Good morning. I appreciate your candor because when I read--

MR. KEYEK: That's one of my problems, Assemblywoman, that I get asked questions and I answer them.

ASSEMBLYWOMAN MURPHY: I appreciate it.

I read the report, and I thought to myself, my goodness this sounds as though it was written by a group of people who would die if you changed anything because there would be a lot of jobs gone and a lot of people who wrote this might be out of work. And to some degree that's true anytime you ask a group that is involved in something to tell you what you should do to change where they are. Nobody particularly likes change.

I'm quite sure that you could find someone who would tell you bad things about any proposal that came from this committee or any other

committee. Because there are people out there who can always find the half-empty glass on the table that may be filled with glasses that, to a lot of us, look half-full of opportunity.

I find it kind of too bad, also, that in some instances I don't feel -- you spoke about it two minutes ago -- that the children's education was considered. What seemed to be considered was the difficulty in adjusting to the differences of where the people are working, how many people are working in the system, how the buses are going to move, how are we going to explain to parents. I don't think that's a consideration about the education of the children or the quality of education for the children at all. That was a wee bit disappointing to me, also.

But I will preface it all by saying that I went to probably five different elementary schools and three different high schools in my life, and to be very honest, I missed world geography in every single one of them, but I did get United States geography down pretty good. I don't feel sometimes the great attachment we have to people having to stay close to home and stay in one school and go to all of these years with their friends is the thing that makes an education for them. It's the thing that makes, perhaps, an insular social life. I don't know that it is the focus on the education for the child themselves.

So I would like to have seen a report that said this is going to be one of the toughest things that can happen and here's how we are going to do it or how it can be done if we all work together. Because I don't believe the Legislature is going to change the education system in this or any state, frankly. I don't believe that the principals and supervisors are going to change it by themselves. But I do believe if enough of us are willing to say that it must be changed, to the benefit of everybody, then it will be changed.

And I think that's what part of Assemblyman Malone's challenge to all of us is here. It's not a threat, it's not a stick or anything. It's saying more budgets will be defeated, more expansions are going to be defeated, not because people don't want their children educated, because they have *X* amount of money and because they have really sometimes felt that they have owned boats, which people say are big holes in the ocean into which you pour money. I think sometimes people are beginning to feel that way with education, and they shouldn't. They should feel very positive about the opportunity that education brings to their children to create a life that is even better than the life their parents had or a life that is different with expanding opportunities and tremendous global things we can look at.

It is all of that that I would like to see. And I was a little disappointed that the report from the people who are at the top of the education ladder, from my perspective -- the top of where the kids are-- I was disappointed that that did not come from that with a bit of a fire to light us all. Because it is only you people who have done this, who have been with these children, who are training them, who are bringing them up, who have control of their minds in so many ways. You're the people that have to put the excitement and the fire in them. I was looking for some of that in the report, and I was very disappointed that I did not find it.

I'm sorry that I'm being so blunt, but you seemed to be pretty honest here this morning and that's--

DR. KEYEK: I could respond to your comments, perhaps with some jaundice view, some cynicism, that we recognize regionalization could cure some of the issues. We're not quite sure, and I'm not sold yet, because in the district in which I worked, a small district, 2200 students, two

elementary, that we didn't provide a quality education to kids and we could have done that.

Does the District of Mount Ephraim, which sends their high school students to us -- does the elementary school provide a quality education? Of course it does. The majority of the kids who came to us were well prepared because of articulation with the people, the teachers. We had in-service programs together. We can do that.

But the real issue is not whether it's educationally sound, but is it going to fly politically? Our members are political creatures. They have to work with a board, they have to work with a community. For a business administrator to say to a board, "I think we ought to look at regionalizing and I think this is the best avenue to go," if the nature of the community is such that they are totally opposed to regionalization, it isn't going to happen. You can stand on the soapbox and say, "Yes, this is the greatest thing. This is the thing that we need to do," but if you know it's not going to happen, you try to make the best with what you currently have.

I attended the NJEA legislative conference last Saturday. Twenty-three legislators were there. I heard 15 -- 14 or 15 -- who said, "In no way will I support mandated regionalization." They recognize from a political standpoint that that's a real piece of dynamite. They don't want to touch it. So can we come up with other ways? Yes, that's what we looked at.

Our purpose of this was not to dwell on education or to focus on education. Our business is a business of operating a school district. What we are looking at is, in the operational scheme of things, this is what we need to do. Education? Yes. Will it change education? It sure will. I think when you look at our one page of educational advantages and disadvantages, the majority

of the advantages outweigh the disadvantages. It's always a difficult process to look at what I consider to be one of the most difficult issues.

ASSEMBLYMAN MALONE: Any other Task Force members have questions?

Assemblyman Blee.

ASSEMBLYMAN BLEE: Gene, early on you had mentioned that, from your perspective, it was harder to regionalize high schools as opposed to elementary.

DR. KEYEK: Well, the regionalization-- The high school itself, because of the dollars involved, people just seemed to think that a regional high school is a better way to go. The kids are-- They are going to go away anyway. The high school is the center of the community. There is less resistance to regionalizing high schools than there is regionalizing elementary schools.

Assemblywoman, I would tell you that in my own household, when regionalization was being addressed in Camden County-- Of all people -- my wife is a teacher. She is educated, a good mother. She was the one who said, "I'll lay down in front of the damn bus. They are not going to bus my kids." That was the end of discussion. I was shocked, and I sat there and said, "Are you sure? Think about this."

This concept of neighborhood school, well, it's inbred in New Jersey and people don't want to give it up. There is always this fear that when we talk regionalization, this is what is going to occur. You can guarantee it, you can say everything you want, but there is still that innate concern. So that is why high school is much easier. "Send my kinds on a bus, okay. It will be good for that kid to sit still for 15 minutes or 20 minutes. It's the only time he'll sit still," that type of attitude.

ASSEMBLYMAN BLEE: To kind of almost backtrack. In Atlantic County, we have 10 high schools, 3 are private, 7 are public high schools, and dozens of elementary schools. For the most part there seems to be very good working relationships between all the communities who are sent to the high school. Don't you think that they would be kind of natural units that have already worked together, have broken down political barriers -- social barriers -- in many cases, for decades? Wouldn't, maybe, that be the kind of place that you would start to encourage some type of regional shared--

DR. KEYEK: That is probably the best place that you could start by looking at those limited-purpose school districts and moving to *K* through 12 process. The question then becomes you've got four boards, you've got this concept of local control. Once we move to a *K-12*, we lose some of our ability to dictate what will go on in the elementary school, and we lose our identity with our elementary school.

I guess I could probably give you an example, Gateway Regional in Gloucester County. Three districts contiguous to each other, Wenonah, Woodbury Heights, and Westville. National Park sits over on the Delaware. The Township of West Deptford sits between them. Should National Park have gone to West Deptford and not gone with Gateway? West Deptford didn't want National Park, so they didn't go there. They went to Gateway. Gateway has a great articulation program, and by articulation, everything is done: curriculum, child study team, a number of shared services. That is already underway.

Would the next step be just move that into a *K-12*? It would make sense, and probably in terms of dollar savings there would be some dollar savings involved as long as there was this idea that the identity of the local district would remain in the elementary school. That's why, when you look at

that one recommendation of governance, that the governance would stay -- but the operation would stay within the local district, but the governance would move around. That's, I think, another option that you have to look at closely.

ASSEMBLYMAN MALONE: Any other--

ASSEMBLYMAN BLEE: Has there been historical experience that that type of district that I just described, from your years of study, have you seen that done anywhere in that state?

DR. KEYEK: No, primarily there is just no initiative for people to do it. Now, given the current costs and the budget caps and all of the other fiscal issues that are before us, yes, that may occur. That may be an incentive, but I don't see a groundswell of people out in the community saying, "Let's regionalize." All we're hearing is let's cut costs, but nothing coming out to say how we are going to cut costs.

ASSEMBLYMAN BLEE: To follow that thought through, then, have you seen, or has your group identified, possible positive economic incentives as opposed to saying, "Gee, we better do this because we are getting cut every year budgetwise"? Would there be incentives that you have identified that would entice regions to do that other than the negative incentives as we seem to get squeezed a little bit more every year? Could the State infuse extra dollars that would expand services?

DR. KEYEK: Yes, there was a time in which you did get additional funds to regionalize, and then that dissipated over a period of five or ten years. Then you also had the discussion of the disincentive that if you didn't regionalize, over a period of five to ten years each year you would lose 10 percent of your State aid. You want to stay at K-6, you want to stay at K-8, you do that, but you do that with your taxpayers' money, but you're not going to use State money because the thinking is that a small district is less efficient.

See, that's the challenge that we have. How do you know it's less efficient if you don't have ways to examine this, and this is where I take -- not just the current Commissioner, but Commissioners in the past-- No one wanted to address those issues of what is quality education and what is efficient education. It's just not out there. We're just, again, swimming upstream. We are doing the same studies that we did 15 to 20 years ago.

I've worked on so many committees and prepared so many reports and -- starting with the Mancuso Report -- and it sits on the desk for a while and people look at it, it makes great headlines, and then it slowly just sinks away.

ASSEMBLYWOMAN MURPHY: Have those studies been done in other states? Any other state?

DR. KEYEK: Yes, there have been numerous. The Educational Research Services down in, I think, Virginia has a host of regionalization studies.

ASSEMBLYWOMAN MURPHY: On definitions of efficiency, definitions of what is -- in terms of the state -- an average district? What is a good district? What is an educational developed district, or something like this?

MR. KEYEK: Unfortunately, we always resort to the ultimate question. What if efficiency is measured by fiscal considerations? We put a dollar amount to it. We really don't look at what kinds of programs do we want for our children in a school.

ASSEMBLYWOMAN MURPHY: Nowhere in the United States they do that?

MR. KEYEK: Kentucky did it. Kentucky looked at model programs. I picked up the North Carolina model. The North Carolina model

is primarily for efficiency sake measured in dollars. Most states, because of just the very nature of education -- the cost of education -- we look at it, we identify it, and we say what, does it cost? The Commissioner's illustrative model is an attempt at doing that in his Comprehensive Plan. All we want to know is, where did you get this? How did you arrive at these figures?

Well, from what I understand they took the '94-'95 expenditures. Well, that doesn't measure what is efficient. We are working with a benchmark committee trying to identify what our quality benchmark is to provide a good program. It all depends on district configuration.

ASSEMBLYWOMAN MURPHY: I guess my frustration, to a degree, is that it seems to me that New Jersey keeps looking in New Jersey for a new answer from somewhere else, but they don't look anywhere else but New Jersey. I'm wondering if no other state or no other country has any other answer that we could even look at or review or perhaps translate to something that would be useful here.

DR. KEYEK: Well, we do go outside the state. In fact, most of our research we contact our other state organizations and we ask for research dealing with these kinds of issues, and some of them have addressed it. The majority who have addressed regionalization have done it one of two ways: fiscal incentives or forced regionalization. They just come in and say, "We've had enough. This is what you got to do. You are going to do this within five years. Let's get it over with." But that's-- They don't have, perhaps, the same kind of inbred political local control that New Jersey has. New Jersey is unique in that aspect. We have a stronger local control attitude -- don't tell us what to do -- than most states will.

ASSEMBLYMAN MALONE: Okay. Any other questions?

ASSEMBLYMAN CONAWAY: Following on that about efficiency, aren't there-- I guess efficiency tends to look at cost, but in terms of quality aren't there-- Why aren't test scores-- Why can't we just look at the test scores and look across the state and rate people according to test scores and just use that? Or say that there ought to be a certain -- in the curriculum that you get a quality education if you've got a computer program, if you are able to take care of those students with special skills whether it be in music or in art.

Falling on that, my question is, in these smaller schools, do they provide all of those services? Are there computer programs in smaller schools to the same extent in larger schools? Are there art and music programs in the smaller schools to the same extent there is in larger schools? And would we be able to provide those things if they are not currently being provided at the small school by moving children together in a larger school, getting efficiencies, and spending money on those programs exposing those children to those kinds of things?

DR. KEYEK: Let me put my superintendent's hat on then. In terms of education, the disparity that you see is a lack of recognition that kids come to school with different levels of preparation. That to me-- When we talk about test scores, that fourth-grade or any test score, children -- and there is enough research to substantiate this statement -- that children from higher-income families have exposure to greater activities and they do better initially. Now, if students from a lower income-- I went to schools in Camden and I came from a large family. The kinds of exposures that I had at that period of time were not the same as people in other parts of the city.

Now, I was given the opportunity because the Camden Schools had a variety of programs, excellent education, so that the catch-up was there.

Can we do that now? Yes. Does it cost money? Of course it does. If you're going to provide that same kind of goal or incentive, do we measure everything by test scores? No. How do you measure art by a test score? Do you say that I can identify the artist who did each one of these pictures? There is certain aspects of education that are not measurable in a quantitative style. Until we recognize that, until we say that we will never see the results of that, we may never be able to measure it, but is it good? Should children be exposed to these kinds of activities, these kinds of learnings? Of course they should. I don't think there is anyone who would deny that.

Can we offset what they see on television? Can we use television to make it better? Yes. But efficiencies, that's a tough call.

ASSEMBLYMAN CONAWAY: I mean, my point was on those other things, the sort of extra things -- that people might call extra things like music and art in schools. I mean, I would say, of course you can't measure those things, but yet I think we all intuitively know that children ought to be exposed to those things. My question was, if we, by moving children into a more regionalized setting -- are we going to provide for that kind of experience for those children who are now in small schools where perhaps they don't get that experience now?

MR. KEYEK: I think if you look at the analysis of test scores, you wouldn't find anything to substantiate that assumption because test scores run the gamut, whether it's a K-12 or a K-6 or a K-8. It really-- There is nothing in our current level of data that would indicate that that's so.

ASSEMBLYMAN MALONE: I think we have to move on because we have some people that have to leave here and I would like-- I appreciate your comments and I think the Task Force appreciates--

DR. KEYEK: I would be very happy to provide any other information you need.

ASSEMBLYMAN MALONE: And if anyone has any follow-up questions, would you object if, through the Task Force, that we send you the questions, and if you get some answers we would appreciate it.

MR. KEYEK: No problem.

ASSEMBLYMAN MALONE: Thank you very much.

I would like to now ask the members from the Regionalization Advisory Panel come forward.

Who is going to be your spokesperson, I guess?

MICHAEL C. BIBB, ESQ.: Michael Bibb.

ASSEMBLYMAN MALONE: Okay.

MR. BIBB: I don't know if there is enough seats.

ASSEMBLYMAN MALONE: Before we get started with this panel, I would like to introduce Assemblyman Conaway from Burlington City and-- He and I sort of grew up in the same community, slightly different times. He's a Bordentonian, also.

ASSEMBLYMAN CONAWAY: Glad to be here, sorry I'm late.

ASSEMBLYMAN MALONE: Thank you.

Ladies and gentlemen, proceed.

MR. BIBB: Thank you very much.

Mr. Chairman, I would like to take the opportunity to thank you and your honorable committeepersons for allowing us to come before you and make a presentation on our final study that was recently issued. In attendance with me are members of the Regionalization Advisory Panel, Dr. Pablo Clausell, Mr. Terrence Crowley, Virginia Hardwick, Mr. Robert Smith, and Doug Groff, who is with the Department of Education, and I'm Michael Bibb.

The approach I wanted to take was basically give you a summary -- and I believe everyone has had an opportunity to review the report that we issued -- and then from that answer any questions that you may have.

I would just like to share with you a couple of things before I begin in summarizing my role. I'm on the-- I serve on the Panel, and I also was recently appointed to the Governor's Property Tax Commission. It's kind of interesting that we met yesterday and this topic was one of the major topics that we discussed, and I would be happy to share some of that information with you as well.

ASSEMBLYWOMAN MURPHY: Hardly coincidence. (laughter)

MR. BIBB: As you know, the Panel was created by the CEIFA Act of 1996. It was a 12-member Panel comprised of educators, individuals from the business sector, board of education members, PTA representatives, public accounting, as well as a lot of technical assistants from the Department of Education.

Our purpose was to conduct a study and develop recommendations regarding ways to incur school districts to regionalize and share services. There were a number of other issues that were on the interim of debt charged that we also looked into in regards to consolidation and sharing service of noninstructional services that are rendered by school districts.

We met over an eight-month span. We conducted public hearings, and we studied all the topics that were presented before us with the greatest emphasis and the Panel focusing and heading towards the issue of regionalization of school districts and consolidation, sharing of services.

I guess to begin with, the principal issue that we felt that jumped out as we began this process is that in the State of New Jersey there are 618

school districts that are presently in operation, including 24 nonoperating districts that are in existence. We thought that when you look at that issue-- the Panel thought -- that this increased the cost of operating school districts across the state.

ASSEMBLYMAN MALONE: How many did you say again?

MR. BIBB: Six hundred eighteen school districts with twenty-four nonoperating.

ASSEMBLYMAN MALONE: Twenty-four nonoperating.

MR. BIBB: That's correct.

And yesterday, as a result from the Property Tax Commission, we had someone from the Treasury Department present a study of information that has been gathered from the U.S. Department of Education indicating where New Jersey stands in regards to expenditures for education in comparison with other states in the country. We fall pretty high in regards to expenditures that are spent. I can make a copy of this available to everyone, as well, for your review. And the person that presented was very-- It was a very interesting presentation because he pulled in examples of many different states and how their educational systems were set up in comparison to what their costs are to what New Jersey's are.

We viewed that regionalization and increased use of shared services will improve educational opportunity, both by improving efficiency and by making better use of facilities and professional services, and it may allow local districts to improve education through sharing of expertise, improve articulation of curriculum, and greater opportunities for professional development.

What I wanted to do, basically, was to share with you some of the obstacles that we felt were impeding moving towards regionalization and summarize where we fell at the end of our study. Some of the obstacles--

Let me share this with you as well. My role here as a member of the Panel-- I also am a member of the Board of Education of a local elementary school system in Camden County -- it's Winslow Township -- and I also serve on a regional school board as a regional board member. We, in that situation that the previous speaker had mentioned, are in the throws of a deregionalization effort to try and dissolve a regional structure and form a different school structure. So some of the obstacles that we are going to talk about here I can share a few from personal experience, but also one of our Panel members is in the middle of some issues, Mr. Crowley, from--

ASSEMBLYMAN MALONE: I think the panel would be interested in hearing quite a bit -- maybe we may ask you to come back again -- about the deregionalization effort--

ASSEMBLYMAN CONAWAY: I would love to hear about that myself.

MR. BIBB: Okay.

ASSEMBLYMAN MALONE: --and what happened with that issue, because I think in my understanding of this whole regionalization issue is that we are starting to see a proliferation of school districts that want to deregionalize for a variety of reasons. I think that maybe getting individuals who are going through that process to find out what prompted them to want to do that so that if we do have glaring problems in that area that we can maybe correct those problems and look to a more meaningful way of having people want to join together.

Proceed, please.

MR. BIBB: I would be happy to share that experience. Some of the obstacles-- We met and we discussed and reviewed studies and discussed amongst ourselves a lot of the issues that -- things that jump out at you. There are political obstacles, there are personal agendas, there are many times emotional issues about this regionalization or not to regionalize. Along with that comes statutes and codes that sometimes impede districts forming relationships and make it difficult for this to happen: limitations on existing categories, current regulations governing school facility construction, current rules governing board representation of a newly formed board of education verses one that is presently in existence.

I would like to give you an example of how statutes and personal agendas and emotional issues have come into play in a particular situation that I find myself involved in. There has been feasibility studies done by the constituent districts. There has been advisability studies done, there has been another feasibility study done. It was placed before the Department of Education for a recommendation in regards to dissolving Lower Camden County Regional for what they recommended. The State came back, which I felt was a proper recommendation, that to resolve that situation that you're talking about -- a limited-purpose regional school system serving seventh-through twelfth-graders and having seven communities feeding their children into that school system -- the Department of Education recommended that the proper way to resolve that situation because it's an overcrowded situation -- we are overcrowded by 1000 students in that school system right now -- in the high school-- They recommended that you dissolve four of the school systems -- the elementary school systems and you form three large K-12 regional school systems. It was a proper recommendation, I felt, from the State Department.

It was resoundingly said, “No, we’ll never eliminate our home school situation. Our elementary schools -- how could you take them away from us?” It was the right recommendation, but because of the way that the statutes are drafted, it will never happen. So the communities, as a whole, had to decide of approaching the dissolution of the regional district in another manner that could accomplish what the goal is of all the communities because of the statutes. Because you have to get -- in order to dissolve a regional, you have to get a majority of the constituent districts to approve it and you have to get an overall yes vote.

If you tell seven communities that you’re going to eliminate the elementary school districts before you even put it on the ballot, it’s a dead issue. So we decided to go it another way that met the needs of those respective constituent communities to try and get this before the voters so that they would approve it, and that’s being dictated by the statutes. That’s why it’s going in that manner. So that’s an example of how the statutes and emotional issues are coming into play to stop what was recommended by the State Department as a proper direction to take. It is not going to be followed because of these obstacles.

We also looked at financial incentives and disincentives. Increased tax burden creates a disincentive; loss of State aid when you join a wealthier district. Administrative penalties have been presented by the Education Department to encourage people to look at regionalizing or combining services, grants and funding that are only available to *K-12* districts.

We live in a situation -- and my particular situation -- where we are *K-6*, and we can’t get certain funding because we are not a *K-12*. But in many instances that still doesn’t drive people to go in that direction, to look

at regionalizing, to get it back, to take the advantage of getting the extra funding.

As you look through the report, we came down to a decision about--
- The issue is, if you recognize it and you agree that there are too many school districts in the State of New Jersey and that there is a way of saving money and providing a better educational environment for children, that you need to go about the route of trying to reduce a number of school districts. We felt that it came down to, Are you going to mandate it? Are you going to let people have a choice? Those are what we-- As our final report, when you look through it, I think you'll find that that is, kind of, the heart of where we landed.

That recommendation was not made lightly, and it was also made and taken into consideration that there are many small school districts in the State of New Jersey that are doing an excellent job in regard to educating the children in those communities and that you do not want to take a step that is going to destroy what's being done to enhance those children's education. But if there is an opportunity to find a way to save money and provide a better educational environment for children in our state that we have to take a look at doing it, and we have to look at doing it by voluntary -- if you can get people to volunteer, but if you can't, eventually, we are going to have to make the choice of mandating it if it is not done.

As you read our report, I believe you will find that one thing that stands out there is that we feel that it's going to require strong leadership. It is going to require people to stand up and say, "This has to be done because the time is now. You can't go on in operating this system too much longer because you're hurting the education of our children in the state by not giving them the best opportunities that we can." If you can give an economy of scales

as far as combining districts and saving money, maybe you can add more money to programs.

There was some discussion in regards to, if you have a *K-6*, are you offering them some special area items that you were talking about as far as art and music. Maybe by combining a school system into a larger regional structure you have more resources, you can save money and put the money into where the programs will benefit the children's education a lot better.

We felt that it's going to take a commitment. We recommended in there -- in our report -- to implement voluntary steps -- voluntary incentives -- to encourage districts to merge. Also, we recommended that a part of that voluntary part went to empower the Department of Education to go and do the studies to make a determination of whether or not there is a savings to be made and an educational benefit for certain districts to regionalize.

We started out by recommending definitely that you eliminate the nonoperating districts and that you start looking at your smaller *K-6* districts that send to a regional system or a limited-purpose system, and see whether or not those make sense to be merged into a regional structure. When you talk about the home school situation-- When we discussed this issue, it wasn't an issue about eliminating, because when you regionalize that means the kids won't go to school in a school that's right down the street now. Now they have to be sent to another location and you can maintain your home and school environment. That's why you have your community involvement and you have your parent advisory councils getting involved with the schools. You can maintain that. You're talking about changing the governance of your educational systems that are in place right now and give them a little bit larger span of control to a smaller group of people.

I believe that -- this is a personal opinion, I can't go and give you documentation for it -- when you start cutting some of the professional services that are being rendered that you can find some savings there as well. Because there is duplication of those services however you slice it. One way or the other, there is duplication of it.

At the moment, the Governor in her State of the State address presented to the State of New Jersey that she is going to put this as a referendum before the voters to get the sense of what the voters want in regards to regionalization. I believe that's a good move, to get a vote before the voters to find out if they are going to support moving in this direction. But I do believe that our report is encouraging the Legislature and the Governor to implement some voluntary measures, some incentives -- some financial incentives -- to encourage people to do it. And if they still don't do it, then we have to go about the steps of possibly mandating it.

That would be a summary of where we are, and I would like-- If any other comments from our Panel--

ASSEMBLYMAN MALONE: I guess I have two questions. No. 1 is -- and I think if recommendations are made and if a policy is set forth, as I said earlier, sometimes the feeling that I'm getting from individuals is it's only as valuable as the piece of paper it's written on today. It has no value a month from now, six months from now, a year from now because situations change. I think many people are reluctant to go forward knowing that if they make a decision today based on one set of facts that those same ground rules will be changed, and therefore, they will be left in some type of disadvantaged situation years to come.

I think that's something that if we do come up with a proposal that we have to lock that proposal in so that everyone knows what the ground

rules are and that those ground rules stay the same in perpetuity and not change at the will of the Legislature or something like that and put people at a distinct disadvantage further down the line. I think that is a critical issue.

The other issue that I think is one that is of major concern -- and I'm not sure that you spent a lot of time on this and I spoke to members of the Department of Education yesterday -- is disparity of cost on a per pupil basis. It was an issue that I think has been near and dear to the hearts of many people on this panel and also many individuals who are parts of regional school districts now. That's one of the major reasons why regional school districts are being torn apart. It's because of the vast differences in per pupil cost based on community wealth. I don't know if you wish to address that issue.

MR. BIBB: Mr. Groff.

DOUGLAS B. GROFF: Sure, pass it to me.

Good morning, I'm Doug Groff, at least for the next two weeks, Burlington County Superintendent of Schools, and then I move on to Gloucester County and assume the position of Coordinating County Superintendent for the south.

Good morning, and once again, I served as the liaison on behalf of the State Department. I think the first issue that you brought up this committee (*sic*) addressed very quickly is that they did look at some pilot districts that we should move forward, and they did put a time span in the report -- I think you will read that -- where they said that within a certain amount of years you would have the opportunity to reinvestigate it and then make a motion to remove or continue, and that would have to be done jointly by all the constituents that were involved. So I think that has never been done before.

You can be assured, too, that this Committee did say-- One is that they felt that the best approach is voluntary and that's the way it should be done and that's why the report has included for the incentives. If we had some incentives it would be very helpful. So there is a time frame, both the beginning, with pilots, and also at the end, that the districts involved would be able to review. And I think if you went in there knowing that there is a light at the end of the tunnel where everybody could have a democratic input to whether they would want to continue or dissolve without a penalty and without all the commotion that happens--

I did do some research on your second question, Assemblyman. Prior to 1976, the regional districts -- there are about half of the regional districts that were portioned and based on per pupil cost. The other half was on property value -- equalized value. If you remember, the *Robinson vs. Cahill* case led to Public Law, chapter 212, which was enacted in June of '76 or '77 -- right in that time frame. This was done legislatively. What the Legislature did at that time, because they knew there were concerns between per pupil and equalized value, is they allowed a five-year phaseout where it would go from per pupil to being based on property wealth. So that was done and I think you mentioned that.

In the '80s, there seemed to be a change, and that would be the five years, around 1982. I think from Burlington County -- of course, Bordentown would have been the last one in that particular region-- What happen was this was challenged, going totally to equalized valuation, and it went to the New Jersey Supreme Court. The New Jersey Supreme Court upheld that the Legislature did have the authority and was well within its right to establish that as part of Chapter 212, which really was the first T&E law -- let's call it that, the first T&E law.

Then, finally, the pendulum has swung back. I think in 1994 there was legislation that would allow communities to vote to see if they would like to go back and change it to per pupil. Of course, we haven't had too many takers for that, but I think that does give you a little bit of historical perspective.

As a final note, and I'm sure other committee members can add on to this, what we were looking at -- and this was not a State Department of Education group. I served as the liaison. One thing that we did notice was the Commissioner of Education really has no real authority when it comes to regionalizing or looking at districts to make them both economically more efficient. The CEIFA does provide the Commissioner with a little more authority to make them educationally sound, okay, and improve education.

I think that's one of the areas that the group really studied very thoroughly -- was that there has to be some -- I guess you would say teeth. I don't know how you would want to describe it, but give the Commissioner some authority to really do some studies in a serious vein and then make some recommendations to those communities to show them the benefit of such feasibility studies.

Also, before I leave, I will-- It's interesting because there has been 11 studies done in 30 years, and it seems like every two or three years we are bringing a group of people from all over the state, from all different walks of life to spend -- we spend about 70 to 75 hours together. We got to know each other very well. I think the idea with the referendum makes sense because, one, we can either move forward with it and really study it and/or maybe put it to rest so that people aren't driving all over the place every couple of years. That's more my own personal -- that's my personal perspective on it.

But I would want to leave you with something that was done in 1995, and I have copies for each member, which we used as part of ours. We also used the ASBO document as a part of ours, but it does show some barriers to regionalization and some ways, that even in 1995, there were some ideas on how to get this ball rolling if we are going to be serious about regionalization. So I hope that answered a couple of your questions.

ASSEMBLYMAN MALONE: I guess my concern is that with the fact, as I had mentioned earlier, about the proliferation of attempts to deregionalize, if we don't stop that bleeding, we aren't going to be able to reverse the trend and encourage people to regionalize because we have set up a set of circumstances that make it not worth even looking at the issue. I think that is really my major concern and the major focus I want to have this Task Force. We've got to stop the bleeding before you can worry about a corrective action going in the other direction. Hopefully, when we have the representatives from the Department here at the next meeting, the historical background of the *Robinson vs. Cahill* issue, in which the Legislature put forth a change of the way it was apportioned, really was in reverse of what I thought happened.

I thought that basically it was affirmed that it had to be on community value and not on a per pupil basis. But all the court case did was affirm that it was okay for the Legislature to reapportion it and not the other way around. The courts didn't say that it's illegal to have regionals done on a per pupil basis. They basically said that it was okay for the Legislature, in its wisdom, to change that formula, which is a major difference. I was under the impression that it was, in fact, a mandate from the court to change the way it was apportioned.

So you have enlightened me on that factor which is, I think, something that we have to take a look at. And, again, I know that none of you are experts in the area of this history, and so forth. I did have a long conversation yesterday with the Department of Education, which I was very pleased at the conclusion of that conversation, that I think will be able to give this Task Force some very, very solid insight into the history of this so that we can maybe go forward, stop the bleeding, and make some constructive recommendations on how we can positively promote regionalization in a voluntary sense without having people worry that they are putting their head in a guillotine and, as soon as they say yes, their head is going to be chopped off. I think that's really what has happened in a number of regionals where it was easy to get into under one set of premises and impossible to get out of because of the inequities that you set up, and you really don't have the one man, one vote rule anymore. It's not quite a democratic situation.

MR. GROFF: Your committee certainly doesn't have an easy task, and we can deal with that.

ASSEMBLYMAN MALONE: Nothing we've ever done has been easy, so I don't expect this to be easy.

Are there questions from any of the Task Force members?

MR. PETERSON: I think Assemblyman Malone has made the central point. I know, at least with one district which I am very well familiar with, Mr. Bibb's testimony is accurate, and it illustrates there is extreme difficulties, and it's actually an impossibility to ever deregionalize. You have one experience, even though here is the recommendation out there that that is a direction that may be a positive one, both economically and educationally. We've got to solve the problem before we move on, because as the other gentleman indicated, in 1994 legislation was passed which would permit a

voluntary change in the apportionment among regional districts, the towns, or components. However, that is annulity. In many circumstances, it's an absolute impossibility, and it's just something that is never going to happen.

So that has to be corrected and looked at. The inequities have to be addressed before we can move on.

ASSEMBLYMAN MALONE: John, you may want to point out that in your particular circumstance -- what the inequity is in your situation.

MR. PETERSON: Well, in ours the history of it entailed, as Assemblyman Malone illustrates, back when the region was formed, it was very well received and it was entirely based on a per pupil basis. That was how the towns entered into it. It was a contract, if you will, based on a court interpretation. That contract has been breached in our district.

And the Assemblyman is right, it wasn't the Legislature, it's an interpretation by the courts which has effectively breached the contract, whereby now the inequities are building up, and each year it gets worse and worse. Our particular town, for example, is paying approximately \$25,000 per student, whereas another town in the district it was around \$4000. The average is around \$7800. There is absolutely no way under the statute passed in 1994 that the district is ever going to voluntarily address that. So that is just one example. There are some others out there in the state that we were familiar with.

MR. QUINN: There was just a vote in our county on a change of apportionment with the Freehold Regional District, which was overwhelmingly defeated because there were going to be winners and losers. So if you've got a town that's already paying the lower rate, why would they ever voluntarily pay the higher rate?

So we are going to spin our wheels even though we have had this opportunity to change back to per pupil. Now that we've got this broken system it looks like we are stuck unless we do something else about it.

ASSEMBLYMAN MALONE: I think the whole purpose of what we are trying to do here -- let's tell the truth about the problem. We talked around it, but we haven't heard any reports really say how bad it is. I mean, talking about the Seaside Park situation, talking about some of these other gross inequities, I've heard it as bad as \$47,000 per student. I think we have to, as a Legislature, look at this issue and find out how we resolve this issue before we can go forward. If we don't resolve this issue, it is going to be literally impossible to go forward because people are not stupid. Why would anybody put themselves in that kind of situation, especially a community that might be underdeveloped. Looking to develop it may end up being a gross inequity in a relatively short period of time.

Communities that have forward-thinking, reasonable people in office are never going to want to have that stone put around their neck. So I think, unless we can come up with a way of leveling the playing field, we aren't going to be able to go forward in a meaningful sense with meaningful regionalization, but that playing field has to be leveled.

I think the Governor is looking at this, and I think that she is sincere in wanting to make efforts to try to make it reasonable for communities to regionalize, and I think we have to address those issues.

MR. QUINN: Excuse me, I have one last question. In your report I didn't see a definitive conclusion, though it seems to be implied that the *K-12* structure is what you envision as being the best model. It just seems natural that it would be because of the expanded articulation and opportunity to have

developed curriculum from kindergarten through the 12th grade, but I didn't see it specifically in here. Is that the consensus of the committee?

MR. GROFF: Yes.

Can I just share a little war story with you. I had a board meeting Monday night at the regional structure, and someone from one of the elementary schools asked a question about the Early Warning Test and why the test results were so low for the regional structure. And the Director of Curriculum got up -- stood up -- and said, "Well, you got to remember, we've only had them for a year when they take the test. You should really evaluate them against themselves when they take the High School Proficiency Test."

You're sitting there and listening to that, and some of my other members leaned over and said, "Well, isn't she given a good reason why you want to have a K through 12 structure because then you would have the continuity of development, or articulation, that will go through the system? Because you really have-- In our particular instance, you have an entity that is separate from the elementary schools. In past years, it has not been very much working together to meet the needs of the children. So we have viewed a K through 12 as a better educational structure.

MR. QUINN: So what you're saying then is that, perhaps, years ago, when the concept of a limited-purpose regional was established, that was done in error. (laughter)

T E R R E N C E J. C R O W L E Y: Not being involved with it at that time, I don't want to make a comment. Probably at that time that it was formed that was -- made the most sense for a whole variety of reasons, and I'm superintendent--

MR. QUINN: But now it's outlived the juiciness.

MR. CROWLEY: Excuse me.

MR. QUINN: But now it may outlive the juicefulness.

MR. CROWLEY: I believe it may have, yes.

If I may share a story with the committee (*sic*). I promise I will be brief. (affirmative response)

While I was working with the other committee members on this, our district was also conducting a referendum to expand our existing region. We are a 7 through 12 limited-purpose in Gloucester County, and for the 35 years that we've been in existence, we serve four municipalities and a fifth one on a sending-receiving relationship.

The vote was scheduled for December of this past year to expand our region by including our sending district that has been with us, as I indicated, since the beginning. We conducted a series of meetings -- probably a dozen and a half throughout the communities. We demonstrated that because we are in a fortunate position where we have absolutely no debt, even with building a new facility which will house our additional enrollment, there will be a minimal tax increase in each of our communities somewhere in the area of -- depending on the individual municipality -- four to six cents per hundred.

We demonstrated that our curriculum, which we work with our sending district as well as our constituent district, would be improved because we will be responsible for our sending district's students from 7 through 12th now as opposed from 9 through 12th.

Throughout this whole process we received many comments and questions from the community, which we believed we answered. On December 1st, when we had our election, the expansion of the region was defeated overwhelmingly by a seven-to-one vote. At that point, I don't know what the next answer would be where we can demonstrate that we are efficient, we are

saving costs, we are improving curriculum, and we are not hurting the taxpayers. Our community decided that they did not want that and they have spoken, and that is the process that we have to go through.

Short of a mandate, our board is not -- neither of the boards -- going to bring that issue before the voters again, simply because I think when you are defeated seven to one, you got your message in terms of what the community wants. So that's the process that we were going through, while at the same time, I was working with this committee.

ASSEMBLYMAN MALONE: Assemblywoman Murphy.

ASSEMBLYWOMAN MURPHY: Just a question. Has anyone ever done a survey to find out why the voters did vote no? Because we did a semi one in our town when we had a defeat and discovered it wasn't the money, it wasn't some of the things we thought it was. Some people got the news from a friend and didn't have accurate information. A whole lot of mislaid stories started by whoever wanted what. Sometimes-- Our voters back up again and we'll see if anyone has learned anything about public relations in the meantime.

But I just wondered if on a seven to one like that, where you feel you have done the work, whether you--

MR. CROWLEY: Assemblywoman, we didn't do a formalized survey, but we did seek out a variety of community members who we felt had a pretty good understanding of what the issues were and to see what their friends were saying to them. And basically it was a gamut of reasons, all valid, perhaps, in their minds. Some of the things we've heard already that the issue of local control, the issue of losing seats on the board or gaining seats on the board--

The financial issue, even though we believed it was not that significant, apparently in the people's minds it was that significant. Those were some of the more logical, and I'm assigning the motives to that. Some people in the community indicated that this particular school district had an opportunity 35 years ago to join, they said no then, and we don't ask a second time. So you can-- There was no one or two issues that drove to a no vote, if you will. It was a variety of everything which made it kind of difficult for us to sense all of those and answer all those because it wasn't a simple answer.

ASSEMBLYWOMAN MURPHY: And may I ask one other question? (affirmative response)

Local schools and school busing has been spoken of in a variety of ways this morning. How many local schools walk to school? Don't all local schools still get bused locally?

MR. CROWLEY: Not necessarily.

ASSEMBLYWOMAN MURPHY: No.

I live in a very strange district. We seem to bus everybody who moves, and then they fill the parking lots up with their cars because they really don't get on the buses, they just say they are going to.

ASSEMBLYMAN MALONE: Maybe-- Assemblyman Conaway, do most of your kids get bused, or do they walk or drive?

ASSEMBLYMAN CONAWAY: Well, Burlington is interesting in that there are a lot of little neighborhood schools. I don't know what the number of children in there is, but there can't be more than a couple of hundred. You'll have and you will see parents walking their kids to school or driving. I mean, kids don't walk even more than a couple of blocks anymore, so the parents get into the car and drive them down the street even.

So at the elementary level we do have that situation. We have a very-- I would think it would be very difficult in Burlington for people to “lose their local school” because it seems like Burlington has a lot more local schools than other places.

ASSEMBLYMAN MALONE: In our community all the kids walk to school in our community, and we are a *K-12* regional district. If any kids are bused into the school, which is located in the city or the town portion of the regional, they are bused in from the township, and most of the kids take a bus anyway so there is no problem with that. They would have been bused to one school or another, it made no difference. So, in essence, that situation has never been a problem.

I think Fred Caruso had a question.

MR. CARUSO: I have a question of the Panel. I have to apologize for not reading the entire report. I just received it this morning.

On Page 9, I would like to know something about a particular sentence that begins on the fourth paragraph, “However” -- one of your recommendations -- “when an objective study shows a substantial benefit from regionalization, the districts involved should be required to regionalize, unless they can justify that regionalization is not in the best interest of the children.”

I want to know how that process could work. Does the word require-- What does require mean, and then, how does a particular group get out of saying yes or no? What is the justification? What is the mechanism for that in that recommendation?

MR. BIBB: That recommendation, again, involves putting into a process the voluntary incentives to try and get people to look at economies that could be saved and educational benefits to it. And after doing that study and

presenting to the community that, you know, this makes sense for you and educational reasons and financial reasons, you should do this.

And then it said many districts may choose not to do it and whatever their justification-- Our explanation of what the justifications could be to say you don't have to do it -- we didn't go into that, because just knowing the nature of the issues-- I mean, some of the justifications for doing it may not make much sense at all. As we just got an example here about, they asked 35 years ago and they said, "No, why should we talk to them again about it?" I mean-- So it's kind of like that's something that we felt would have to be ferreted out, more or less, as far as what the issues are.

VIRGINIA "GINGER" L. HARDWICK, ESQ.: May I add a thought to that? (affirmative response)

One thing that we discussed is that there is nothing inherently evil about a small school district. It's a problem if it is very inefficient or if it is not providing a good education for the kids in that district. And we didn't want to set up a standard that said all districts under a certain size must regionalize, that there is something just wrong about that. Well, some of those districts truly are doing an excellent job. They are having great test results. The students are doing very well and they are efficient.

So our thought was that if a district could show that truly it was doing a good job and that perhaps in that situation the benefits of the smallness -- and there are benefits to smallness in terms of the personal touch and the relationship between administrators and students -- if the district can show that there really are benefits to remaining small that they should not be then put in a position of being required to regionalize. But if it were less-tangible emotional concerns that did not seem to have an economic or educational impact on the district, then it would be appropriate to step in.

MR. GROFF: There would be a criteria -- and that's one of the things why we follow-up by direct and empower the Commissioner of Education to develop those kinds of criterias. That, in collaboration with the field, there would be a set of criteria that would be used as the study and allow due process for all the districts.

The other issue, too, that we found -- we realize this -- is that the last section deals with shared or regionalizing of services, and we feel that might be a natural springboard to have some incentives on the regional basis. In Burlington County, we just started the Educational Unit Service, which is now handling all special education services from 38 out of the 42 school districts, including the transportation.

That's a natural springboard because then you start developing some of the working relationships between communities. When I was Superintendent of Evesham Township, which is the third largest *K-8* in this state -- district -- we worked on a monthly basis with the municipality, and we shared all kinds of services with the municipality, which really-- That started a good working relationship and trust.

So I think that that's what the Panel is looking for is let's allow the Commissioner, through legislative action, to start some of these studies, and we just don't want to look at regionalization. Even though the papers really hit us hard on that they missed all the other parts about regionalizing. The committee did say that it was voluntary, that it would always be the best approach.

That last section on regionalizing, or consolidating, services might be something that this committee would really want to concentrate on, and I know there are a lot of very good ideas right at this table, and through the testimony that the committee took, that provided us with some excellent ideas.

ASSEMBLYMAN MALONE: There are other questions. Frank and then--

ASSEMBLYMAN BLEE: While we seem to be on a little bit of a positive upswing (laughter), my million dollar question -- and you heard me speak before -- can you identify to the Task Force some of the positive incentives that you've seen out there that you think would be applicable?

MR. GROFF: There is a couple. I've listed a couple of them.

ASSEMBLYMAN BLEE: Whoever has got the biggest smile.

MR. GROFF: There really are. We had quite a few individuals that gave testimony that talked about a lot of sharing of efforts. We, right now, are looking for another LEA in Burlington County to take on some of the other related services such as bulk purchasing, transportation bidding, gas -- your natural gas -- all the retrofitting for lighting, also looking for corporate sponsors to help out with some of these efforts because a lot of the smaller school districts are really having difficulty.

We are fortunate, in Burlington County, to have two progressive small school districts who are *K-8*, *K-6*, with a total population of 400 between both schools. They now share a superintendent, a business administrator, and nursing services. When your budget is under a million dollars, to save \$50,000 is a lot of money, and they have reappropriated that. This was Ginger's main thrust. They reinvested that into computers and technology, so they saved money and reinvested it into the educational program.

ASSEMBLYMAN CONAWAY: Who are they? I'm sorry. What schools are they?

MR. GROFF: See, you don't even know that, do you?

It's Washington Township and Woodland Township. They are in year two of completing that, and I know that Atlantic County has Estell Manor and Woodbine, so we know about that.

The other area, though, in the testimony, we can provide that for the committee should it want. We are the people who came and talked about successes in regionalizing all kinds of services and saving money for local school districts. The idea educationally is what we have to make sure is when we monitor a district, when we go to a small district that only has 100 children, do they have a gym facility? Do they have an adequate library with computers and technology in the way that the Core Curriculum Content Standards are?

If they don't, our challenge is then to say, are those children in that community -- no matter how much the community wants their own smaller school -- are they really offering a thorough and efficient education to those children compared to their neighbor? That's what, I think, is a bit of a dilemma, but there are many successful joint ventures out there, and we would be happy to supply some of that, if I may speak on behalf of the committee.

MR. CROWLEY: I think, Assemblyman, one of-- We did have a hearing in your home county and heard from the Special Services School District along with the vocational school who are doing some very good things down there.

ASSEMBLYMAN BLEE: I've been working very closely with them, and you weren't at our first hearing, but that's one of my major emphasis for being on the Task Force -- is looking at, particularly, the Special Services Districts. We are actually looking at legislation now to encourage that because I think, again, breaking down barriers, just about every county you've got a system that's already up and running, shares the trust of all of the

communities in the most sensitive of areas, and seems to be working extremely well. I think that's, again, a positive that we can build on.

ASSEMBLYMAN MALONE: One example I can give you, in Bordentown Regional School District area, is we have a joint recreation-education council that handles all of the recreation and educational activities that are other than the main school functions. The scheduling of facilities for the three municipalities and the school under one person, scheduling with the various organizations like Little Leagues, soccer leagues, basketball leagues -- it has worked out phenomenally. It has cut three recreation directors down to one.

There is a very, very good working relationship amongst the municipalities and the school district in consolidating all these recreational and avocational educational programs, the evening schools primarily, and it has worked out quite well. Some are recreational, some are educational programs come under this heading, and it has, I think, probably stabilized or reduced the costs to the constituent members probably by a third to a half of what it would be if, in fact, they were all separate entities during the year.

MR. GROFF: We added one more thing in this report, if you noticed, that hasn't been in any of the other reports. We took a look at the public education system in our counties as *K* to 14. We have a lot of joint ventures with the community colleges, and that's always of concern that there is not a duplication of effort. Most freeholder boards don't want to have duplication of efforts between those three.

ASSEMBLYMAN MALONE: That's one of my tales for another day, as Assemblywoman Murphy will tell you. I don't want to get into that one today.

Yes, Assemblyman Conaway.

ASSEMBLYMAN CONAWAY: Just-- I guess before I start, did you say that you were going to provide, I guess, additional information on regionalization of the services area? I guess you would be of the view that the Legislature could probably safely move to be a little bit more directive in that area than perhaps in some of the other regionalization efforts?

MR. GROFF: I would never direct the Assembly in which direction they should move. (laughter)

ASSEMBLYMAN CONAWAY: The other question I had was on the obstacle that was mentioned before in terms of people having local control over their schools. I was interested in just, I guess, maybe some anecdotal things, what people said. What were their main concerns with regard to their elementary school? Are there-- Did you look at ways to allay some of those fears about control, and should there be a new structure set up that would allow people to have control to feel that they are retaining control, but yet seek some power upstairs that we can get savings to regionalization?

ROBERT E. SMITH, Ph.D.: If I could address that and then perhaps another few issues that have been raised here.

One of the things that we took a look at were mechanisms that now currently exist, but not specifically for this purpose, and that is site-based management, building-level control groups who would have some say at the local level for what takes place in the school, such as in the area of curriculum. That would help have input into special activities that happened in the district or in the school, which would permit them an overarching larger organization. It would provide some efficiencies but, at the same time, would give people an opportunity to both identify with and have some say in what happens in those local schools.

If I might tell another war story here. I was, for 10 years, the Superintendent of Wood-Ridge Public Schools in Bergen County, which is the second smallest *K* to 12 district in the state. On two different occasions, once in 1993 and then again in 1997, we took to the voters a proposal to merge with our neighbors, Hasbrouck Heights. The system that would have been put together would have had a total of 2300 students. The offerings that would have been available in the classroom, as well as the extracurricular program, would have been greater than what either district was offering at the time. The savings could have been a million dollars between the two school systems.

In both of those cases, prior to the elections, there were discussions which took place by board representatives, members of the Legislature, and members of the Department of Education regarding possible incentives that would help sweeten the pot to help put a deal together and at the same time would help pay some of the start-up costs in the regional district. Those never materialized and the issue was defeated both times.

Now, it happened that it passed in the Wood-Ridge District, which was the smaller of the two, and one of the reasons may have been that we felt more compelled to seek some solutions to our problems, whereas the other district felt that there was an opportunity to go it alone for a longer period of time.

To speak to Assemblywoman Murphy's question earlier about some of the reasons that were involved we never did a complete survey of the community -- a formal survey -- but we did contact individual members in the communities and asked them the reasons for their voting against. One of them was local control, another was the seats on the school board, another was transportation. The transportation issue is almost a nonissue because Wood-Ridge is a mile square in size. Hasbrouck Heights is less than two miles square.

The plan was to establish a middle school for 5 through 8 in the Wood-Ridge High School and establish a 9 through 12 high school in the Hasbrouck Heights High School. Those two buildings were less than a mile apart. So when we talk about busing, we are not talking about taking youngsters over a great expanse of geography, but we were talking about a very limited district. But that, nevertheless, was an issue because the students had never been bused in either of those school systems.

Another one was local identification with programs that exist in the elementary school. We were planning to leave the *K* to 4 exactly where they were, but there was some concern about a particular program in one school that might be eliminated by a board of education that wanted to produce some kind of consistency among the districts, and therefore, that would be a problem and people just didn't want to give that up.

The issue ranged down to as mundane an issue as who we would play on Thanksgiving Day because these were the traditional rivals. (laughter) Our turkey day game was to play each other, and that was, in fact, a concern that was expressed by some people.

One of the things that I wanted to point out that I think is lost in our report is the fact that it's a package. We looked at two issues throughout. One of them was effectiveness and the other was efficiency. We addressed those in a number of ways and we speak to both of those. But one of the questions that just arose about the shared services, I think, shows how this can be nicely tied together, because through sharing of services, it's possible for a district to reduce its cost and, therefore, might be able to avoid the requirement of regionalization when a study is done showing that there would be benefits to be derived. That district that had taken advantage of a number of shared services could point to the fact that its cost had been reduced

sufficiency. That, therefore, it could be left to stand alone if it also was effective as well.

One of the fears I have about this report is that the controversial issue, above all else, is the forced regionalization, and it might encourage people not to look at the other aspects of the report such as the shared services. I think there are a lot of problems in those areas.

Thank you.

ASSEMBLYMAN MALONE: Do other members of the committee have any statements, and then we can go into more questions.

P A B L O L. C L A U S E L L, Ed.D.: Hello, my name is Pablo Clausell. I'm Superintendent of Schools in West New York. When we talk about the regionalization and the sharing of services, there are some incentives, there are small districts that maybe definitely benefit from. I'm finding that out because all of a sudden I find myself with avid money, and there are things that we are doing that obviously we couldn't do before.

But some of the things that in speaking with some friends and other individuals-- For example, in Bergen County, the person that comes to mind Charles Smith in Palisades Park -- small district, two schools. For example, when we talk about prekindergarten -- full-time prekindergarten services -- that a school district cannot provide that is something that can certainly bring people together, a common cause. Parents work, they need services. You have many cases that two-parent families that are working, both need to be out, both come home late, services are expanding right through the day into the early evening hours.

You have services such as I.T.V. rooms, which is an interactive television where we can-- Right now we are hooking up with Kearny and North Bergen and Secaucus, for example, in the northern end. We just have

one student that at 7:00 in the morning, the students meet in a space program. One of the students is being recommended by our Congressman to the U.S. Air Force Academy. This is something that a small district cannot be able to provide.

The other side of the coin is that the fourth-grade, the eighth-grade, and the HSPT benchmarks will continue to go up. We say we are doing fine -- this is fine at this level at this point in time. Five years from now these incremental increases will continue to put pressure on school districts to do more with less. Therefore, as we move forward with 618 school districts, one of the problems that we have, for example as a superintendent of schools, is how do we get all of the staff members in all the different districts to take a look at their curriculum, because each educator has their own curriculum, and look at all these different standards that we have to align those kinds of standards and apply in them to their own program within the school.

So what we are going to have somewhere along the line is a hopscotch of incredible number of effort and energy to be able to do the same things while the benchmarks will continue to increase in times to come. Small school districts can definitely benefit if somehow the resources can be put together and regionalize some of the efforts to move these efforts forward.

The staff development issue is a major one. Again, speaking with some of my colleagues up in Bergen County, which have the smaller districts, how do they keep up with the constant need for technology, for the additional requirements that are coming when you cannot provide 3 percent or 4 percent of your budget over staff development? That is a major area that needs to be addressed as we move forward. Some of the incentives that definitely could be provided to school districts to think about the opportunities that exist.

In some cases in some other areas in which you have large populations of limited-English-proficient students coming in, there is a possibility and there used to be in this county, as we read back, port-of-entry schools. Actually students used to be able to acquire the necessary skills utilized in their native language to a certain extent and move them into an all English curriculum as soon as possible.

It's very hard to do when you are dealing with a small school and the students are spread in the different and number of languages that are involved. So there are incentives there that could be explored, and hopefully this Task Force, in working with others, they could be expanded.

ASSEMBLYWOMAN MURPHY: I didn't receive the report until today, either. Do you make recommendations regarding the makeup of a board of education? My Assemblyman was the one who sponsored the bill which put one person from a sending district on the school board of the receiving district. It probably has caused more contention than anything because that one person feels as though they have been locked in the closet all through long meetings.

Are there recommendations or any kind of thoughts around that? Because I do think it is a big piece of this -- what we hear continually.

MR. BIBB: We did not make any recommendations specifically to the makeup of the boards of education. That's the matter of governments of the different school systems and we were more focusing on addressing the efficiencies and the educational aspect of it. Obviously that is going to be an issue.

ASSEMBLYWOMAN MURPHY: Yes, I think it's one of the key relievers of the concern go of it.

Thank you.

ASSEMBLYMAN MALONE: Any other questions from any of the members?

MR. D'OVIDIO: I'd like-- A number of you mentioned share services as an area that should be explored before you go to forced regionalization. Have you come up with any savings from some of the programs that you obviously-- Are they substantial or are they minimal?

MR. GROFF: Yes. Just this first year, I think, in the Legislature, in the Ciesla Act -- what we call -- is just excellent. They provided three \$200,000 grants for the an LEA and a county to start an Educational Services Unit. Burlington County, under Dr. Carmine DeSopo, grabbed on to that before even he applied for the grant because he believes in all for the best for every citizen at the best rate and cost for the taxpayers and the best services to the kids. He is ahead of the game.

The grant just came out now, but we've been doing it for the past eight months, since the beginning of the school year. For example, if a school district wanted to hire-- Some of the biggest costs -- large costs -- in special education are that of providing physical and occupational therapy to youngsters. So what they did was, the Educational Unit went out and advertised for approximately -- I think, for that service, there are 26 school districts out of 42 who said, "We need physical and occupational therapists."

If a small school district went out to hire, they would be paying a very high rate. But because -- I don't want to call it a monopoly. The best game in town would be to go through the Educational Services Unit who-- What they did was they hired a whole team of physical and occupational therapists at approximately \$30 less per hour than what would have been offered if they would have gone out on their own.

They do all the scheduling. They do all the hooking up with the children through the child study team. They also, for an example, in the summer -- you're well aware I'm sure that there is 90 days where children have to move through a child study team evaluation before the initial IEP to be signed with parents, so on, and so forth. In the summer we have 12-month child study teams. They go on vacation, but the time lines continue to tick. So what this group has done is gone out and hire, at substantially less cost, people to come in and test those children in the district when the reevaluations are due or the initial evaluations need to be done to meet that time frame. Usually it is much less than what the negotiated agreement is with the local district for their services of their child study team.

So there is just two areas where there has been significant savings, and that is why the Educational Services Unit-- There is three and we recommend that in the next three to five years -- please correct me if I'm wrong -- there should be money available from the State -- from the Legislature -- to have one of those funded or at least the upstart costs should be-- There should be one in all 21 counties.

MS. HARDWICK: I just wanted to add, very briefly, that the New Jersey School Boards Association is an excellent resource, or has been for me, of shared services programs that work, and they share this with school boards. One of their reports is in the appendix to our report, but they have got more recent information, too. They can give you a lot of examples of districts that have saved money with shared services.

ASSEMBLYMAN MALONE: Any other Task Force members have any questions?

Frank.

ASSEMBLYMAN BLEE: Just one last question on the same lines. Has the committee ever explored or heard testimony on the possibility of savings and shared services, particularly in the technology area, with the advent of distance learning, interactive modes? Has that been discussed at all?

DR. CLAUSELL: We discussed it from an instructional point of view as to what availability of services can a school district provide when you are talking about a (indiscernible) one line that has to come into the district. You should say recurring costs on an annual basis. That is a major problem. That is something that as a small school district, if I was superintendent of one and I needed to expand my computer labs and the proficiency of students in the area of technology, I would need to look outside of my boundaries in order to be able to bring the services in.

ASSEMBLYMAN MALONE: What county are you located in?

DR. CLAUSELL: I am in Hudson County, sir.

MR. BIBB: That is one of the recommendations under the shared services, continue to expand and utilize technology such as interactive television and possibly shared services.

MR. CLAUSELL: I think it's important to note in that particular area that the Commissioner of Education has requested funding for technology to come through a countywide consortium of school districts, and I think that has helped focus and create the dialogue necessary to be able to expand on that particular concept.

ASSEMBLYWOMAN MURPHY: Mr. Bibb, can I ask you to identify your members again now that we have heard you speak and we have faces.

MR. BIBB: Why don't we do it ourselves. (laughter)

ASSEMBLYWOMAN MURPHY: I'd love that, if you don't mind.

MR. CLAUSELL: Pablo Clausell.

ASSEMBLYWOMAN MURPHY: Thank you.

MR. CROWLEY: I'm Terry Crowley, Superintendent of Kingsway Regional School District.

ASSEMBLYWOMAN MURPHY: Okay, thank you very much.

MR. GROFF: Douglas Groff.

ASSEMBLYWOMAN MURPHY: Okay.

MR. BIBB: Michael Bibb.

ASSEMBLYWOMAN MURPHY: I recognize that, Mr. Bibb. thank you.

MR. SMITH: I'm Bob Smith.

ASSEMBLYWOMAN MURPHY: Okay.

MS. HARDWICK: Ginger Hardwick. I'm a member of the Westfield Board of Education.

ASSEMBLYWOMAN MURPHY: It's very nice to meet all of you. Thank you.

ASSEMBLYMAN MALONE: Any other questions? (no response)

Thank you very much for your insight and your keen awareness of the problem.

The next person I would like to call is Dennis Smeltzer from the New Jersey Commission on Business Efficiency in Public Schools.

D E N N I S R. S M E L T Z E R: Good morning Mr. Chairman and members of the Task Force. I'm Dennis Smeltzer. I am the Executive Director of the Commission on Business Efficiency of the Public Schools, housed in the State House Annex along with the Legislative Budget and Finance Office. The address is PO 68, State House Annex, 08625.

I was asked to come today to talk about a report that we did a couple of years ago titled Finding Opportunities For Improvement: Ideas on Regionalization and Shared Services. I believe you have already seen a copy of that.

Many of the things in that report have been already discussed, and I will try not to go over too much of that. But I will share with you some of the thinking that the Commission went through at that time. Again, that was more than two years ago, and the environment was somewhat different than it is today, and I think we could keep a lot of that in mind. Though it doesn't appear directly in the report, some of the issues -- the issue that we were dealing with -- was similar to one that Assemblyman Malone mentioned in his opening remarks. That is that there is a sense of a disparity of costs across districts as well as a sense of disparity in terms of educational experience and opportunity.

The question we were dealing with is, to what extent does regionalization provide an answer to that? Is that the appropriate answer to that kind of issue. In our examination, when we were thinking about that issue, what we -- the conclusion we came to is that in many cases it may be, but that would have to be examined on a case-by-case basis, which is why in our recommendations-- Our first recommendation was that a feasibility model be developed by the Department of Education for use by districts in trying to examine that question.

This goes to one of the issues that has come up today, and that is incentives for regionalization. Ultimately, in our discussions, we determined that the only real incentive is when you go to the citizens in a school district and say this will provide a marked improvement in the education for your child. If that value that they hold is going to be improved, the other issues of

changes in costs, marginal or great, usually can be overcome. If they can't be convinced that they are going to have a marked improvement in the education of their child, they are probably not going to make that move. So that was probably the single value which was most important in our discussions.

Our second recommendation has to do with encouraging regionalization. Where appropriate, funding incentives, and that's been covered, I think, a good bit today. Also, site-based management, which has also been covered today.

We then got into quite a few recommendations regarding shared educational support services, some of which have been enacted, including some dealing with public district transportation and trying to -- making moves towards sharing administrative functions. There are-- There is more activity in regional bulk purchasing, but mostly that is through the consortiums that are already (indiscernible) at that time, simply adding members and expanding. So those recommendations are ongoing.

One of the recommendations that we did have was studying low-incident, high-cost educational services, which we were beginning to look at, but under CEIFA, the commission was asked to look at the benchmarking on instructional services, which sort of took us off that track. I will comment briefly on where we were looking with that, and this touches also on what has recently been said about educational service commissions and groups.

We were looking at other models, Pennsylvania, New York, Iowa, Texas, and a number of other states who have area education agencies who are separate from the Department of Education but fill in gaps for resisting local school districts in providing shared services, coordinating shared services, acting as a vehicle for pilot projects or new ideas so that they could be moved in. For instance, in the area of technology, which we also studied coming out

of this report, we had determined that we needed to have training centers for technology. In order to do that under the structure when we made that recommendation, there had to be a separate bill passed, money found in the budget, and it took about two years to implement, or a year and a half to implement it. Under an area education agency system, the State can turn to the area education agency and say, "We need this. Start work on it immediately," and it helps to move programs a little quicker in some of these other states. But we hadn't completed that study because of the benchmarking study which we have been moved into.

We also support the expansion of the School-Based Youth Services Program, and the deliveries of extracurricular activities was a project which we were not able to undertake, again, because of new demands on our commission.

That about covers the recommendations.

ASSEMBLYMAN MALONE: Just one point that I think has been brought up by yourself and by the various other individuals that have spoken. Tomorrow we are going to unveil a large consolidation piece of legislation that deals with the procurement processes of the State of New Jersey as it impacts on school districts and municipalities, counties, county colleges, four-year colleges. We will be unveiling that tomorrow which may have a significant impact on the way that schools can do business, bid thresholds, and a variety of different issues.

I think that may have an impact on some of the shared services and some of the value that school districts and municipalities and other entities to get for their dollar because I think that has been a human cry of many local districts and municipalities, that they just don't seem to be able to get the value for the dollar because their hands are tied in going out and using

reasonable business practices and getting purchasing materials. Just so, from your standpoint, that you are aware of that.

Do any of the Task Forces members of any questions? (no response)

Thank you very much.

MR. SMELTZER: Thank you.

ASSEMBLYMAN MALONE: I now have Ed Conway, Chesterfield Township Committeeman, and also if Ernie Dubay and Rahn Beeson maybe want to come up together with them and we can sort of have-- From a personal standpoint I think I know exactly the topic that is going to be discussed by the three of you.

EDWARD F. CONWAY: You're psychic then. (laughter)

Good morning, and thank you for having us. My name is Dr. Ed Conway, and I'm a Committeeman from Chesterfield and representing Chesterfield for the Northern Burlington Regional School District.

ASSEMBLYMAN MALONE: And I will say that you will probably represent the sentiments of elected officials from Mansfield and Springfield Township, I would assume.

MR. CONWAY: And hopefully, to some degree, North Hanover. I will get into that a little bit later. Basically, I am not going to come with a lot of statistics because I have been dealing with statistics on this level for the last six years. I'm going to deal with something that is very personal, the education of our children.

All four of these towns are-- That is the primer. We just passed a \$14 million bond issue to increase our facilities to better educate our children. So I want to say that from the get go. Everything I say gets

predicated on that. But there are a lot of problems, some problems that maybe do not affect education per se, but it does affect it and taxes.

Just to give you-- One problem we have is that when the original district was organized it was per pupil. Then, of course, it's been said before, around 1996 that was changed to an assessed value. Then we came up to the present time, 1994, and it was given possibly an opportunity to change that back if the local board district wanted to do that. We organized a valid question on all four districts. It was overwhelmingly two-to-one approved to change back to per pupil.

But one of the things I have to chastise you legislators for is you have to be very clear of what you legislate, because the way that ruling came down is we thought a majority vote two-to-one in favor of changing-- The chair of the board of education ruled that in a sense that all four districts would have to approve this. If I was in North Hanover I wouldn't approve it. It would increase my taxes by some \$3 million.

So, basically, I'm not here to beat up on North Hanover, but there is a direct problem here, and as an administrator of Chesterfield, I can tell you it affects the whole town in its sense of our tax structure. Our taxes for our schools are very high, so everything we look at-- I'll give you an idea. We don't have garbage. Each individual member of the community has to make their own deal. We can't afford to do it, because if we do do it, we have to raise taxes.

We've held the line for the last six years on a municipal tax and basically because of this inequity between what we pay per pupil. Now there is another little thing that comes in here and it's not too little, it's called the U.S. government. We are in this district that is unique. We gave both to McGuire and Camp Dix -- those children come to us. These gentlemen on

either side of me probably have their numbers, but we probably reduced from \$2.2 million to now we get \$800,000.

Now, over that time, our costs have increased. They haven't decreased. So, here again, these four towns are carrying the burden of educating these children, which we will accept to the extent, except that it has to be done in a fair and equitable way. You've got four small municipalities that are carrying the burden alone in this and that's not fair. In this same contract say we have to be careful with what you pass in legislation and this same kind of set up is majority doesn't rule. I just pointed that out by the vote. But on a school board, majority does rule. North Hanover sends the greatest portion of the students, so they have four members. Springfield has one. Mansfield has two. Chesterfield has two. So if one of the others don't show up, you know what happens. North Hanover holds the day.

So what I'm basically saying is these are the things that-- This is self-serving and I know that, but these are the things that we live with year in and year out and we have hung in there. Where there has been discussions, I'll be actually honest about, I say what is the process to get out of this. We thought about it. We're thinking about it, but we always come back as what is best to educate our children and we really think that regionalization is the answer, but it has to be fair and equitable. It cannot be one-sided and allow the towns to struggle with their budgets of one kind or another.

Like I say, the people are there with all this going on and they pass a \$14 million bond issue. You know they want these children educated and educated properly. But we really need some help and we need to help in the sense of also putting the pressure on the Federal government to meet their responsibility. Now we are having another little issue -- I know some of you might have read it in the paper -- that McGuire has expanded in size so in

order to expand in size they are going over into Fort Dix to reuse their housing. Now, Fort Dix children want the Pumpstead (*sic*), that school district, if I am correct in assuming that.

ASSEMBLYMAN MALONE: Pemberton Township.

MR. CONWAY: Pemberton, I'm sorry.

But now the Northern Burlington would like to get them, 150 students. If they get them that will change the makeup of the board again. That possibly North Hanover will now have five members from the school board and either Mansfield or ourselves will lose one member.

ASSEMBLYWOMAN MURPHY: Is there a potential for your town ever becoming the heavyweight on the board?

MR. CONWAY: Not really. Our industry is farming. We have been enacted by the government -- the State of New Jersey -- to preserve farms. We've preserved over 4000 acres already and we hope to double that. That's our industry. Farming is our industry. So as far as looking for potential build out, 1200 units, that's it.

ASSEMBLYWOMAN MURPHY: Do you feel that your children do not have as good an education as they would have if you were to have the larger number of votes on the board?

MR. CONWAY: Do you think that-- Yes, in this instance.

ASSEMBLYWOMAN MURPHY: You feel your children would have a better education if you were the--

MR. CONWAY: I think it would be more equitable.

ASSEMBLYWOMAN MURPHY: Why would the education change if you were the voting block?

MR. CONWAY: Because of what has passed there when there are decisions made, and technology, I'll say stay in that field to--

ASSEMBLYWOMAN MURPHY: All right, so it's the--

MR. CONWAY: It's a political thing, really.

ASSEMBLYWOMAN MURPHY: Well, you see the political thing is what I think it is, but you're saying it isn't. That it really is the education of the child is affected by the town because all towns don't want the same thing for their children.

MR. CONWAY: Yes, it would.

Actually, it plays out that way. It has to in a sense, but it also affects the living standards in each town, that they have to-- The Governor said that we got to tighten up our belt and we've done that.

ASSEMBLYWOMAN MURPHY: But I think what I'm saying is that if Town *A* is agricultural, and Town *B* is industrial, and Town *C* is all people who commute to New York, and Town *D* in the middle of everybody, whether it's Town *A*, *B*, *C*, or *D* that has the largest number of students, are you not all voting on a good solid math course? Are you not all supporting good strong English and language arts? Are you still not all supporting the same academic things for your children, or do you support-- I think that's what I'm trying to say.

MR. CONWAY: Well, I'd have to agree with what you said. My first remark was that all four of these towns, the primer is the education of the children, the best education they can get, yes.

ASSEMBLYWOMAN MURPHY: And that's why I wonder why does it make-- I know it makes a difference politically and it makes a difference from sensitivity of parents. Does it make a difference in terms of the education product whether Town *A*, Town *B*, Town *C*, or Town *D* is the heavy hitter?

MR. CONWAY: Well, when you get down to setting budgets and everything, certainly, because it impacts those towns. And education is not only in the school room, education is in the quality of life that they live and how they live that out.

So, yes, I think it has a direct impact, plus it is a fairness issue, you know. I'll give you a for instance. The vote on changing to per pupil they used every political move -- the school board did. Normally they would get it and all in favor, certify and that's it. They took it upon themselves to say, "Wait a minute, this is wrong," and they didn't have the right to do that. All they had to do was certify-- That was the vote by the people. Later on if you want to challenge it in the court or in the board of education, that's fine. You see what I mean, because they had the votes they went into closed session. That's what I mean.

ASSEMBLYWOMAN MURPHY: Okay, thank you.

ASSEMBLYMAN MALONE: Just as a brief explanation.

MR. CONWAY: Sure.

ASSEMBLYMAN MALONE: The four municipalities that are involved in the regional that Mr. Conway is talking about are four basically rural, farming-type communities. They are not dissimilar communities. One community in particular, Mansfield, is tending to have more senior citizen living facilities being established in that one community, which-- In essence, I think that Mr. Dubay and Mr. Beeson can probably speak more definitively on the makeup of their community.

So, Ed, if you're finished maybe--

MR. CONWAY: Just one--

ASSEMBLYMAN MALONE: Sure.

MR. CONWAY: Just one last thing. The positive and negative processes-- I hope I emphasized that we believe that regionalization is positive.

ASSEMBLYWOMAN MURPHY: No, it's clear that you support the--

MR. CONWAY: But there also has to be an equity issue here. It has to be fair to the children and to the communities.

MR. D'OVIDIO: I have a question. What would you consider fairness? In other words, if you had an opportunity to make this fair--

MR. CONWAY: Per pupil.

MR. D'OVIDIO: Do you think that would--

MR. CONWAY: It would be fair and equitable. If we send 181 students and you send 450 and I pay an excess of \$10,000 to \$12,000 per student and you're paying \$3000--

MR. D'OVIDIO: How fair would that be to the fourth district that's not represented here?

MR. CONWAY: Well, that's the one that I say, if I represented North Hanover, I would definitely be fighting tooth and nail for that because I would not want to increase mine, because it would increase. I admit that. That's a hard decision.

MR. D'OVIDIO: This Task Force is looking for a way to resolve that particular issue where you have these discrepancies.

MR. CONWAY: Well, I can give you-- There again, I don't want you to come in, as a government official of my municipality-- I don't want you to come in and tell me how to run my business either. In one instance, in North Hanover, just one item is that they have a lot of trailer parks -- beautiful, nice-looking trailer parks -- but they only charge fees for the individual units that are on it. So that money goes into the local municipality.

It doesn't go to schools, so I mean-- Hey, if I was there, I would do the same thing, but it's not fair under this regional setup. I got to stay with it, this is what makes it not fair.

ASSEMBLYWOMAN MURPHY: So even if the school board members were even town to town, that isn't fair either. Fair is the amount of money that each pupil pays going to school, and that's the end of fairness.

MR. CONWAY: Well, you would have better-- If it was equalization to so many of the board members for each municipality represented -- and I think, by the way, there is a court case that that was just decided in last week. I don't have the full details on that. That exactly is saying that, that there has to be equal representation on the school board and it can't be out of balance.

ASSEMBLYWOMAN MURPHY: But that wouldn't change the cost. It might change the budget, but it wouldn't change the cost.

MR. CONWAY: Budgets, but no it would not.

Particularly in reference to the-- Like I said, from going in two point something million down to \$800,000 under the Federal government and now they are increasing the amount of students that will be coming in, so we are going to be in a worse position in the next couple of years than we are right now.

ASSEMBLYWOMAN MURPHY: So that in theory the equal number of people from each town on the board of education could jeopardize the education by reducing the amount of money that is spent on education for the pupils because you would have maybe three towns that voted to spend less because they didn't want to spend it and one town that said, "But our kids need to have these things." But the services could be dissipated because people

wouldn't spend the money, but that wouldn't matter because everybody would be equally represented.

MR. CONWAY: You could have the opposite, and in fact, that has happened where the majority was voted down.

ASSEMBLYWOMAN MURPHY: Okay.

MR. CONWAY: Things for education and--

ASSEMBLYWOMAN MURPHY: And yet you voted for the building of the schools. I think you do have a very unique problem.

MR. CONWAY: Oh, yes. That's what I'm saying. When you look at regionalization, I think you have to look at all of them, not only our own. I'm just bringing up ours because ours is unique, but there are probably others out there -- and I heard a few of them this morning -- that are unique. So you have kind of a blanket rule, there has to be some in case of.

ASSEMBLYMAN MALONE: Ed, I'm not trying to be presumptuous to speak for the towns involved here. I think if there was-- I'm not presuming to think that all of them are saying there has to be identical parity. This is why I'm saying that the leveling of this playing field to be more reasonable where the tax burden-- In the case of Mansfield Township, they have approximately 20 percent of the students and are paying 40 percent of the cost for the school. The township that is sending the most number of students, they are sending 40 percent of the students and paying 18 percent of the cost.

That gets to be a severe problem when, I guess -- and again I haven't been to a board meeting, but I'm assuming that there is a degree of gloating about who has the authority on the board, and in essence, it's not a question of -- anymore of Those who gets the gold makes the rules. It's the opposite way.

MR. CONWAY: It's the tail wag of the dog.

ASSEMBLYMAN MALONE: Yes.

ASSEMBLYMAN CONAWAY: Following on that. I was thinking of asking this question earlier, but now it has come up again. I'm wondering, is there a proposal out there addresses that kind of disparity? I guess that's what we have to come up with.

ASSEMBLYMAN MALONE: That's the exact reason for this board. (laughter)

ASSEMBLYWOMAN MURPHY: If you have one in your pocket, we'll look at it.

ASSEMBLYMAN CONAWAY: Nobody's come up with--

ASSEMBLYMAN MALONE: Well, most -- and I'll be perfectly blunt. The reason for starting this Task Force in looking at the various reports that have been done over the years people have conveniently not tackled this issue of the disparity of costs and how are we going to correct this issue. If it's a matter of increased State funding to level the playing field, that might be one solution. Because if you're going to have the Seaside Parks, the Mansfield, Chesterfield, Northern Burlington Regional situation occurring, if you are going to have a variety of other school districts that are continuing to have this problem, there has to be a solution in which the constituent municipalities of a regional get beyond the money issue -- and other municipalities get beyond the money issue -- so they can look at the educational, the shared services, the real reasons for trying to induce or promote regionalization. When you have a definite underlying financial problem, people are not going to want to regionalize. It's as simple as that.

MR. CONWAY: And it's going to get worse.

ASSEMBLYMAN MALONE: You won't even get to the education. You won't get to the shared services because the animosity is so great.

ASSEMBLYMAN CONAWAY: And I guess one of the threshold questions would be, if this extra State spending occurs to help with the balancing with the addressing of disparity-- I guess when the accountants look at it -- and we're going to have to show that we have saved money in other areas by helping regionalization to occur and get costs savings there so that it turns out to be a wash.

ASSEMBLYMAN MALONE: Our--

ASSEMBLYMAN CONAWAY: Ideally that's what we--

ASSEMBLYWOMAN MURPHY: In theory.

ASSEMBLYMAN MALONE: Correct.

MR. CONWAY: There is another issue here, too, and again I don't want to be browbeating North Hanover in a sense that North Hanover also receives money from the Federal government and regulation to the grammar school level of education and they made money. Now, you would think that that money would be excess and go over into junior high school and high school, but it doesn't. It stays there.

I was curious at one of the speakers before. I can't remember who said that the power of the commissioner of the board of education (*sic*) is coming to educational decisions. Well, that almost blew me out of that chair because he made a decision based on not education at all, it really didn't have anything to do with it. It had to do with a vote that was done by the people in these four towns and he made a ruling. So I was kind of curious about that.

ASSEMBLYMAN MALONE: But that is based on legislation and the court case of *Robinson vs. Cahill*. And that's-- They asked for information

regarding that, and that was the crux of the conversation I had yesterday with the Department of Education.

MR. CONWAY: I would also look into-- Like I said, I don't have the actual figures, but I was told last night that there has been a court decision in relationship to the balancing -- not monies -- balancing of the representation of the board. I think it would be worthwhile looking into it.

Thank you.

ASSEMBLYMAN MALONE: Mr. Dubay.

ERNEST DUBAY: My name is Ernest Dubay. I live at 317 Hilltop Lane East in Columbus, which is a part of Mansfield Township. All four townships are not represented here. I'm from Mansfield, Rahn is from Mansfield, and Mr. Conway is from Chesterfield, so Springfield and North Hanover aren't here.

I would like to preface my remarks by stating that I do not represent any group, but I am speaking as a taxpayer. I live in Mansfield Township, which is one of the sending districts to Northern Burlington County Regional High School. The other townships that send students to Northern for grades 7 through 12 are Chesterfield, North Hanover, and Springfield.

My major concern is that Mansfield Township, in compliance with the allocation of equalized valuation formula, pays 37.3 percent of the tax at Northern; Chesterfield contributes 23.2 percent; North Hanover 17 percent; and Springfield 22.1 percent. I imagine this is the reward that Mansfield Township receives because we are the host school and the high school is located in Mansfield Township. Maybe that's why we pay more. I haven't figured that out yet.

Of the 1410 pupils enrolled at Northern, North Hanover's enrollment, which includes the students of the military personnel from

McGuire Air Force Base, is approximately 733, comprising over 50 percent of the school's enrollment. Chesterfield sends 201 students, Mansfield 278, and Springfield 209. These are my figures, I didn't get them from the schools. I got them from past records.

Impact aid from the Federal government has decreased from \$2.2 million to \$820,000 in the last seven years. The allocation of equalized valuation formula gives North Hanover credit for 1497 elementary students while Chesterfield, Mansfield, and Springfield combined receives credit for much less, somewhere in the neighborhood of 800. I don't know why this factor is included in the formula since feeder districts pay a separate tax for their elementary school districts. I just can't fathom why this is in the formula.

The Northern Board of Education makeup: North Hanover has four board members, Chesterfield two, Mansfield two, and Springfield one. This apportionment is based on population according the 1990 Federal Census. Chesterfield's population includes the inmates of the correctional facility located in their township, and North Hanover includes the military personnel stationed at McGuire of which most do not pay property taxes causing a shortfall in the revenue at Northern year after year. I hope this situation will be rectified by the legislators and by the Federal Census of 2000. So you see, we'll not only have trouble with computers, we'll have trouble with this in 2000. (laughter)

A 1993 referendum asking voters in the four townships whether the funding formula should be changed to reflect the number of students each township sends to Northern was approved by Chesterfield, Mansfield, and Springfield, but rejected by North Hanover. The Commissioner ruled the referendum was defeated since all four townships had to pass the referendum. Now, this was his interpretation, I imagine based on State law.

I'd like to bring to the attention of the committee (*sic*) that senior citizens comprise 40 percent of the Mansfield population. These senior citizens are on fixed incomes, many may not even be receiving cost-of-living adjustments to their pensions, except for the 2.3 adjustment that we got from Social Security.

Twenty-two years is long time to suffer with an inequitable tax imposed on the residents of Mansfield Township by the legislators changing the per pupil costs to an assessed property value. Since the Federal government has reneged continually to meet their obligation by decreasing impact aid, it is time for the State of New Jersey to intervene.

It is my suggestion that Title 18A:13-24.1 and 18A:13-24.2, dealing with the allocation equalized valuation formula, be repealed and revert to a per pupil cost, which was in effect prior to 1976.

I would like to take this opportunity to thank Assemblyman Joseph Malone for his efforts in trying to resolve this problem and to the committee members for giving me the opportunity to address my concerns.

ASSEMBLYMAN MALONE: Ernie, could we have copies of that for the record?

MR. DUBAY: I don't have access to a copy machine.

ASSEMBLYMAN MALONE: We'll get it copied.

MR. DUBAY: This is your copy.

ASSEMBLYMAN MALONE: Mr. Beeson.

RAHN O. BEESON: Most of the things that I was going to say has already been covered. I won't go back over. The only thing that I would like to address is the discontinuation of the use of property taxes to support schools. Seventy-three point six percent of my property taxes are dedicated to school support. I have no children in school, I have no grandchildren in

school. But those who say, "Well, somebody payed for your education," that's right, somebody did. My parents paid for my education.

For over 50 years I have been paying for somebody else's education. I think it's time it's ceased. I think maybe we should convert from property taxes, which are not based on the ability to pay, but on some form that nobody can explain. I think we should go to an income tax-type thing where the township would receive a -- I'll say -- dump of the information, which is now available in the income tax place because they put your gross income in by township now. That could be provided very easily, and then they can assess a percent with that.

The second thing I would like to address is the word impact aid. Impact aid is a formula made up by Congress which may or may not address the cost of education. What we should go for is recouping the cost of educating military students, not what some congressman in Washington says this is what we are going to give you. They are not giving us anything. What I say is somebody should pay for the full cost of educating military students, and it should not be Mansfield, Springfield, North Hanover, or Chesterfield.

We have one source of revenue, and that is property taxes. And for senior citizens property taxes eat us up. That's all I have to say.

ASSEMBLYMAN MALONE: Thank you.

MR. BEESON: I'd like to thank you for a chance to appear here and say my peace.

ASSEMBLYMAN MALONE: You and I have gone back and forth on numerous occasions, and I think, in talking to fellow members on the Task Force, I've been told a number of horror stories that are very similar to the ones that you are experiencing with the exception of the military factor. I

don't know how many other legislators have the same impact with military factor that we do in Burlington County, but it is a significant factor.

I can assure you that the members of this Task Force -- and I know every one of them personally -- is dedicated to try to come up with some solution to this situation. I hope that inclusion of this that we can come up with some reasonable solutions to make your life and a number of other municipalities in the State of New Jersey a little bit easier to live and to be able to financially afford.

Gentlemen, thank you very much.

MR. DUBAY: Thank you.

MR. BEESON: Thank you.

ASSEMBLYMAN MALONE: Next is a Raymond Roe, from Borough of Seaside Park, Councilman.

RAYMOND E. ROE: I'm just going to pass out a handout, if I can. If you have any questions, I'll leave you my card. Two reasons for the card is, one, I just got them, and I'm showing them off. After six years on the Council I finally got my cards.

I'm Raymond Roe, Councilman from Seaside Park. This is Jay Delaney, next to me. First of all, I would, again, like to congratulate-- I sat in on the first meeting you had and this one, and I'm telling you there is a definite knowledge and insight into this situation that I truly didn't expect. It's really excellent.

Also, I'm going to try to be as brief as I can. I like your phrase stop the bleeding. I think that's excellent. But I would like to emphasize a little more. Our town, in 1950 when we were made to a regional system, had roughly 1000 people. Berkley Township, at that time, had 1500. So it seems

like a likely marriage. Now Berkley Township has 50,000. In the meantime we have 2000. So you can see the growth of disparity.

That's one thing I would like you to remember that when you regionalize, and again I know hindsight is 20/20-- But again, blinders is not good either. The point is that we have a town that -- it is fully developed. Seaside Park is fully developed. So we are paying 12 percent of the costs incurred by a town that is 40 square miles. Now, to use your analogy again, they are on intravenous blood supply. They have new rateables, they have new industry, they have new things coming in. We do not. We have maybe five lots in town that are not developed. We are about three-quarters of a mile square, and most of the other districts are about as small. Berkley is the only big one, which, incidentally, has two regional districts. Their elementary school is one district, and then the high school is the other. We only participate in the high school part.

I would like to tell you that if anybody came up with a plan that we were to go *K* through 12-- One of the men mentioned the woman getting in front of a school bus. I would suggest that you have school bus drivers that can drive speed bumps because our entire town would probably line up in front of it. It's a matter of do or die in our town, I feel, because of the finances.

There is many other issues, and I did deal with some student issues and other things in that. But you have covered so many of the topics that I feel is impertinent and you've done it far more articulately than I could.

The only reason I pass that around (referring to handout) is if you have any questions, ask me.

ASSEMBLYMAN MALONE: The only question I have is-- I know the severity of the situation. My mother-in-law lives on the corner of 13th and Central.

MR. ROE: You know it well then.

ASSEMBLYMAN MALONE: So I'm fully aware of the situation you have in Seaside Park.

MR. ROE: Again, we don't want to bore you with any statistics, but we have available-- Jay Delaney is our head financial officer in the town and has some comments he would like to make.

ASSEMBLYWOMAN MURPHY: I'll give you one comment before you--

MR. ROE: Sure.

ASSEMBLYWOMAN MURPHY: --move off to the speaker. Through the Chairman, if I may.

We have residents in my area who would like very much not to pay property taxes in the south, because after all, the kids never go to school because it's just their summer places, so you have a lot of problems.

MR. ROE: Yes, we do. Indeed we do, you're right.

J A Y D E L A N E Y: I understand that the focus of today's session is primarily on the disparity of school costs, and as Mayor Peterson has previously mentioned, the Central Regional School District, of which we are a member, is a limited-purpose 7 through 12 system. It consists of five municipalities. Berkley Township, which is highlighted in orange on the map (referring to handout), is some 42 square miles. The other four communities are probably more difficult to take note of on the map, but each town is less than one mile square. So we are talking about a regional system that is comprised of communities which are substantially different.

Further adding to those differences is the fact that the smaller communities are essentially 100 percent built out and represent, collectively, less than 20 percent of the student population within the regional system.

Berkley Township, on the other hand, is still developing and accounts for 80 percent of the student population in the Central Regional System, as has been mentioned. Particularly, in the case of Seaside Park, our student population accounts for less than 5 percent of the enrollment in the regional school, yet the taxpayers of the Borough of Seaside Park contribute 12 percent of the operating costs. Needless to say that is a change from 40-some years ago when the regional system was formed, at which time the operating costs were distributed on a per student basis, and as a result of the T&E education change in the mid '70s, that became a formula that is primarily based on tax rateables.

Some other things to consider in addition to both the financial issue here, there is also several other factors that have been briefly mentioned. School busing: The four smaller districts operate single school systems *K* through 6, no busing involved. Berkley Township maintains its own *K* through 6 system, three schools and almost all the students are bused. So you have another significant difference in the complexion of the community. There is nothing more fundamental to a relationship, whether we are talking regionalized or shared services, than the apportionment of costs and the apportionment of control.

Costs, I previously mentioned.

Control: The Central Regional Board of Education is a board that consists of nine members. Berkley Township accounts for five of those members. So the issue is raised with the previous speakers about the number of representatives on the regional board. In our case, the four smaller towns collectively constitute a minority of the ability to enact change within the board system.

Again, the issue about disparity of cost is really a symptom of the underlying problem, number one, the differences of the communities which

comprise the regional district. Fifty years ago, 40 years ago, the communities were similar in school populations, population of residents. Those changes have been significant over the past 40 years while the regional system has not changed. And the reason it has not changed is the inflexibility within the statutory authority that creates the regional system, apportions the cost, and also while in theory provides a mechanism for either withdrawal of changing the formula, the fact of the matter is that it won't.

In Seaside Park, we represent what is essentially the cash cow for this regional district. Self-interest being what it is, there is little hope that the other constituent districts would voluntarily provide for a change in the apportionment formula or, a worse-case scenario, provide for authorizing withdrawal of Seaside Park from the regional district.

I would state my personal belief that the Central Regional System is a regional system that has outlived its usefulness. The circumstances have changed. Here you have a situation where Berkley Township accounts for 80 percent of students. The taxpayer base in Berkley Township supports two separate school systems. All the facilities of the Central Regional District are located within the geographic boundaries of that community.

ASSEMBLYWOMAN MURPHY: Mr. Delaney-- I'm sorry, Mr. Chairman.

ASSEMBLYMAN MALONE: Sure, go ahead.

ASSEMBLYWOMAN MURPHY: I'm not being as courteous as I know I should be, but I get caught up.

ASSEMBLYMAN MALONE: When you are the caucus chair you can do a lot of things you wouldn't normally do. (laughter)

ASSEMBLYWOMAN MURPHY: I get caught up in the--

Mr. Delaney, were they to separate you, Seaside Park, what would you do, build your own school when you have five house lots left?

MR. DELANEY: Obviously not.

MR. ROE: He'll answer, too, but I have one. I wanted to say this, too, that there are other places where the exact opposite is happening within our community. One is a high school that is less the distance that we're traveling now that was located on the barrier island; then, of course, the population shifted inland, so they took their students and put them back.

And, again, to use your analogy, now we have a school there -- Point Pleasant Beach -- that can handle 250 to 300 students. Last year's senior class was 67. The State threatens them all the time.

ASSEMBLYWOMAN MURPHY: And if you move there -- switch to that district -- and in four years they grew and you have the same disproportionate, you would want to do what?

MR. ROE: Can't grow. They're a fixed community. They have no growing potential.

ASSEMBLYWOMAN MURPHY: And there are no other towns that could join with them or would?

MR. ROE: They are pretty well setup in that system, no they wouldn't. They've shown signs that they would enjoy ours because we are a fixed community. They would know what they were getting ad infinitum, and we would know that we are getting into a situation that wouldn't change like it has.

ASSEMBLYWOMAN MURPHY: It's just that I do see, because we keep hearing about it, opportunities that look great on this day--

MR. ROE: Exactly.

ASSEMBLYWOMAN MURPHY: --don't look so good five years down the road--

MR. ROE: Right.

ASSEMBLYWOMAN MURPHY: --and you wonder how long they would hold here before people want to go back.

Thank you very much for that.

MR. DELANEY: Also a related answer to that question is that we currently operate a small *K* through 6 school with high administrative per student costs subject to the penalties that were recently, I guess, removed. But there is certainly the potential to expand that to provide a *K* through 8 situation, which perhaps has substantial educational enhancements available with also substantial cost savings, particularly to the population of Seaside Park.

ASSEMBLYWOMAN MURPHY: What would you suggest if a growth line were to be developed? That if a contractual agreement occurred that it would have how many years, would you say, for growing out before it was to be reviewed? We have a sending-receiving district problem big time in my district. I'm in both towns and both towns want out of this agreement and suggest that they should be reviewed on an annual basis. I don't think you can switch kids from school to school annually for no particular reason except that you feel like it. But I'm wondering what you feel your growth line, your expansion line would be in looking at something like that?

MR. DELANEY: Certainly it's difficult to provide an answer that would be satisfactory for a number of different circumstances, but any sort of relief or review period is better than what we have now, which is essentially none, whether that number is 10 years, 15 years, 20 years, if there was some

light at the end of the tunnel where presently there is little hope of providing a change.

ASSEMBLYWOMAN MURPHY: Okay, thank you very much.

ASSEMBLYMAN MALONE: Mr. Quinn.

MR. QUINN: From what you're describing, there seems to be two separate issues: the issue of payment and the issue of control on the board. Based on the data that is presented to us, Berkley Township has 76 percent of the kids and provides 76 percent of the cost, which doesn't indicate that Berkley Township is the problem. It's the problem of the proportion between the four smaller municipalities, whereas Seaside Park is presenting 12 percent of the overall cost with only 5 percent of the kids, and the other three districts are paying proportionately less and therefore have a much lower cost per pupil.

The issue of the governments, though, is a whole separate issue, and I question how we could say to the residents of Berkley Township you have five times the population, but you are going to have less representation. I don't understand how we can deal with the governance issue as well because of the whole mechanism of regional school districts. But certainly the cost disparity issue could be addressed.

ASSEMBLYMAN MALONE: But I would think looking at their situation being such a small factor -- student enrollment-wise -- why Central Regional wouldn't allow them to go to Point Pleasant. It would seem logical that the impact within a reasonable period of time-- Berkley Township, I assume is going to continue to grow and they are going to need the space, and if they don't, they can make some space that would preclude them from having to build possibly for a period of time. It just seems like this is a good situation to have a redefined regional situation as opposed to continuing a marriage of contention that is continuing to occur with this group.

ASSEMBLYMAN CONAWAY: So what stops the dissolution of the marriage? Is it the education commission or is it--

MR. ROE: It's the regional--

ASSEMBLYMAN MALONE: The statute does.

ASSEMBLYMAN CONAWAY: There is a statute that does that. And the board, the way it is presently comprised, they're not going to vote to let you out because you don't have enough votes.

MR. DELANEY: And it's not just a matter of the board voting. It actually requires a vote of the population within each community. And as it was mentioned by several of the representatives earlier, as long as there is a financial impact, however small it may be, it is hard to imagine a situation where the towns would voluntarily allow us to withdraw.

And in some cases, we are talking about nominal -- you know, less than \$20 to \$30 per year per property. It is more substantial in other communities that would face that, but as it has been mentioned by the Chair, the removal of our student population from the mix would provide some growth within this system before an expansion would be necessary.

MR. ROE: We do mention some safety factors, too. I dread the fact that my son is going to ride 45 minutes one way -- that's without stops -- so he is spending two hours on a school bus. Now, of course, prior to that he hadn't spent any time on the school bus. They're not fun to begin with, and then you have the safety factor along with it. There is a lot of negatives that impact the student before he even gets to school, and then they have to adjust to a very big school, which is another problem.

MR. PETERSON: That impartial answer, Assemblyman, if I might and also in response to Assemblywoman Murphy's. There is not just one high school in closer geographic proximity, there are four. All of them

have made overtures for our students. Our buses -- as you can see by the map -- pass by literally a matter of yards of other high schools, but the way the statute reads right now that is not an option to even speak-- The Toms River system is another regional system. The irony of it that those buses from that system come right next door to our town. They are already busing.

The other irony in this whole situation -- Berkley Township sends buses right through our towns for their elementary school students, and you feel a great sympathy for the poor kindergartners are riding in buses literally a longer time period.

ASSEMBLYMAN MALONE: They could be going to your school on Central.

MR. PETERSON: They go right by the door of our school which their children play with our children. It's within walking distance. And all the way the statute works now there is no options for anyone.

ASSEMBLYMAN MALONE: So between 14th Street and Island Beach, those students are bused all the way across the bay--

MR. PETERSON: Down the bridge in the ice in the winter, the storms, down the Parkway into Berkley.

ASSEMBLYMAN MALONE: Rather than walking a half a block or a block down to your school on Central Avenue.

MR. PETERSON: That's a safety concern, also.

ASSEMBLYMAN MALONE: Plus it doesn't make sense.

MR. PETERSON: No.

MR. ROE: There is a kicker to that one, too, because we have almost made overtures that we would do something about that, but we have Pelican Island involved. Berkley owns half, Dover owns half. The only problem with Pelican -- and it's not a great number of children, but now we

involve ourselves in busing and we don't own one bus. So it becomes another factor that is a little bit in play if we do that kind of thing.

ASSEMBLYMAN CONAWAY: Let me just ask one question. What -- beyond your situation which sounds stressing -- would be the far-- It seems to me that there is going to be impacts far beyond your particular situation if you move back to a per pupil. Presumably we got-- Assessed property value came up under the horizon and addressed another problem. Are we going to go back to the problem that the assessed property value was designed to--

ASSEMBLYMAN MALONE: My only contention is I would like to hear from the Department of Education the rationale for moving from a per pupil to an assessed value, and they should be able to impart to us at the next meeting the rationale and the history of it. That's what I wanted to know, and that's why I was a little bit concerned they weren't able to be here today.

But I think for us to go forward I think we have to learn a little bit about what the past problem was so we can then come up with reasonable options to do it. It may take a formula, it may take something in which we don't tamper with that but look at other ways of leveling the playing field.

Any other questions? (no response)

We have one additional person, John Howard from Washington Borough Board of Education, Warren County.

I'm glad you phrased that because I guess there is -- what? -- six or seven Washington Townships.

ASSEMBLYWOMAN MURPHY: We got a bunch.

JOHN S. HOWARD: Chairman Malone and committee (*sic*), I want to thank you for this opportunity. It wasn't my intention to come here and speak to the committee, I'll be honest with you guys. I haven't prepared

anything for you, but is this issue of forced regionalization is a great concern to not only the people that live in the Washington Borough, but in surrounding area of Washington Township, the whole district.

We've really taken it, I think, a great importance in moving forward with shared services in our district. Collaboratively, we have other schools in the area -- in our cluster -- and we just, as recently as last week, formed a shared services committee in the county to explore different options, first to bring cost factors down. As of last night--

I live in Washington Borough, it's like the center of a doughnut. I'm surrounded by the township. You talk about redundancies of services. Someone earlier made the comment why not forced regionalization of municipalities, and then we are talking about this being politics verses quality of education. The problem I foresee for the people who live near me and in my district and in the area-- I consider the Washington Borough Board of Education and the superintendent to be extremely efficient at what they do and to be very cost-effective for taxpayers' dollars. I can't say the same thing for the surrounding communities.

When you talk regionalization, people-- The same thing. Not only are they going to lie down in the streets, they are going to move, they are going to flee from that where I live. I speak with people every day in the Borough and in the Township and their biggest concern is, first and foremost, monetary. It's not even the level of the quality of the education the kids are receiving.

Right now, because we don't have any potential growth-- I take that back. There are two pieces of land in the Borough that developers are discussing building homes -- one track of land being 500 town house units or 130 single-family units. Now, we are really limited as far as rateables go, what

we can do. So that burden does fall on taxpayers, big time. I think the tax levy on the taxpayers in the Borough is the second highest in the county when it comes to education, paying for their schools.

I made certain notes in listening to the testimony that I've heard here today and things have just jumped out at me. It's been pointed out twice already was the fact that in history of the State and education in New Jersey, when you look at the regionalization that has taken place in the past-- Again, why is it found? I think there is more failures than there are success stories.

When I was in Atlantic City this past October for New Jersey School Boards Association convention, I could not believe the stories I heard from other school districts throughout the state, the problems they have. A simple one that just jumped up was negotiating contracts after the first year. How do you bring--

When I look at the districts around me and the disparity as far as contract negotiations, what each district has given up or traded off or whatever they did to get their teacher contracts passed, to get their budgets through, our Borough, you can't even compare it to anybody else that I see in the state that I have talked to.

Each district has to be looked at totally individually. I mean, the circumstances as far as-- We can't get the township and the borough together to build a sewage treatment facility, but they are going to build two of them. We'll build one each. (laughter) I'm not-- When you say regionalization, especially when I think of regionalization, I'm thinking of efficiency, I'm thinking of cost-effectiveness, but when politics get in the way of that, and I'm not just talking about just in education, none of these concepts would even fly where I live because you can't get past the political bureaucracy of the worrying about getting elected.

I like the idea of a referendum. Let the people decide what is going to happen or do they-- Forced regionalization scares people. For shared services, why not? I think there are so many ways, from a county level on down, it can save money by collaborative purchasing -- we're working on now -- technology, computers, transportation, legal services. We are all going in even to pay for a professional grant writer just to explore creative options and getting funding.

ASSEMBLYMAN MALONE: How big is your school district in Washington Borough?

MR. HOWARD: Washington Borough's School District is 656 students.

ASSEMBLYMAN MALONE: Now, is that *K* to 12 or is it--

MR. HOWARD: *K* through 6.

ASSEMBLYMAN MALONE: *K* through 6.

MR. HOWARD: And then we have Warren Hills Regional, which some of you may have heard about in the paper, where there is a limited district of seventh and eighth, and then they go on to Warren Hills Regional which is nine through twelve.

ASSEMBLYMAN MALONE: So you had in some senses regionalized?

MR. HOWARD: Yes, it is in some sense.

ASSEMBLYMAN MALONE: And you're saying from your prospective as being -- I assume you are on the *K* to 6 school board.

MR. HOWARD: Yes, I am.

ASSEMBLYMAN MALONE: And how do you feel about regionalization?

MR. HOWARD: Personally, not speaking for the board, even though I'm here with their blessings, I think I am alone in my sentiment that I think it can work and it can be good for the taxpayers and not negatively impact on the quality of the education the students' receive.

ASSEMBLYMAN MALONE: How would you gauge your municipality with the surrounding municipalities as-- You are basically the hole in the doughnut?

MR. HOWARD: Yes.

ASSEMBLYMAN MALONE: Okay. What is expansion potential, as I think Assemblywoman Murphy talked about -- the expansion potential for the Washington Township area as opposed to yours? Yours is basically, you are pretty much affixed.

MR. HOWARD: We are very limited. Right now there is a track of land bordering our Memorial School, which I think it is 128 acres. The developer has already bought it and has already put in plans for development.

ASSEMBLYMAN MALONE: Let me ask you this question this way. How big an area is Washington Borough?

MR. HOWARD: It's less than a square mile.

ASSEMBLYMAN MALONE: Okay, and how big an area is Washington Township?

MR. HOWARD: Totally surrounding us -- off the top of my head I couldn't tell you.

ASSEMBLYMAN MALONE: Fifteen square miles, twenty square miles?

MR. HOWARD: I'd say in the neighborhood of 15.

ASSEMBLYMAN MALONE: Okay. And the potential build out--

MR. HOWARD: They're growing leaps and bounds. It's unbelievable the development that is going up.

ASSEMBLYMAN MALONE: Now, the school properties within your municipality are they paid for?

MR. HOWARD: In the K through 6, yes.

ASSEMBLYMAN MALONE: Okay, so if you did regionalize--

MR. HOWARD: We have to assume their debt service.

ASSEMBLYMAN MALONE: --you're going to be picking up some growth potential debt service for the Avon municipality.

MR. HOWARD: Yes.

ASSEMBLYMAN MALONE: And I imagine that is probably a bone of contention -- a major bone of contention -- for your residents in Washington Borough.

MR. HOWARD: Yes, even once you broke it down. I mean, we are in good shape, and we are proud of the fact that we are efficient. If we are forced to go into a regionalization-- Just, for instance the township. We are hurting our taxpayers to the point where I know of people who have already told me explicitly that they are leaving. They're leaving the district. It already got to the point now where the borough itself, because of the limitations as far as rateables can be attracted there, it's becoming more or less--

ASSEMBLYMAN MALONE: What's an average \$100,000 house paying taxes? Do you know offhand? Roughly.

MR. HOWARD: Right off the top of my head, no I don't. I don't have those figures. Like I said, I wasn't prepared to come down here and speak to the committee today.

ASSEMBLYWOMAN MURPHY: They are regionally caused evaluation.

MR. HOWARD: They are being reevaluated right now.

ASSEMBLYWOMAN MURPHY: Yes, their percentage of share per cost apportionment is 24 percent.

ASSEMBLYMAN MALONE: That's for the 9 to 12.

ASSEMBLYWOMAN MURPHY: That's 7 through 12.

ASSEMBLYMAN MALONE: Seven through twelve.

ASSEMBLYWOMAN MURPHY: That's the borough.

MR. HOWARD: A couple of other points I just want to make. I'm not nearly as articulate or as probably academically astute or learned as a lot of the predecessors who came and spoke before me. But a couple of points I wanted to make and one I already made, but I'm going to reiterate it: Why has it failed in the past? And it is something that has to be explored. Enough said on that point.

Again, every district is distinctly different. If you would come to Warren County and look at where I live-- I'm unique in that respect because it sounded very similar to Seaside Heights's problem. There is legislation pending that could help municipalities like my own with development impact fees, and so forth. At least that would alleviate some of the taxpayers' burden.

Basically that's all I can really add. You know someone did say something the other night that not only was it funny, it made some sense to me. It may not seem totally relevant, but when you think of this blockbuster movie *Titanic* that's out there right now, when you think of all the technology and all the professionals and everybody that it took to build that fantastic ship, and then you think of the ark and the novice that put that together but which one sailed and made it. There is something to be said.

ASSEMBLYMAN MALONE: I think the ark had divine intervention. I don't know if we are going to be able to call it ark. (laughter)

MR. HOWARD: I appreciate the opportunity to come before you.

ASSEMBLYMAN MALONE: What I would like you do is this. Since you really didn't feel that you were going to be able to testify, if you would like to get some thoughts together and put it into a letter to us or something, feel free to do so, and we'll make it part of the record for you.

MR. HOWARD: Thank you very much.

ASSEMBLYMAN MALONE: Do any of the Task Force members like to make any comments or any discussions before we break up for the day?
(no response)

What I'd like to do is -- Assemblyman Blee and I serve on the Appropriations Committee, and our schedule is relatively fixed. I will be sending out a letter-- I would like to get together again within the next three to four weeks. We will send a letter out trying to give you some dates for the next, at least, two meetings. So if you get back to us, we can sort of fix those dates.

Is anybody going to be away or out of the area or the country in the next couple of months?

ASSEMBLYWOMAN MURPHY: I'm going to Atlantic City in three weeks.

ASSEMBLYMAN MALONE: No.

ASSEMBLYWOMAN MURPHY: My husband has school break, so I'm going to party. (laughter)

ASSEMBLYMAN CONAWAY: Are we looking at April?

ASSEMBLYMAN MALONE: We're going to have another meeting in March.

MR. D'OVIDIO: The emphasis seems to be focusing on disparity more than the overall regionalization, but there was one point that was

mentioned. There is 24 districts that are nonoperating districts. I'm curious as hell to know why they want to operate, and if they were to do something wherever they are sending their students, what is the impact? I mean, it may be that it's going to cost them a lot more than you're paying now on a per pupil basis, and so on. If so, that's a number that might help us looking at some kind of a solution to an issue.

ASSEMBLYMAN MALONE: Maybe when we get that list, Tony, and see who they are and maybe get some background-- But when we talk to the Department of Education, maybe I'll get the information together and find out who the nonoperating districts are and what they are paying on a tuition basis to send their students wherever they are sending them. It gives us an idea.

ASSEMBLYMAN CONAWAY: We can get testimony from some representative--

ASSEMBLYMAN MALONE?: Yes, we will, but I want to prepare them for the information that we need so that maybe we can have it ahead of time.

Any other questions by any other Task Force members? (no response)

Thank you very much everyone, and I think we had some interesting comments.

(MEETING CONCLUDED)