

---

---

# ***Task Force Meeting***

of

## **ASSEMBLY TASK FORCE ON SCHOOL DISTRICT REGIONALIZATION**

*“Discussion of the history of the changes in the method of apportionment of costs in regionalized districts; positive and negative factors influencing regionalization; the process of dissolving Union County Regional School District; and the cost of impact of school district consolidation”*

---

---

**LOCATION:** Room 319  
State House  
Trenton, New Jersey

**DATE:** March 26, 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 Wilfredo Caraballo  
Assemblyman Herbert C. Conaway Jr.  
Anthony D’Ovidio  
Fred Caruso  
John A. Peterson Jr.  
Bruce M. Quinn



### **ALSO PRESENT:**

Anita M. Saynisch  
*Office of Legislative Services  
Secretary*

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

Raymond Frost  
*Assembly Democratic  
Task Force Aide*

***Meeting Recorded and Transcribed by***  
The Office of Legislative Services, Public Information Office,  
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

---

---



## TABLE OF CONTENTS

	<u>Page</u>
Michael Doney Superintendent Great Meadows Regional School District	1
Richard Noonan Superintendent Bernardsville Borough School District	17
John M. Sherry, Ed.D. Assistant Commissioner Division of Field Services New Jersey Department of Education	24
Melvin Wyns Director, School Finance Division of Finance New Jersey Department of Education	24
Frances Lobman, Ed.D. Superintendent Union County Public Schools New Jersey Department of Education	37
Douglas B. Groff Coordinating County Superintendent for Southern New Jersey and Superintendent Gloucester County and Member Regionalization Advisory Panel New Jersey Department of Education	41
Ernest C. Reock Jr. Former Director Government Services Rutgers—The State University	69

## TABLE OF CONTENTS

	<u>Page</u>
James Sarruda, Ed.D. Superintendent Northern Burlington County Regional Public Schools	82
Richard J. Carson, Ed.D. Superintendent North Hanover Township Public Schools	100
<b>APPENDIX:</b>	
<i>Regionalization</i> submitted by Michael Doney	1x
“Apportionment of Regional School District Appropriations” submitted by Melvin Wyns	8x
Testimony and Reports submitted by Ernest C. Reock Jr.	9x
Testimony submitted by James Sarruda, Ed.D.	
dmt: 1-50 lmb: 51-103	63x

**ASSEMBLYMAN JOSEPH R. MALONE III (Chairman):** Good morning, everyone. I'd like to welcome you, again, to the Regionalization Task Force. This is basically the third meeting that we had on this subject. I think the last meeting was rather informative and I generated some good discussion and some very serious concerns were raised.

Today, what we'd like to do--

Good morning, Bob.

--is really getting involved in some discussions relative to the history and background of changed legislation that began in the '70s and went into the '80s, look at some school districts that have regionalized, look at school districts that have deregionalized. We'll see how the discussions go from there and try to, again, answer as many questions as we can as to how we can come up with some reasonable recommendations and potential legislation to correct some of these inequities in funding.

To get started what I'd like to do is -- I know there is some time constraints, and I'd like to have Michael Doney and Richard Noonan. Michael Doney is the Superintendent at Great Meadows Regional School District, and Dr. Richard Noonan is from the Somerset Hills Regional School District.

Gentlemen, are you here? (affirmative response) Are you speaking, basically, together, or do you have separate comments?

**MICHAEL DONEY:** Separate.

ASSEMBLYMAN MALONE: Okay, fine.

MR. DONEY: Good morning. My name is Mickey Doney, and I'm the Superintendent of probably the newest formed regional school district in the State of New Jersey, the Great Meadows Regional School District.

Anita called me a few months ago and asked me to come down and address your group. Then she called me again about two weeks ago, and I told her that I would come down and speak about regionalization, but I'm not here to persuade or dissuade you in any shape or form. I'm here to talk to you about the practicality and the reality of regionalizing.

I have lived through two entire regionalization processes. One of them a failed process where we had a four-district regionalization contemplated and went through the informal studies, the formal studies, the financial impact studies, we did our facilities utilization studies, etc., etc. Finally, we presented the decision to our voters in the four separate school districts, and it passed in two and was defeated in two and therefore died.

The two districts that it passed decided that it was in our best interest to continue to investigate how we might be able to do something in a regional setup that would benefit both of our districts. Hence, came the second study where the Independence Township School District, small school district in Warren County, and the Liberty Township School District, another small district in Warren County, went through the entire same process, and in fact, it passed muster in 1992; 1993-1994 was our first year of operation.

Regionalization occurring voluntarily -- that, in my estimation, is not going to happen very frequently. It will happen only when both districts or all of the districts stand to gain, whether it be educationally, and just as importantly, financially. In our case, we asked ourselves why would two -- and I've given all of you, I hope you all have my handout -- proud, successful school districts consider jeopardizing their status quo by voluntarily forfeiting their total local control? Our answer to that was because we had a shared

vision for improvement, there was a win-win scenario, and if there would have been a winner and loser, as there was in our first four-district venture, we would not have proceeded. The process must be made understandable to the communities, and it must be able to be shown to be profitable to the communities.

Great Meadows Regional shared vision was that we would be able to build a new middle school, which neither of the separate districts were able to afford by themselves. That would then address our facilities concerns for the future. We would also be able to realize cost-effectiveness as well as expansion of educational services to our two districts.

We also were able to eliminate tuition because one of the districts was forced -- although we were both *K* to 8 operating districts at the time -- because of lack of space, to send about 150 seventh- and eighth-graders to a neighboring school district on a tuition basis. As our population going on tuition increased, the tuition increased also, and we went from paying approximately \$360,000 in tuition for seventh- and eighth-graders in 1990 to this current year paying almost a million dollars for 150 seventh- and eighth-graders. Next year, September of '98, our new middle school will be opening.

We must be able to show advantages for all concerned. There must be advantages for children, there must be advantages for parents, nonparents, seniors. There must be advantages for taxpayers. The process requires commitment by the board of education and the community. Now, when I talk about commitment, I'm talking about, if you can't sell the process -- the outcome of regionalization -- to nine board members in one district and

nine board members in another district, you have a divided camp. It's going to be difficult to sell it to the communities.

Communication must be made through written communication, mailings, a verbal, which includes a myriad of meetings. The board of education must be involved, representatives from the community must be involved, and you must be able to ease the anxiety of the professional staff. Time, genuine effort, devotion to the task -- continual progress towards your goal and remaining focused on what it is that you hope to be able to accomplish by regionalizing.

We went through the informal study, demographics, facilities, financial, and proceeded to the formal study. I must say that throughout this entire process the Warren County Office of Education was extremely helpful. They facilitated our procedure. I must also say -- and not in any way in a derogatory sense -- there aren't many people in New Jersey that understand what happens when you regionalize. Practically, what happens after you go through the informal study and the formal study and you submit your reports and you get the approval from the Commissioner to proceed to the referendum question and then it's approved-- If it's defeated, there is no worry. But when it's approved, what happens?

I can tell you what happens. You must operate the constituent districts until the conclusion of that year. You must also establish an interim administration to begin preparation for the opening of the new district at the next fiscal year. You need to have an interim budget. You need to have interim administration. It's very interesting, especially when you're doing-- We were fortunate, we only had two districts that were involved. I was the



superintendent in one district. My protégé in the other district did not want to become the superintendent in the new district, so it was not any type of personnel issue.

But the question that comes up in classrooms with teachers is, “What’s going to happen to my job? Are we going to be consolidating? Am I going to lose my job?” Now, parents want to know, “What’s going to happen to our school? You promised that our school wouldn’t change and it’s only going to improve. That’s not the way we used to do it when we were separate.” All of the kinds of concerns keep popping up.

This is our fourth year of operating our regional school district. I’m proud of where we are, but we have a long way to go. There still is that feeling of mistrust, distrust. They don’t know what the real motives are behind why we do things. If something happens that isn’t to what they remember, the questions keep popping up. You must remain focused. You must be able to maintain pride and success. Economy and efficiency need to be addressed and improved.

I’m not going to go through all of these issues, because I believe my notes are probably self-explanatory and I don’t want to waste people’s time. I just want everyone to understand that when regionalization is approved -- if it is approved voluntarily or if it is mandated -- that’s only the beginning. I can tell you that in my situation -- and this is no reflection on anyone -- annually I need to double-check my State aid figures because my State aid figures had us as a nonoperating district.

Over the first four years of our existence, we were shorted in the first year about \$250,000 in State aid. The second year State aid was frozen.

The third year we were shown to be nonoperating and were not given, or granted, \$302,689 in State aid. When we brought it to the attention of the people in Trenton, Assistant Commissioner Mike Azzara -- he agreed. They were very cooperative, but it was a battle. It was a battle to have that money restored so that it would not have increased our taxpayers' tax rates, but rather reduced their tax rates last year.

These kinds of things leave bad tastes in my mouth because annually I feel as if I've got to double-check everything to ensure that the people who I work for are getting what they deserve. Last year's \$302,000 error was 7 cents on our tax rate. So rather than our taxes going up 3 cents, our taxes went down 4 cents. Think that was easier to sell my budget? Absolutely.

Many things to do, lists upon lists upon lists. Policies -- think of this. Two districts regionalize, each district has their own policy manual. There can only be one policy manual for the new district. Each district has its own curriculum. There can only be one curriculum for the new district. Each district has its own set of textbooks that used to be adopted by the board. There can only be one set of textbooks for the new district. The list goes on and on. Each one of these ventures takes time, and time is money. And that's where, if regionalization is going to be considered on a large scale, I would certainly hope that the State of New Jersey is in the corner with a lot of time, a lot of expertise, a lot of guidance, and a lot of money.

Was it worth it for our district? I believe it was worth it. Would it happen again voluntarily? I'm not sure. The question I would ask all of you -- and I'll close with this -- is why would two proud, successful school districts

consider jeopardizing their status quo by voluntarily forfeiting their local control? That's a tough question.

Thank you.

ASSEMBLYMAN MALONE: Could we ask you a few questions?

MR. DONEY: Sure.

ASSEMBLYMAN MALONE: In putting this together -- basically it looks like it's Independence and Liberty that got together -- what was basically the size of those two municipalities?

MR. DONEY: We have about 4500 registered voters. Geographically, we have about 35 square miles. We have, in our district, about 1500 residents enrolled K to 12. We send our high school students, grades 9 to 12, on a tuition basis, to the Hackettstown High School.

ASSEMBLYMAN MALONE: So this is a K to 8 district.

MR. DONEY: Yes, operating.

ASSEMBLYMAN MALONE: Okay, and Independence is how big?

MR. DONEY: Independence, in what respect?

ASSEMBLYMAN MALONE: Size of municipality, area and population.

MR. DONEY: Twenty-one square miles. Population of about, I would say, 4500.

ASSEMBLYMAN MALONE: And Liberty?

MR. DONEY: Liberty is about 14 square miles and a population of probably 2800.

ASSEMBLYMAN MALONE: Tax rate in the towns. Do you know--

MR. DONEY: Tax rates stabilized. Our tax rate in Independence Township about -- for a general fund and debt service for next year will be in the \$1.40 per hundred and in Liberty Township about \$1.50.

ASSEMBLYMAN MALONE: Per pupil cost per--

MR. DONEY: Sixty-one hundred dollars.

ASSEMBLYMAN MALONE: Okay, and that's basically--

MR. DONEY: We are the fourth-lowest operating expense in our county.

ASSEMBLYMAN MALONE: Okay.

What are-- From the amount of tax dollars that are being paid by Independence, what are they paying on a per pupil basis as opposed to Liberty? Do you know how it breaks down?

MR. DONEY: Yes. When we regionalized-- Because we regionalized due to enrollment increases, the two existing boards chose to use the funding based on the proration based on enrollment only--

ASSEMBLYMAN MALONE: Okay.

MR. DONEY: --not property value. It was interesting to note at that time, though, that it was about the same. Independence pays about 65 percent and Liberty pays about 35 percent based on enrollment, and at the time we regionalized, it was pretty equal to the property value.

ASSEMBLYMAN MALONE: Do each one of those towns-- I guess even though one is maybe a third bigger than the other-- Do both of them have, basically, the same build-out potential?

MR. DONEY: Yes.

ASSEMBLYMAN MALONE: Okay, so in essence, if they were totally built out, they would still be in the same proportions in the school?

MR. DONEY: Pretty much, yes.

ASSEMBLYMAN MALONE: Pretty close, okay.

MR. DONEY: Another thing in the favor of us when we entered this--

ASSEMBLYMAN MALONE: All of those questions, which are not really the norm, that you just expressed, through most of the state, is unique--

MR. DONEY: Yes.

ASSEMBLYMAN MALONE: --and I think lends itself very much to the concept of regionalization, because there are no, on the surface, real downside issues.

MR. DONEY: Exactly.

And another unique feature is that up until 1972, all of the children from Liberty Township attended Independence Township schools on a tuition basis.

ASSEMBLYMAN MALONE: So it's basically been mixed all along.

MR. DONEY: Yes.

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

Yes, Assemblyman.

ASSEMBLYMAN CARABALLO: Just two quick questions.

That \$6100 figure, is that *K* through 8 plus, on top of that, whatever you pay for high school?

MR. DONEY: That's right.

ASSEMBLYMAN CARABALLO: So what would be the-- Do you know how much you pay in tuition for high school?

MR. DONEY: Our tuition to Hackettstown High School, this current year, is approximately \$8400 per student, and next year it will be about \$8900 per student.

ASSEMBLYMAN CARABALLO: Do you know how many you're sending?

MR. DONEY: We're sending next year about 330. Our total cost for out-of-district tuition is about \$3.2 million--

ASSEMBLYMAN CARABALLO: Okay, so this--

MR. DONEY: --of a \$12 million budget.

ASSEMBLYMAN CARABALLO: If we were to add that \$3.2 million to the rest of that money, it wouldn't come out to \$6100.

MR. DONEY: But that's what it's costing. Previous to our operation as a regional district, the cost of education in the Liberty Township School District was considerably higher than in the Independence Township because of numbers of students and administration, etc. By now having consolidated, we spread that over 1000 students instead of having it spread only over 600 and 400.

ASSEMBLYMAN CARABALLO: Thank you.

ASSEMBLYMAN MALONE: Tony.

MR. D'OVIDIO: Why did the four-district referendum go down in two districts?

MR. DONEY: I think it was-- Although it was never really determined, my feeling is because at the time we went to that four-district referendum, we still had Transition Aid as part of QEA and the one district, the Allamuchy Township School District, which was the smallest of the four districts was also the wealthiest. And so what they saw happening was that although they were the smallest, they were picking up a substantial portion of the cost of the operation of a new district because we were looking at, at that time, based strictly on equalized values.

MR. D'OVIDIO: So cost was the main factor.

MR. DONEY: That was one issue.

The other issue was that the Hackettstown School District, which receives all of our high school students there, was feeling in the community that their district didn't have as much to gain as we had because they already owned a high school, they already had a middle school, they already had two elementary schools. And so what they would forfeit would be all of our tuition, and so that fragmented the community because the outlying districts were only bringing to the table an elementary school, K to 8, in each of our sending districts. Hackettstown was receiving all of our ninth through twelfth-grade students, and Hackettstown was not growing. We were growing. At the present time, it should also be understood that Great Meadows Regional School District has a larger enrollment -- resident enrollment -- than the Hackettstown School District, but we still send all of our high school students to Hackettstown.

Did I answer your question?

ASSEMBLYMAN CARABALLO: Yes.

MR. DONEY: Okay.

ASSEMBLYMAN MALONE: Herb.

ASSEMBLYMAN CONAWAY: So I guess politically, then, it was sold as the-- As you move towards regionalization, the arguments were mostly cost based, or were there concerns about upgrading programs in the schools, and were there educational assets in one institution that wasn't at the other institution? Did any discussion take place on that level?

MR. DONEY: With our two-district regional, we were able to demonstrate, through our formal study, that there would be savings to both districts. But, more importantly, what we were looking at was the long term. Both of our districts were growing. Both of our districts needed space. The Independence Township school has a 1918 facade, a 1938 section, a 1960 section, a 1968 section, and a 1988 section, and we needed another addition. We always refer to it as the dinosaur head and the spaceship tail. So what we were looking at is rather than just putting another six-classroom edition -- and Liberty Township also needing space -- is to be able to take the resources from our two communities and build a new regional middle school. And that's what we did.

So we-- Our vision was cost-effectiveness, facilities concern, expanded programs, and we are realizing all of those, and at the same time, we have stabilized the tax rates.

ASSEMBLYMAN CONAWAY: Also, I wondered, as you regionalized, what happened to-- You mention jobs in your statement. I guess



you became superintendent, and the superintendent of the other is now an assistant superintendent or--

MR. DONEY: He became an assistant superintendent and principal of the one school.

ASSEMBLYMAN CONAWAY: And were teachers lost? Were things-- I don't know if people were bused. Were jobs lost in all of the support staff, was personnel involved -- all that second layer, I guess, of administration. Were all the jobs retained or some jobs lost? How did that fall out?

MR. DONEY: In the separate districts, we had a chief school administrator and an assistant principal in both schools. One of those assistant principals lost his job. The other assistant principal became the principal. The chief school administrator became principal assistant superintendent, and I became the superintendent. Our business administrators -- one became the business administrator and assistant business administrator. We do not have any other levels of administration. We do not have any other people working in our business offices.

ASSEMBLYMAN CONAWAY: So you needed then four.

MR. DONEY: And we did not rid of any teachers, excuse me.

ASSEMBLYMAN CONAWAY: You didn't lose any teachers.

And so you still needed to have two business administrators in order to handle these thousand kids.

MR. DONEY: Well, we don't have any other secretarial help in the office. They do all of that between them. And, like I said, this year our

budget will be about \$12 million, and we have only two people working in the business office.

ASSEMBLYMAN CONAWAY: And what happened, incidently--  
I'm sorry.

What happened to the school that was vacated?

ASSEMBLYMAN MALONE: That should be the last question.  
(laughter)

I'm talking about, the answer you gave should be the end of the questions. (laughter)

ASSEMBLYMAN CONAWAY: I'm sorry.

ASSEMBLYMAN MALONE: I'm teasing you, Herb, go ahead.

ASSEMBLYMAN CONAWAY: What happened to the school?  
I guess what happened to those buildings? Because this is something that comes up in terms of cost to when buildings are emptied or not used anymore.

MR. DONEY: We don't have an empty building.

ASSEMBLYMAN CONAWAY: You don't have an empty building.

MR. DONEY: We had-- Our Liberty School was a *K* to 8 building with about 400 students. The Central School, which is in Independence Township, is a *K* to 6. It formally had been a *K* to 8 because there was not enough of space. The seventh- and eighth-graders were going to Hackettstown on a tuition basis -- was a *K* to 6 building. Next year both of those schools become *K* to 4 buildings. We have three trailers that will be taken off of our sites. The closets that are being used will be vacated, and offices that have been transitioned into classrooms will again become offices.

We will have two *K* to 4 neighborhood schools, one for Independence and one for Liberty, and the other one will be the middle school for all students in grades 5 to 8.

I said neighborhood schools because that was very important to the people, because when they moved-- Many people came out to the hearings, and everyone said they did their homework when they moved into their community. They moved there because they want their child to go to the Independence School or they wanted their child to go to the Liberty School. So we are honoring that for the present time.

ASSEMBLYWOMAN MURPHY: Are there buses involved with your *K* through 8, *K* through 6 to be *K* through 4?

MR. DONEY: We bus every student in our district, and every student is bused whether they are bused to the existing schools or to the Hackettstown schools. There are no sidewalks, it's a rural area, and all students are bused to and from school. And what we will be doing for next year, when we open the middle school, is we will be rerouting so that we can use our buses -- and also rescheduling our days so that we can use our buses for at least two runs each.

MR. D'OVIDIO: What curriculum improvements have come about as a result of the regionalization?

MR. DONEY: I believe that probably-- Each one of our curriculum areas was scheduled for revisiting and revision in the first five years of our operation. Through the teachers and parents and administration working together, we have already reviewed and revised our language arts curriculum, our math curriculum is being done right now, our art curriculum,

our music curriculum, the health and physical ed curriculum, the science curriculum. And so I think what it has done is it has brought each one of our curriculum areas into discussion, and we now have a unified curriculum in our two schools. We are also, with that study, having updated all of our tools for the implementation of our curriculum.

MR. D'OVIDIO: Have you been able to add specialists that didn't exist before as a result which, hopefully, impact on education?

MR. DONEY: Well, next year-- We have never had any guidance counselors in our schools. Next year in our middle school we will have a guidance counselor, and it will be a 500-pupil middle school. We will also be beginning a part-time person in *K* to 4 for guidance for children.

Both of our schools, through the State -- I'm missing the term here -- the aid for technology. We received about \$50,000, and we used that money to back a lease purchase so that we could wire both of our existing schools for voice, video, and data in each classroom, so all of our classrooms have at least one computer. They have access to the Internet. We have wall-mounted televisions. We've moved from the '70s into the '90s.

I think the big transition is to get the two schools to realize that we're one district. I think improvements are incurring. I think between the sharing of ideas between a wider range of professionals, we are moving ahead.

MR. D'OVIDIO: You made these improvements and you also kept your costs lower or lower than -- it's consistent. So that's a plus.

ASSEMBLYMAN MALONE: Thank you very much.

MR. DONEY: You're welcome.

ASSEMBLYMAN MALONE: It was quite informative.

Dr. Richard Noonan.

**RICHARD NOONAN, Ed.D.:** Good morning. I'm glad to be a part of today's hearing. Mickey just shared with you the Great Meadows experience, and as much the same spirit, I hope that the Somerset Hills story will contribute to some greater understanding on the part of all of us as to what regionalization is all about and what it entails.

It's a shame that I have to come all the way down here to Trenton to see Tony D'Ovidio once again, but it's a pleasure to see Tony any place, any time, and I'm glad to see him part of the team here and part of the study process. I think that will only help.

Our *K* through 12 regional district was formed as a result of a successful referendum, which was held back on December 1, 1995. In that referendum, the voters of Bernardsville, Far Hills, and Peapack and Gladstone voted to form a regional district. The voters in Bernardsville and Far Hills approved the referendum by a three-to-one margin, and the voters in Peapack and Gladstone approved it by a two-to-one margin.

Our history is one where Far Hills, Peapack and Gladstone have been long-standing *K* through 12 sending districts to the Bernardsville Schools, and today the three communities together make up a regional district of about 1500 students. Prior to regionalization, the state of relations between our communities was a bit rocky. The divisive issues at that time really concerned the cost of tuition, the tuition that was assessed our sending districts, and a lack of control -- or perceived lack of control -- and influence on the part of our sending-district communities.

And feeling a bit threatened and dissatisfied with the uncertainty of the situation, the various boards of education committed to a feasibility study on forming a regional district. The joint regionalization study that we undertook in 1993 and 1994 resulted in a negotiated tax levy apportionment formula based on 95 percent student enrollment and 5 percent equalized valuation. And, certainly, the liberalization of the regionalizational law, which I believe occurred back in 1992, 1993 -- somewhere back in that time period-- The liberalizational law, which allows for a levy formula that combined the two factors, made a significant difference in arriving at a formula that worked for all three of the separate school communities.

For Bernardsville, this formula meant a healthy school tax decrease, which, of course, made it more palpable to give away some regional board seats to the other communities -- clearly preferable to the present tuition contracts situation where the Bernardsville Board of Education was partially subsidizing the education to students from Far Hills and Peapack and Gladstone through some tuition discounting, which was occurring at the time.

For Far Hills, the formula kept the cost of educating its students basically flat with preregionalization costs. What Far Hills gained and what the incentive was there was voting power on the new regional school board.

For Peapack and Gladstone, the '95 tax levy apportionment formula meant a significant tax increase over the preregionalization cost of education for that community. Yet, as I said before, when it was voted on, it was approved by a two-to-one margin.

I think that what made the difference there was the gain that the community of Peapack and Gladstone assumed by picking up two voting seats

on the regional board of education. It was a long-standing interest, voiced within the community, to have some greater say over school issues and control and decision-making authority. So that was provided by the regionalization referendum and vote.

I think that regionalization, in our case, really worked for a couple of reasons. One, we are a small-scale school community. As I said before, we are a regional district that has only 1500 kids in it right now, and let's face it, America loves small schools, and New Jersey loves small schools even more than the rest of America.

Second, the State did provide some incentive by seed money that was provided for the feasibility study. I believe, going back to those times, we were provided with about \$5000. It costs us \$14,000 to fund a feasibility study, but certainly the \$5000 helped in getting the ball rolling.

A third reason why it worked was the hunger of the residents of each of the communities of Far Hills and Peapack and Gladstone to have and gain a voting say in the operating of the schools that serve their communities. Clearly that's good for parents. It's good for property owners in those communities.

And a final reason was the, as I said before, revised legislation that made it easier for us to strike an apportionment formula that worked for all of the three constituent communities.

A couple of thoughts on my own part here, based on my own experience with regionalization, on what the State might do further. I think, certainly, the provision of some additional aid to districts that regionalize, not only on a one-time basis, but a reoccurring basis, would be most helpful. I

think a willingness and a commitment to fully funding feasibility studies would go a long way as well. I know that the State does fund shared-services audits. That's something that communities don't have to assume the cost of. Perhaps the same standard or the same commitment could be made to the completion of feasibility studies for regionalization on the part of school districts.

What might the State rethink? I think one possible item for reconsideration -- again based on our own experience -- would be to look once again at the existent law on sending-receiving board representation, that is, if regionalization is the goal. Gaining board seat representation on a receiving board removes a major incentive to regionalize, in my own estimation, and that perpetuates the status quo. Now, that's not necessarily to argue on my part that regionalization is the way to go, but I think if regionalization is agreed to be the objective on some scale, then I think that the current sending-receiving board representation law, as it is struck, serves as a disincentive or diffuses energy in that direction.

Perhaps some thought could be given to only providing that kind of representation on a receiving board by a sending community if a regionalization both occurs and fails at the polls first.

So those are some thoughts of my own on what might be considered here by the Assembly Task Force. And again I hope our experience helps to shed some light on what regionalization is all about and how it might be supported on a broader scale throughout the state.

ASSEMBLYMAN MALONE: Any Task Force members have questions?

Herb, go ahead.



ASSEMBLYMAN CONAWAY: My same question again. As you came together, what happened with the number of teachers that you needed in the district? What happened with regard to staffing?

DR. NOONAN: Ours was a regionalization that took an operating district and we had-- It was really a regionalization between an operating district and two nonoperating boards of education. The students previously came to us from those communities on a tuition basis. So they were operating exclusively as sending districts, nonoperating school communities. They had previously, at an earlier time, operated their own schools, but those schools had gone out of business.

So the only people who were affected jobwise were the board secretaries in each of the communities and then, of course, the auditors and attorneys who work for all of those different boards of education and the board of education members themselves.

ASSEMBLYMAN CONAWAY: And just one other question. The local-- How was this balance between local control? The important thing to have people feel that they had their local control was what was done with representation on the boards. Was that how that was achieved mostly? Did you have sort of a neighborhood school issue there, and how did you get beyond that?

DR. NOONAN: Well, I think the driving force behind regionalization was the gain in influence and having a say in the operation and the decision making of the board of education that controlled the school system that those students attended. So, prior to regionalization, in our two sending communities, that kind of representation and influence and decision-

making authority didn't exist. The communities were hungry for that -- you know, which again leads me to think that perhaps the present sending-receiving representation law, which does provide decision-making authority to representatives from sending districts on receiving boards, I think works counter to expanding regionalization within the state. It really defeats that hunger or interest in obtaining that kind of voting power.

ASSEMBLYMAN MALONE: Dr. Noonan, just a-- The number of students that come from Bernardsville into your district do you know offhand?

DR. NOONAN: From our own community to the regional school district, we are about 72 percent of the school district population.

ASSEMBLYMAN MALONE: Far Hills?

DR. NOONAN: Far Hills is very small. It's only about 75 kids. I think it's 5 percent or so.

ASSEMBLYMAN MALONE: And the rest is from Peapack and Gladstone.

DR. NOONAN: Yes, 23 or 24 percent. Somewhere in there.

ASSEMBLYMAN MALONE: And you're saying, just in the sense of Peapack and Gladstone, just the motivation of having board representation was enough to -- even though they had an increase in taxes, support your school?

DR. NOONAN: Yes, and in Peapack and Gladstone, again it was a considerable increase in taxes.

Now, some of that was the specific history that we had. We actually had a time in the early 1990s where the Peapack and Gladstone Board

of Education -- this is a nonoperating board of education -- brought a lawsuit against the Bernardsville Board to try to gain access to executive sessions of the board of education, you know, some greater say and influence in board decision making. So there was a specific history there: long-standing interest in gaining more control and influence. So that's what motivated in large part to be willing to pay the extra taxes.

ASSEMBLYMAN MALONE: In a tax sense, what was the increase from? From what to what? Do you remember?

DR. NOONAN: I don't have that information. I can provide that back to the Task Force.

ASSEMBLYMAN MALONE: I would be interested to know what kind of an increase they accepted to get that kind of an enrollment.

DR. NOONAN: Okay.

ASSEMBLYMAN MALONE: Very interesting, very interesting. Any other member have questions?

Yes.

DR. NOONAN: I would just add, in our situation, the first year of regionalization the Liberty Township tax rate went down about 3 cents, but the Independence Township tax rate went up about 14 cents. That was acceptable because in the long range, when they saw that the facilities would be addressed with this new venture, people were willing to accept that.

ASSEMBLYMAN MALONE: Gentlemen, thank you very much.

I now would like to call up members of the Department of Ed. Mel Wyns, Director of Office of School Finance. John Sherry, Assistant

Commissioner Division of Field Services. Doug Groff, Burlington County Superintendent, and Fran Lobman.

**JOHN M. SHERRY, Ed.D.:** Good morning, Assemblyman Malone and members of the Task Force. Thank you very much for affording us the opportunity to be here today and to share with you some information that you have requested.

Just to review, to my far right is Dr. Frances Lobman, who is the County Superintendent of Union County. To my immediate right is Mel Wyns, Director of the Office of Finance (*sic*). On my left is Doug Groff, who is the Coordinating County Superintendent for Southern New Jersey and the County Superintendent of Gloucester County. He had the pleasure of being with you at your last meeting and accompanying members of the Regionalization Advisory Group.

Assemblyman, as we understand it, there are several issues that you've asked us to address this morning. The first issue has to do with cost apportionment of the current system for regional school districts and changes in the law. Mel Wyns has prepared a handout which is coming around at this point, and I would ask him if he would be kind enough to address that issue first.

**MELVIN WYNS:** Good morning, it's a pleasure to be here. The handout that's being passed around concerning the apportionment of regional school district appropriations visualizes for you the current statutory requirements for this mythical Anytown Regional School District.

Currently, under the statute -- the governing statute is 18A:13-23 -- there are three approved methods for apportioning regional school district

tax levies. You heard references to all three methods in the two earlier presentations this morning. The first method is in 18A:13-23.3 talks about the portion of each municipality's equalized valuation allocated to the regional school district. In Anytown Regional School District with a tax levy of \$6 million--

In this example, you have three constituent municipalities: Town A, Town B, and Town C. You will see each town's equalized valuation as stated and the percentage of their equalized valuation, and thus, the percentage of the tax levy that is assigned to each one of those towns is simply the proportion of each town's equalized valuations to the total equalized valuation allocated for the regional school district.

So Town A, for example, has 21.5 percent of the total tax levy of the valuations allocated to the regional school district. So 21.5 percent of our \$6 million tax levy is allocated to Town A. The math is not terribly complicated. However, if you note, looking at Example B, Town A has 200 students. So if you divide the tax levy, the \$1,290,000 allocated to Town A, by 200 students, you get a cost per pupil of \$6450.

So what you see with using the portion of each municipality's equalized valuation methodology that the cost per pupil varies from constituent municipality to constituent municipality within the regional school district. And, in fact, we have circumstances in the state where the variances are substantial. Some constituent municipalities have cost which are two or three times the cost per pupil of others. While the average for the districts in this example is \$6000, you see that it fluctuates from a low of \$5100 to a high of \$7200 in this example.

Now, the second method, and this is the method which is being currently used in Great Meadows, is with regard to the proportional number of pupils enrolled from each municipality. Using that method, you simply determine the percentage of students which are assigned from each town over the total students in the regional school district and develop the proportion of the tax levy that way. Under that method, you see that the cost per pupil is the same for each constituent municipality within the regional school district. In fact, today, Great Meadows is the only regional school district in this state which is using this methodology.

ASSEMBLYMAN MALONE: If I could just ask you a question, Mel.

MR. WYNS: Yes.

ASSEMBLYMAN MALONE: Back in the late '70s, when the law was sort of changed, what dictated to regional school districts and municipalities the change from a per pupil cost if that was the originating value basin?

MR. WYNS: That was the passage in 1975 of the Chapter 212, the so-called T&E law. Prior to that time, there was an option amongst the regional school districts where you could elect either an enrollment-based method or a valuation-based method. That option went away with the passage of Chapter 212 in 1975. What the Legislature did in that statute was phase out the per pupil methodology over a five-year period where they phased all existing regional school districts, at the conclusion of the five-year period, to the equalized valuation methodology.

ASSEMBLYMAN MALONE: So whether towns wanted it or didn't want it, they didn't have a choice.

MR. WYNS: They didn't have a choice.

ASSEMBLYMAN MALONE: Were any of you here when this occurred?

MR. WYNS: I was. (laughter)

ASSEMBLYMAN MALONE: You were.

Okay, can you maybe give me or the panel the thought process as to why that methodology was changed? Was it -- and I'll use the term that you used -- was it a social-engineering situation, or was it a situation where somebody didn't think about what they were doing? There has got to be a reason why the methodology was changed at that time.

MR. WYNS: I wasn't involved in the legislative discussion at the time--

ASSEMBLYMAN MALONE: So you blame somebody else then. (laughter)

MR. WYNS: I can speculate that there was some thinking and some rationale developing around that the differences in relative communities ability to pay should be a consideration when you allocate taxes. Some communities-- That the communities with higher property value per student have a better ability to afford the cost within a regional school district than communities with lesser values per student.

It was that kind of thinking that perhaps--

ASSEMBLYMAN MALONE: I guess I look at if the conversations are that the property taxes are regressive and not every individual in every

town are of the same financial means. What we are doing is saying to a person who may have property wealth, but not a lot of financial wealth, that they are going to be hit very, very hard by this new methodology.

MR. WYNS: Potentially, in New Jersey, we have communities who have a lot of property wealth, and shore communities in some cases, where there is not a lot of income wealth behind. And we have some communities, as I said, in New Jersey, who have contributions per pupil which are two or three times other communities, yes.

ASSEMBLYMAN MALONE: Has there been some thought process in the Department about looking at changing back to a per pupil?

MR. WYNS: Well, they currently-- Not within the Department. The Department has been following the legislative lead. I can go on and tell you what the current law allows.

In addition to the third method--

ASSEMBLYMAN MALONE: Well, I guess what the law allows and the way that--

MR. WYNS: The law allows--

ASSEMBLYMAN MALONE: I don't want to get into it. There have been court cases and there have been votes by municipalities to go back to a per pupil basis or to change things, and the Department has had a stance which has been very strong in supporting, I think, the equalized valuation as opposed to a per pupil.

MR. WYNS: I'm not sure that I would agree that that's an accurate statement. The current statute permits any regional school district which existed prior to March of 1993, when this statute was enacted, to change



from one method to three methods. It allows any existing regional school district to conduct a referendum to change to either one or the other two methods.

Now, to date, we have had no successful referendums to do that. Now, I suspect that because, in New Jersey, any time you change from one method to the other -- and you can see that in the example here-- It was, again, alluded to in the presentations this morning. Some towns benefit, other towns do not benefit. So you are always dealing with a change from the status quo in terms of some people's taxes go up, other people's taxes go down. It's hard to get a referendum passed in every community to implement such a change if your taxes are going to go up.

ASSEMBLYMAN MALONE: But the law that was changed back in '75 did exactly that. It caused property taxes to change drastically for some municipalities.

MR. WYNS: Although it was phased in over a five-year period, yes.

ASSEMBLYMAN MALONE: But it did cause-- So what you're saying is what you don't want to do is what you, in fact, by legislation did.

DR. SHERRY: May I just add. In 1975, I was serving the schools of the State of New Jersey as a principal and certainly was not involved in Trenton with the legislative process. But what it appeared to those of us who were in the field at that time-- Of course, the T&E legislation, Chapter 212, was responding to the *Robinson vs. Cahill* first Supreme Court case. And it appeared that legislatively that there was concern relative to the fact that if they allowed to continue the process of charging on a per pupil cost basis that

they were then allowing another area where someone could make a challenge to the proper method of paying for education. So I think the Legislature attempted to remedy a problem so that it wouldn't become a future court case. That was my take on it from the field.

ASSEMBLYMAN MALONE: I'm not trying to question you to be adversarial. I think that we really need to get to the basis of this decision, so we can look back, with hindsight being 20/20, maybe come up with some corrective measures to stop what I consider to be--

DR. SHERRY: Assemblyman, you are also correct in that in the instances -- and I can think of two right off the top of my head -- where they have chosen to follow the legislation of the early '90s that allowed them to go back and try to change that method. None of those attempts had been successful, and the one that emanated out of Burlington County--

Of course, the Attorney General's Office did advise the Commissioner that in order for that to be successful, it needed to pass in all towns. And so the problem with that, once again, is if there is a perceived winner and a perceived loser--

ASSEMBLYMAN MALONE: Is there a written document on the Attorney General's opinion to that effect?

DR. SHERRY: I will check for you.

ASSEMBLYMAN MALONE: Okay.

I guess the concern is that I think for us to go forward in any meaningful way-- The scenarios that we saw, I think, this morning by the two towns that discussed this were, I think for the most part, aberrations and not the general rule of thumb.

I think we, as a Legislature, have to come up with a way to make the issue of regionalized schools cost savings acceptable in a financial sense. We can talk about shared service and we can talk about all the other niceties, but it really gets down to the tax dollar issue, and I think that's really where we have to focus in saying, "Look, we've done something legislatively back 20 years ago that really, in essence, may totally inhibit the continuation of school districts, or regionalized school districts." I think that fact that you've gone to a three-tiered method for the future I think lessens some of those arguments. If you have communities that have identical demographics, you are going to always be able to really have some serious discussions about regionalizing those districts.

I didn't want to--

Please, continue.

MR. WYNS: Okay.

The third method is a combination of the first two, and that's the method which Dr. Noonan referred to which was selected by the Somerset Hills Regional School District. It can be any combination. You notice in his presentation he talked about a 95 percent and 5 percent split: 95 percent under one method and 5 percent under the others. The law says any combination.

In this example, I'm showing a 50/50 combination, but it could be 95/5, it could be 80/20, 60/40, whatever the parties would be able to agree to. In that case, you get a cost per pupil which is between the two other methods. So it's, in effect, a somewhat -- I think Dr. Noonan referred to as -- a

negotiated-type method. You get a number which is between the other two numbers, and you can see that in the little example here.

So we briefly eluded to the statute, as of 1993, does allow all existing regional school districts, at that time, who have never had a referendum to change their method, to conduct a referendum to change their method. It also sets out specific, limited circumstances in which districts can also conduct referendums to change from the equalized valuation methodology -- which most district had obviously at that time because they had no choice -- after the implementation of Chapter 212.

And I agree -- I definitely agree -- that this is always an issue when regionalization is on the table -- when they are discussing the financial aspects of regionalization -- that the method to be selected-- And sometimes this is the fatal issue in those discussions, particularly, when you have communities in New Jersey which are adjacent who might be logical candidates for regionalization but who have differences in relative wealth. They are adjacent to each other geographically, but their relative wealth may be quite different.

You can have circumstances, as was eluded to, where you can have a district which potentially does not qualify for Core Curriculum Standard Aid adjacent to a district which does qualify. So overall, a district can lose State aid, or because of the differences in relative wealth, the cost per pupil could be quite different. So it's always an issue and something, I would agree, that is going to probably have to be resolved if you are going to see many more voluntary regionalization initiatives in New Jersey.

DR. SHERRY: May we proceed to the next issue?

ASSEMBLYMAN MALONE: Sure.

DR. SHERRY: You have also asked us if we could talk a little bit, or share with you, about the process for withdraw from a regional school district which sometimes leads to discussions regarding dissolution of a regional school district and also what might be some of the conditions that would lead to this. We'll try to draw upon two examples: One, of course, would be the Union County Regional High School District dissolution where that is complete at this time. The other one, which is heading to a vote within several months, is in Camden County, the Lower Camden County Regional High School District 1. I'll share with you a little bit about process and then also some of the issues that lead to that occurring.

In many of these situations, these were regional districts that were created some 25 or 30 years ago. At that time the process, which was described to you by the two superintendents earlier, would have occurred where they did their study and they had their vote and it was determined by the communities to form a regional, whether that be a limited-purpose regional, such as 7 to 12, or what me might call an all-purpose regional, which could be *K* to 12.

There is in statute, and our administrative code supports that, a process whereby a constituent member could indicate that they wish to withdraw. Some call it the divorce segment of regionalization. It allows for, in a constituent district or community, either the board of education of that constituent district or that community or the mayor and council of that constituent district to pass a resolution and to notify the county superintendent that they are serious about the possibility of withdraw.

The county superintendent is then required, within 21 days, to call a meeting of the parties. Normally, this would be representatives of all of the boards of education that makeup the regional district and its constituents, as well as the administration of those districts, and representation from the mayors and council. At that meeting, the county superintendent reviews the process for divorce, or for withdraw, from a regional and solicits from the people at the table -- those present -- any questions that they might have about the process and then works with us in Trenton in terms of getting answers to questions that might be unique to the geographic location.

The first step is that a county superintendent would require that a feasibility study be conducted. The county superintendent would meet with the district or districts that wish to proceed down that road and would explain to them that when they develop their contents for that study what are the 13 or 14 areas that should be in that study.

Just to give you an example, we want to take a look at the enrollment passed and projected. They would want to look at the situation with facilities. They would want to take a look at many issues and finance. What is the current debt service? What would be the impact of this type of change on finance? What's the issues relative to racial balance? What are the issues surrounding curriculum? So that laundry list of questions would be provided to them.

There are several ways that you can go. In the Union County situation, the constituent districts in Union County chose to do three separate reports. Several communities joined together and said, "We'll work

cooperatively.” But ultimately, Dr. Fitz, who was the county superintendent at the time, received three separate feasibility reports.

In the case of Lower Camden County Regional, they agreed that they would do one report and they would allow the county office to assist them in locating their consultant. They would have certainly approved the contents of the report, and they worked a system whereby they would share in the cost of providing the document.

Once the feasibility report is completed and accepted by the member districts, we ask, then, all the mayors and councils and all of the boards to reflect on the contents of the report and determine if they want to go to the next level or next step in the process. This would be then to deliver the feasibility report along with their resolution to their county superintendent saying, “We’ve done our study. We’ve done what you’ve asked us to do, and yes, we still wish to continue down the road at either having a district withdraw or the consideration of dissolution.”

That then sets in motion a 60-day time period where the county superintendent must prepare an advisability report. The district has done some introspection and said, “This is what appears to be feasible.” Maybe they looked at option *A, B, C, D*, and they decided to select one of the options. The county superintendent takes a look at that feasibility report and says, “Is it advisable for these districts to do this?” and issues his or her report back to again all the boards of education and the mayors and councils of the constituent towns.

Once that report -- that advisability report -- is issued by the county superintendent, the parties then have 30 days to contemplate that

report and decide if they wish to file a petition with the Commissioner of Education to proceed. If one of the parties files a petition and indicates they wish to proceed, that then kicks off a process here in Trenton whereby the Commissioner of Education chairs a Board of Review. The Board of Review consists of the Commissioner, himself or herself -- whoever it is at that time -- as well as a representative of the Treasurer's Office and a representative of the Commissioner of the Department of Community Affairs.

The Board of Review would then direct a public hearing within the region. Representatives would be present to hear the comments of the citizens and of the constituents of that region; and then, having in hand the feasibility report, the advisability report, the testimony from the citizens, and any other information that is sent in during that process, the Board of Review, by statute, will make a decision as to whether they will allow to proceed relative to what they have been petitioned to do.

In both cases, the Lower Camden County case, as well as the Union County Regional case, the decision was made to allow a public referendum to be held to ask the citizens if they wish to take this action. In Union County, of course, the vote was successful, and they proceeded then to implement that. We are waiting in Camden County for the vote to occur for Lower Camden County Regional in that county.

Just to briefly talk about what are some of the conditions that might lead to-- You have a regional school district that's been functioning for 25 years or 30 years, and now what brings a community to the point of saying, "I want to divorce, or I want to have this discussion with the other constituents of the district about the possibility of total dissolution"? I would say to you



that over the period of the 25 years or 30 years, conditions have changed and that which caused those communities to want to come together at one point in history may no longer be the case and people may see an advantage for not continuing.

Let me just take Lower Camden County Regional. Winslow Township geographically is the largest constituent district in Lower Camden County. They are on the eastern side of the county. Tremendous growth is occurring in Winslow Township and will continue to occur; they are land rich. And 25 years ago they certainly did not have enough students to operate a comprehensive high school program, but with the growth of their town and now operating six very large elementary schools, they could very well stand alone as a K to 12 school district and operate a comprehensive high school program. So their desire has changed to where Winslow -- the community of Winslow -- the leadership of that community think that they ought to withdraw from Lower Camden County Regional.

So we have changes in demography, changes in enrollment. Some perceive that by divorcing themselves from the regional, they will economically cause there to be a savings. All of these human factors come to play on why someone might step up to the plate and say, "I think there needs to be a change at this time."

The process is not an easy one, and I would invite Fran Lobman, if she wishes, to make any comments specific to the Union County experience or if either Doug or Mel would like to add any points about the process, also. **FRANCES LOBMAN, Ed.D.:** One of the things in the process, starting with the vote, is that two communities voted heavily against it, and I

think that influences a lot that happens subsequently. The two communities that voted heavily against dissolving the Regional were those that are feeling the tax levy by now, whose apportionments were perhaps not what they were hoping. What they got out of the dissolving was not what they had hoped for.

It's a very long and involved process, and some of the major issues include creating a giant seniority list and trying to make sure that--

ASSEMBLYMAN MALONE: Just so I can clarify. How many municipalities are involved in your Regional?

DR. LOBMAN: There were six municipalities: two of them remained as *K to 8* and four of them--

ASSEMBLYMAN MALONE: Did all six of your municipalities agree to dissolve?

DR. LOBMAN: No, two out of the six did not want to dissolve. The voters voted against it.

ASSEMBLYMAN MALONE: And how were you allowed to proceed if all of them did not agree?

DR. SHERRY: In dissolution, you count the votes based on a majority of the entire region. So that in dissolution, you do not require each and every town to vote yes.

ASSEMBLYMAN MALONE: In the case of Northern Burlington, the majority of the voters in those four municipalities voted to deregionalize, if I'm stating that correctly.

MR. WYNS: No, in the Northern Burlington referendum that you are referring to, the referendum was to change their method of

apportioning the tax levy. That statute requires each municipality to approve that type of a referendum.

ASSEMBLYMAN MALONE: Okay, so if the Northern Burlington Regional had a vote to dissolve the regional--

MR. WYNS: Majority of the votes--

ASSEMBLYMAN MALONE: It's a one man, one vote issue.

MR. WYNS: That's correct.

ASSEMBLYMAN MALONE: If it's an apportionment issue, it's an all or nothing.

DR. SHERRY: Let me just cover the other type because--

ASSEMBLYMAN MALONE: I think Dr. Lobman was going to continue.

DR. LOBMAN: No that's--

ASSEMBLYMAN MALONE: Okay.

DR. SHERRY: If there was a withdraw of one town from a regional -- and one just like Winslow wants to withdraw -- but the others want to stay, the way that you would count the votes in that situation is you would have to have a yes vote for withdraw within Winslow Township and then a yes vote in the majority of the whole of the region. So you would look at the votings two ways.

DR. LOBMAN: Any dissolution has to be an extended process because the year prior to the actual dissolution you need to provide for schedules for students. You need to take a look at the facilities of the high schools. You need to post positions. We hired a consultant to do one major seniority list. As it turned out, only two people were affected by it jobwise: one

business administrator and one teacher. But all of that, which affects the kids, starts a whole year earlier because we schedule kids at this time of the year.

Records. What do you do with records for kids who were sent out of district for special ed? The ones that were in district it was easy. We had the records follow the kids. But what about those who had graduated? Is there going to a central repository? What about personnel? Current, that's really easy. What about those who had left? And there is a whole records retention set of laws, so we couldn't just--

Vacation time for 12-month employees. Where does that go? When is that paid? A host of issues surrounding the appraisal of the assets. How do you divide it up? In our case, we decided that no actual physical assets would change hands. But appraisal, there are still things that are in question about appraisals. How do you appraise a textbook that has some years in it? That's one major item that was difficult and, without the help of colleagues, such as Mel Wynn, would have taken much longer.

I think next to seniority and people's job, division of assets is the major thing. And those issues are still going on. We still haven't disbursed everything because there are lawsuits, not related to the dissolution, and we had to hold back because we have liability in terms of lawsuits. So we had to appoint a fiscal agent.

When the district ends on June 30, 1997 that doesn't mean quarterly reports and payroll and tax forms and things that normally follow in the next quarter are done. So there is still issues that for the year following the vote, and this could go three to five years depending on how the litigation-- One of them is a Federal litigation. People were expecting the assets to be

disbursed, they're not. So there is no immediate financial kind of thing that occurred. So some of those things are surprising to the people involved in the dissolution.

MR. WYNS: I would just add one thing, too. Once you're in a regional arrangement -- and use the Union County Regional example -- dissolutions can be painful, not only in with regard to the legal suits, but some unexpected results as far as taxpayers go. In this particular instance, not every town approved the dissolution. And because of seniority for teachers, one of the towns where they voted against dissolving the most senior teachers went to the school in that town, which means that the taxpayers in the town who voted against dissolving have a budgetary impact because they now have the senior people -- the highest-salaried people -- which is unanticipated at best and undesirable from their perspective in that they wanted the existing regional to remain in effect.

Now their school, from their perspective, is gone, and they have to pay now for higher teacher costs for an arrangement which they are unhappy with. Once you're in an arrangement, there is some unexpected results when you get out of a regional arrangement, as well, when not every town wants to do that.

**D O U G L A S B. G R O F F:** Good morning. First of all, I'd like a second opportunity to have some comments.

ASSEMBLYMAN MALONE: Good morning, Doug.

MR. GROFF: Basically, the educational organizational landscape in New Jersey is something that is sort of unbelievable. Just from my own perspective, the first week back in January I sat with the Regionalization

Advisory Panel to develop the final report -- the final draft -- and two days later I sat as the Commissioner's liaison on Lower Camden County Regional dissolution. So one day I was talking regionalization and the next day dissolution. (laughter) We learn at the Department that you have to wear a lot of different hats.

Basically, the Lower Camden County Regional is an interesting situation. The vote has been slated by the county superintendent for May 12. Right now, six out of the seven communities that are involved in sending seem to support what the Board of Review voted on, which was to vote for dissolution, and they're supporting the referendum with one community right now. They are not real pleased with it and are taking a stand that they are not for that, so we will still have to wait for that.

I think one of the things with Lower Camden County Regional was that they are very overcrowded. They did try on two occasions -- I believe two occasions -- to have referendums to have the voters approve major building expansions. Both times that was voted down.

ASSEMBLYMAN MALONE: What's the total enrollment for that district? Do you know? Is it massive?

MR. GROFF: I think it's around 3500.

DR. SHERRY: It's more than that.

MR. GROFF: No, no. Lower Camden County Regional I would say it's closer to about -- let's see, Winslow is close to 4-- I would say it's up around 8500 to 10,000.

DR. SHERRY: At least.

ASSEMBLYMAN CONAWAY: And that's K through--

MR. GROFF: No that's--

ASSEMBLYMAN CONAWAY: Is it a--

MR. GROFF: No, it's a multipurpose regional -- Lower Camden County Regional -- and then it has the feeder with Winslow, Berlin, Chesilhurst, Waterford Township, and several other communities.

DR. SHERRY: Seven elementary districts, seven K to 6 districts, that feed into one 7 to 12 regional.

ASSEMBLYMAN MALONE: And how many are in the 7 to 12 regional?

MR. GROFF: I would say probably around 2800 to 3000.

DR. SHERRY: At least.

MR. GROFF: We can get the figures for you.

ASSEMBLYMAN MALONE: Okay, just approximately.

MR. GROFF: It's large, though. It is large. I think some of the reasons is that they didn't have the facilities, so they are overcrowded, and so communities have been talking for many years -- Winslow probably being the main community that is taking the lead on this, because right now Winslow Township is the largest K to 6 district in the state, so it's very, very large.

So, basically, what we are looking at is we're looking at six out of the seven communities right now supporting. Yesterday, I believe, we just saw what the ballot would look like -- the ballot of question -- for the referendum. So it is in the process of moving forward. But, without a doubt, there is a lot of concern and bickering, and there is a lot of turf and territorial issues that in Union County dissolution went through.

But at this particular time, I think the May 12 vote will be very interesting to figure out whether these communities will be going to--

ASSEMBLYMAN MALONE: Is there a chance we might be able to get copies of your ballot questions?

MR. GROFF: Sure.

DR. SHERRY: We will provide that for you.

MR. QUINN: Is this going to be a vote to dissolve or a vote to withdraw?

MR. GROFF: Yes, a vote to dissolve the entire Regional. And that's another issue that-- The Lower Camden County Regional Board of Education is the one that has to develop the budget and actually pay for their own ballot to dissolve, which could be a little difficult if you're sort of dissolving yourself and you are the one that is going to be paying for the ballot and other things, the attorney's that are doing this. That's another side issue, but I'm sure one that might not be relished.

ASSEMBLYMAN MALONE: Getting back to the question.

MR. QUINN: Chairman, we have the figures for that through the Office of Legislative Services study. There is 13,000 students involved with the elementary constituents and the Regional.

ASSEMBLYMAN MALONE: But the question you started to ask about the withdraw of one of the constituents.

MR. QUINN: Right, I thought that the whole thought premise was Winslow to get out, but you're saying dissolve it all.



DR. SHERRY: Well, there were two previous attempts for Winslow to withdraw, which were both not successful. And so this time around the tact is that now they are proceeding down the road of dissolution.

MR. QUINN: How many high schools are involved?

DR. SHERRY: There are two high school buildings and two junior high school buildings, and that leads to one of the issues. Under the withdraw or dissolution statutes and code, the buildings become the property of the municipality or school district where they are located, and it's one of the problems. In the Union County situation, there were four high schools, and so four of the towns were going to end up with a high school building and two of the towns were not going to have a high school building, and so they were going to have to find some way to enter into a sending-receiving relationship to one of the high schools.

In the Lower Camden County situation, the one community that is opposing it is a community which ends up with no facility, Waterford Township at this time, and they are very concerned that either they are going to have to look for a sending-receiving relationship or go down the road of constructing their own high school, and then there is a cost.

The way that the system is currently structured the building goes to the town where it is located, and what they all say is, "Well, I've been a dues-paying member of this regional for 25 years. I've been paying on the debt service, and now that it's time to divorce I don't get any compensation for the buildings that are there." And that is true. What Dr. Lobman eluded to the dissolution of assets would be such things as pencils and textbooks and those type of assets, which are divided among the membership.

MR. GROFF: If I may, Dr. Sherry. (affirmative response)

Also, is that with the Lower Camden County Regional, Winslow Township-- First of all, there will be no indebtedness for any of the communities because everything is payed for. So no one is picking up any kind of indebtedness. What is interesting with this one -- and Winslow is providing to become the receiving district for Waterford Township. So that's a part of the consideration where Winslow Township is reaching out. Just about every one of these communities will have to build, most likely, some kind of additional facilities by dissolving and withdrawing from this Regional. So it's an interesting concept, and they all realize that -- each community realizes that.

ASSEMBLYMAN MALONE: In the case of Union County, I don't know if you really got into exactly why you dissolved.

DR. LOBMAN: There was one high school, David Breerly in Kenilworth, that had closed because of the total population, which was about 2000 students at the time. It was about 2100 when the whole Regional closed. But you had 2000 students that could be accommodated in three of those four buildings at a cost savings.

Well, at many high schools throughout New Jersey, football and other loyalties are a major concern. One of the cries during that whole process was the Breerly Bears should return. (laughter) I won't say that that was an underlying factor. I will say it was a precipitating factor. I happen to live in a town where similar things are going on for the Freehold Regional, and I see what the precipitating factors appear to be.

I wasn't in Union County at the time, but I followed it closely in the newspaper, and certainly the reopening of that school was a major factor in pushing that referendum. There were other things that the voters were unhappy about. Among them, some expenditures that they felt might have been over what they would have paid themselves for things. They felt that the expenses were going up. They wanted a seamless *K* to 12 education, they wanted local control back, and all of that. Then it takes one major thing, such as a school closing, to just kind of push the tide which was moving that way anyway.

ASSEMBLYMAN MALONE: So from the feasibility studies that were done, it looked as though it was costeffective to dissolve the regional.

DR. LOBMAN: Basically, the feasibility study did show that it was advisable to do so, yes. From the size of the high schools -- they range in size from just over 200 students to Artherel, Johnson, and Clark has about 750 students, including those they receive.

MR. D'OVIDIO: Has that proven true now that they are into the divorce?

DR. LOBMAN: It's difficult to tell at this point. They feel control over the budget. Of course, the one district that we are discussing is having a major problem, and the others seem to be--

Have you heard anything to the contrary? From what I've heard, from my point of view, which is--

MR. WYNS: I think you'll retain your perspective. If you were for the dissolution, then you generally see the positive results. If you were

against the original proposal, it's hard for you to see anything positive out of it. The one community, like I say, is very concerned.

MR. D'OVIDIO: But costwise-- If you add up all the costs, what is the bottom line?

MR. WYNS: Well, the budget stayed within the cap side. My guess is that they probably are spending about what they would have spent had they remained as an existing district.

DR. SHERRY: I think we are just actually gathering the data on what you might call the baseline year for comparison. Each year the Department has been publishing the comparative spending guide, and so once we get at least two years of experience with the new operation, I think we will be able to do some of the hard comparisons that I think you are looking for in your questioning.

DR. LOBMAN: The start-up year is always quite different, anyway. Textbooks are a major expenditure, and I'm just giving it as one of those shared and rotated assets that we said were going to stay put in each building instead of dividing them up. But some school districts may have done some informal trading, and that's part of the role of the county office is to smooth those kinds of things out so that each high school would have enough of one kind of textbook through some trading, but you still have some initial major textbook purchases that you're going to have to do. It doesn't work out entirely. And that first year that is one source of expenditure alone that is going to be heavier than in other years when it evens out.

MR. D'OVIDIO: Have they been able to maintain all of the course offerings now to each of the individuals, or have they lost some opportunities for kids as a result of not having the size of enrollment?

DR. LOBMAN: I don't know if they have lost opportunities for kids. The kinds of courses offered are very similar to what was offered before. Perhaps there aren't as many sections. There still is a curriculum person in each district who, instead of having three buildings to go around to, is in one situation and attending to curriculum. So you have more of a *K* to 12 emphasis, which has its advantages, to a more high school emphasis.

If you're talking about did a section of physics fall, or do students no longer have a fourth-year foreign language? The answer is no. Were there fewer sections of English honors? Probably yes, but I don't think -- not to my knowledge -- any student was shut out of an honor's course or denied the opportunity for remediation where that was necessary.

MR. D'OVIDIO: Same number of AP courses. That can't possible be. You can't have the same kind of opportunities.

DR. SHERRY: I spoke with the Clark Superintendent on Monday of the week, and I asked that question to him. He was one of the districts in part of the Union County as well as one of the districts that did get a high school when this broke up. He indicated to me that the Clark Board of Education is committed to offering the same number of AP courses that they could have received when the regional was in existence. So that's only one of the districts--

ASSEMBLYMAN CARABALLO: But they will get the perfect ratio of one-to-five, right.

DR. LOBMAN: The perfect ratios may not be--

DR. SHERRY: May not be.

DR. LOBMAN: --but I had the same overall impression. Because we had a lot of post meetings, as well, to discuss those very issues. No, I don't believe the students are losing out. The other half of it is, in Union County, we have an ITV initiative whereby anything that may have been dropped -- nothing was really dropped for this year, but there may be some economies in the future. We don't know. ITV is very much a part of the plans for next year to offer courses that weren't offered before.

ASSEMBLYMAN MALONE: Carol, you have a question.

ASSEMBLYWOMAN MURPHY: Just as a question. Who usually brings up the issue of dissolution in the district like that? The students? Probably not. Parents of the students or--

ASSEMBLYMAN CARABALLO: Elected officials.

ASSEMBLYWOMAN MURPHY: I'm sorry.

ASSEMBLYMAN CARABALLO: Elected officials.

ASSEMBLYWOMAN MURPHY: I mean it can't be money because they are willing to spend a whole lot to get rid of it, so we don't care how much we spend. It doesn't seem to make any sense at all. I'm missing something.

DR. SHERRY: As a former county superintendent, I can share with you that the contacts that we receive are generally from either the mayor and council or one of the constituent boards of education. But I suspect that before that mayor or council member or board of education seeks out the

county superintendent, they have been getting comments and input from some of the parents in the community.

ASSEMBLYWOMAN MURPHY: Based on the football team, not on the academics?

DR. SHERRY: Well--

DR. LOBMAN: There's a precipitating factor and an underlying series of factors.

ASSEMBLYWOMAN MURPHY: Says a lot for parents sometimes.

DR. SHERRY: Based on your situation, the football team could be a plus or a minus, okay. In the last vote in Lower Camden County, the football team was one reason not to dissolve or not to allow Winslow out, okay.

ASSEMBLYWOMAN MURPHY: How many years are textbooks good for, if we're worrying about the division of textbooks? It's been my experience with my kids in school -- that was some time ago -- that the textbook was only good for two semesters or a year and a half or however soon somebody wanted to buy new textbooks anyway.

DR. LOBMAN: Well, we try not to have any textbooks older than five years, and the publishers generally will publish in about five years.

ASSEMBLYWOMAN MURPHY: Yes, I've noticed they have a wonderful way of putting 25 new pictures and a new index. Yes.

DR. LOBMAN: That's why some of the decisions were so very difficult.

ASSEMBLYWOMAN MURPHY: I can see that they would be, and I must tell you there are things that I don't think that I had considered all of these as being legitimate issues in the sense that I think the parents or the taxpayers in the town pay a tremendous amount both for the marriage and for the divorce. These are extraordinarily expensive events that have nothing to do basically-- The money that's spent there -- basically, it doesn't have anything to do with education for the kids, as such. It has an awful lot to do with parents' perception of whether the education will be better or be worse. Whether it turns out to be better or worse is something that plays out quite often down the road, I would think, past the classes who are involved at the time it occurs. Or is that a logical thing? Does it take about three or four years for a shakeout to occur and levelize again?

DR. SHERRY: Yes. Yes, it does.

ASSEMBLYWOMAN MURPHY: So a whole class in a high school may miss the benefit of anything that is occurring whatsoever.

DR. SHERRY: You raise, I think, a good point, okay. Whenever you're talking about regionalization or divorce, okay, or changing the structure of something, I think you have to work openly with your community so that they understand what's going to happen, as some of the previous superintendents who spoke to you indicated.

Just to give you an example, when Bordentown went through its regionalization process, they said flat out that they weren't going to be any reductions in staff. If the citizens of that geographic area in Burlington County voted for regionalization, there would be no reduction in force or staff. What they would do is they would accommodate everyone who came into the



new regional, and then as people retired or left as attrition occurred, they would readjust their staffing pattern. One of the things that that did is it took away the threat from all the employees that this regionalization vote was going to be a problem, and they were able to work it out that some -- during the period when they were discussing this, if people retired, they held up on replacing people where they could, so that they created some breakage.

For example, I had suggested to Lower Camden County the last time around that they should say to the high school students-- Winslow would say to the high school students at Edgewood Senior High School that no student who is currently in the high school be denied the opportunity to finish his or her high school career in this building. I think if you can take that policy approach now, you avoid the threat that I've started high school and I'm not going to be able to finish with my classmates and my friends. We were going to have to accommodate in that particular situation some of the Waterford students anyway. And so it just seemed to be something that you could accommodate that would remove an issue from the table, so people could make an informed, intelligent decision.

ASSEMBLYWOMAN MURPHY: It seems to me listening to the first two superintendents who spoke to us that homogeneous -- our area -- makes for a much easier blending of schools clearly. Goals are the same and everyone understands the same thing. But it also says that perhaps they are in communities where growth is occurring fairly levelly between the both of them. If one town spurts over the other, then there's not going to be -- someone's not going to want the marriage anymore.

DR. SHERRY: To give you the example, I think, of what you're talking about. If we have a regional and we have two communities -- one is completely saturated, it's dense in population, and you're not going to build in that town unless you knock something down, and then you have a situation like a Winslow Township, which is land rich -- you can understand the citizens in the densely populated town saying, "We don't want to continue to pay to add classrooms for those people who are growing." So there's the fear of the loss of their income and revenue if they leave, but there's the understanding that if they're going to be the growth area, maybe it would be better to jettison them so we don't have to pay for that expansion.

ASSEMBLYWOMAN MURPHY: And I must tell you the words "those people" are used with quotations around them.

DR. SHERRY: This is a human endeavor, and all of the human frailties come out on the table.

ASSEMBLYWOMAN MURPHY: Thank you very much.

Thank you, Joe.

ASSEMBLYMAN CARABALLO: Can I just ask one quick question?

ASSEMBLYMAN MALONE: Sure.

ASSEMBLYMAN CARABALLO: In the Union County and in the Camden situation, what role, if any, have the unions played in trying to get the solution?

DR. SHERRY: I wasn't close enough to the Union County situation to be able to answer that, but obviously, job security becomes a major issue. And I would say to you that if a union -- and this is just logic I think.

If a union senses that there is a threat to job security, then I would not be surprised if the position of the union is to oppose the vote or to oppose the approval of the vote.

ASSEMBLYMAN CARABALLO: But assuming, because it seems to me that just about everywhere that that promise is being made -- no jobs will be lost or we'll make sure we keep it down to one or two -- assuming that's the situation, have they played a role at all on either side of the issue?

DR. SHERRY: There are definitely communities where, when these issues surface, the union will actively take a position either in support of or opposition to that proposal and will work vigorously within the confines of appropriate law either to get the word out to vote yes or get the word out to vote no. So, yes, they can become--

ASSEMBLYMAN CARABALLO: Did that happen in these two districts?

DR. LOBMAN: We had a unique situation in that the Regional had a different AFT union than the NJEA of the others.

DR. SHERRY: I believe that in the last Lower Camden County vote several years ago, the union, certainly the union of the high school district, was on the record as not being in favor of a positive vote.

ASSEMBLYMAN CARABALLO: Are they on the record now?

DR. SHERRY: I don't know what their position is.

You have to consider the fact that if you dissolve, the union contract of that district goes away. So then you go through this process of, by seniority, putting in for the positions that are posted in the new configuration. Your salary is guaranteed, but you can be redlined or frozen until such time as

the contract of your new district catches up to where you are. I know in the case of Union County Regional there were a lot of high school teachers who have been redlined because the salary guide of the high school district was a higher salary guide than the salary guides of the elementary districts.

ASSEMBLYMAN MALONE: Frank.

ASSEMBLYMAN BLEE: Following up on the earlier conversations, obviously when we did really important things like athletics, we can judge performance by if we won more ball games than last year. In any areas where we've regionalized, have we ever done studies to see if academic standards have been improved, be it test scores or--

DR. SHERRY: I'm not aware that we've specifically done that study, but the data for that type of comparison would be certainly available within the Department.

ASSEMBLYMAN CONAWAY: You mentioned within the union's involvement in these decisions, and you mentioned they were, I guess, some confines on that involvement. Could you briefly lay out what those-- I mean, what sort of regulates the political involvement of various parties in these kinds of instances?

DR. SHERRY: We have several statutes -- some are under Title 9, some are under Title 18 -- that basically say that we are not going to have literatures pro or con this type of an issue that is going to be sent home with children through the schools. We would hope that any staff member would be very careful about their conversations in class about this situation. That's not to say that students can't form their own opinion and certainly talk about it, but just as we won school district budget elections, employees of school

districts must be careful, as well as boards of education must be careful, that they are not publishing and sending out literature that says vote yes or vote for the school budget, or vote no or against it. So all of these rules of ethics, as it applies to elections and being with children when an election is going on, would apply to this type of referendum.

ASSEMBLYMAN CONAWAY: But, of course, outside the school building--

DR. SHERRY: If it's outside the school building and it's on your own time, the union or any organization can make telephone calls or can produce literature and distribute that literature. It's just when it comes into your on-the-job performance time where it comes into the school and utilization of children for those purposes. They could publish a newsletter and mail it out to every home within the town. That's perfectly all right.

ASSEMBLYMAN CONAWAY: And the other question -- bear with me-- I guess I have questions about dissolution and the taking someone out. Now, that process where the one person leaves, where the whole thing is, I guess, destroyed depends on the feasibility reports, and it's the duty of either the county commissioner or this Review Board to decide which way you can go.

DR. SHERRY: Absolutely.

ASSEMBLYMAN CONAWAY: After getting the feasibility and the, I guess, the advisory report, the Board meets and based on those reports decides which way -- what kind of a voter resolution you're going to have and what kind of vote you're going to allow. Is that correct?

DR. SHERRY: That's correct.

ASSEMBLYMAN CONAWAY: So you can decide, okay, we're going to have a dissolution vote. First is, we're going to parcel out one of the districts.

DR. SHERRY: Right. And the thought process is that you'll have this feasibility study and there might be a conclusion reached. And then the county superintendent, when that person does their advisability study, might reach a different conclusion, and that causes people to go back and have more thought about that. And then they petition the Commissioner as to what they want to do, and the Board of Review ultimately makes that decision. And I will say in both cases, the Union County case and the Lower Camden County Regional case, the Board of Review did not necessarily concur with all of the recommendations that appeared in either the feasibility study or the advisability study.

ASSEMBLYMAN CONAWAY: In Union, was it one feasibility study, or did you get--

DR. SHERRY: In Union, there were three feasibility studies, and they didn't agree. One feasibility study said leave it alone, and the two other feasibility studies said you should change it. And, in fact, the county superintendent in Union at that time, before Dr. Lobman, said that he thought more study might be appropriate. The Board of Review said, "We have enough study, we're going to proceed."

ASSEMBLYMAN CONAWAY: And, I guess, can you discount one or two of the studies to use one, because you've determined that one study is flawed or, I mean, is-- Does that kind of thought process take place, or do

you send it back to the table and you have all the sides work together to produce one report?

DR. SHERRY: It is a process, and there's constant dialogue and interaction. Sometimes you can get them to come to a consensus, as with in Lower Camden County there was a consensus to have one feasibility study and to have everyone share in the cost. That was, I think, a positive and major step. And sometimes you have to just agree that you're going to disagree.

ASSEMBLYMAN CONAWAY: And I guess the other question I had, as we lay this out, is, do you think that it's important-- I hope this isn't a radical question. Do you think it's important to have this kind of bureaucratic control of the process? I mean, do you think that there's a role for -- not to have the bureaucracy involved in those kinds of decisions?

And the other -- the second question, then I'll shut up, is whether or not -- and it's probably against the law, but-- Do you think there's a role for the Department of Education, when we have situations like the Northern Burlington School District where there's differences -- such wide differences in the per pupil versus property evaluation costs on the various tabs, to either convene a board review or some kind of process wherefrom on high decisions are made about adjusting the evaluations? I mean, is that-- Do you think there's a need to change that law to allow, to have the Department of Education provide some relief in that area so that we can keep the regional districts together?

DR. SHERRY: Okay. Let's go back to your first question. I think that dissolving a regional district or allowing a district to withdraw from a regional situation is a very serious and a very important decision, and it has

tremendous impact on communities, as well as the lives of our students. I think it needs to be a very reasoned, very thought-out process. I know that the process, as it stands right now, frustrates some of our superintendents and some of our school board members, as well as probably some mayor and council persons, but I think there is a lot of logic into having the process. That's not to say you couldn't look at it and maybe streamline it a little bit, but I think you need to have the checks and balances that are in there. And I think that the county superintendent plays a pivotal role in advising folks about this.

We have something within our Division called the Regionalization Support Team, and just this morning I had a call from one of the counties, and we're going to send them out. So we try to provide a lot of technical assistance and a lot of support to the districts. We can't make the decisions for them. They have to make that decision. So I would say that -- should the process be looked at? Why not. Should there be a process that requires multiple steps and a very well thought-out decision? Absolutely. These are important decisions.

Your second question, I think the appropriate response to that is the Department of Education must apply the statute that we have been given by the Legislature and the Governor. And what we are doing right now is we are applying the statute. Could we be involved in a dialogue with the Assembly or with the Governor's Office on possible modifications to the statutes? Absolutely. I think that's a role that we can play, but there are legal implications to modifying these statutes. It's possible that if someone were successful in implementing the 1993 law that that successful vote could then



be challenged in the Supreme Court as being a problem with T&E and the manner in which we apportion the cost of education. Now, that's for the judiciary to decide, but I sure see that on the horizon as a possibility.

I just will add that the Governor has a Property Tax Commission operating right now. I know the Commissioner of Education is a member of that Property Tax Commission, and I know there's a subcommittee of that Commission that is taking a look at the issue of how we apportion the cost for regional school districts. So Assistant Commissioner Michael Azzara and the Commissioner are looking at this and talking to the Governor's Property Tax Commission.

MR. GROFF: Dr. Sherry, can I add something on that, too, since I had the privilege of sitting on a Review Board for dissolution? And I think, and I'm trying to stretch here -- I think it's 18A:57, 7-11 (*sic*), and it might be 13. But basically, there are specific safeguards, and I think at this last step, before you're going to allow it to go to the voters, there's four or five areas that the panel--

Well, 18A:13-56. Thank you, Dr. Sherry.

But basically there are safeguards. And the Board really took a look at that. If that petition did not meet every one of those criteria, it did not go -- the Commissioner and the Board of Review would not have approved it for voter referendum. And I think that's important to have that final safeguard to make sure that those issues are addressed and what is going to be sent to the voters is something that meets everything that's in that particular criteria.

ASSEMBLYMAN MALONE: One school district that I just covered -- both Assemblyman Conaway's district and my district is the

Lumberton situation with Rancocas Valley. Can you-- I mean, the headlines in yesterday's *Trenton Times* which said, "Answers sought on move: Lumberton may leave regional school district"-- Can you sort of give us just a thumbnail idea as what's going on -- the latest?

DR. SHERRY: The Lumberton Board of Education is at step one of the process. They have passed a resolution indicating to the county superintendent of Burlington County that they are interested in moving down the road, to withdraw from the Rancocas Valley Regional High School District. There was a flaw in their resolution, which I believe they are correcting. When that flaw is corrected, the county superintendent will, as we said in the beginning, call a meeting of the parties within 21 days to review with them the process that we have described here, maybe in much more detail, okay, and to assist Lumberton in the process of starting to do its feasibility study. Okay.

ASSEMBLYMAN MALONE: Now, what is the reason Lumberton wants to withdraw? To start their own school or-- I mean, is there a reason?

ASSEMBLYMAN CONAWAY: Cheerleaders.

MR. GROFF: If I could, because that was -- the original resolution was submitted to me. I guess it was about a month ago, and there was a few items that were missing. But basically, what they're saying is they feel that they're land rich and that they are going to grow also. There's a lot of housing developments going up.

ASSEMBLYMAN MALONE: So the same question as Winslow then?

MR. GROFF: Exactly. Exactly. And then, of course, Rancocas Valley, you know, they'll look at the demographics, and they may look at it

differently. So that's where the county superintendent works very hard to bridge those people and bring those groups together to come up with a common cause.

DR. SHERRY: Right. And as part of the feasibility study that Lumberton will be required to prepare will be that they will speak to what is their educational plan for the children of Lumberton Township. So if they are permitted to withdraw from Rancocas Valley and if the citizens of that region are willing to let them withdraw, how are they going to provide for those children in the future? Are they going to build their own high school? Are they going to seek a sending-receiving relationship with another district? Are they going to attempt to join another regional? What is their vision? I don't know that we fully understand that yet, but that will be something that they will have to commit to writing in their report.

ASSEMBLYMAN CONAWAY: To clarify for me now, if one withdraws, you have to have a positive vote in the district that wishes to leave and the other remaining districts have to also support their desire to leave?

DR. SHERRY: On the night of the election-- Let's take Lumberton. You would first look at the ballots cast in the Township of Lumberton, and there would have to be a yes vote in the Township of Lumberton to withdraw. And the logic there is they are the municipality asking to withdraw, and their citizens ought to approve that. Then you would take a look at all the votes in the Rancocas Valley Regional High School District, including the Township of Lumberton, and you would look at all of the votes and is there a majority within the entire membership of the region. If both of those conditions are met, then the county superintendent would

declare that Lumberton has withdrawn from the region -- has been given permission to withdraw from the region.

ASSEMBLYMAN MALONE: Any other questions?

John.

MR. PETERSON: I just wanted to follow up on my question that Assemblyman Conaway earlier-- What is the Department of Ed's response and perhaps prior Legislature's response, if you know, back when Chapter 212 was changed in 1975, taking the sending or the actual component districts of a regional school who had long-standing relationships and were being apportioned on a per pupil basis? What do you tell to that district now with the change when there is thinking, for example, whether it's unconstitutional or it's a breach of contract? Now they're seeing a drastic increase in their tax rate and faced with a situation that's entirely different from what existed prior to 1975.

My hypothetical actually has basis of fact. As you are aware, we've had testimony here from officials of at least one town and I know of others. I'm speaking of Seaside Park -- people that were here. There's another regional school district right next door who would welcome their students. There are six high schools in closer geographic proximity which would show tremendous savings in terms of busing transportation of students, yet the statutes that you've described are essentially, absolutely unavailable to those districts. What response has the Department of Ed and the Legislature back in 1975 to that situation?

MR. WYNS: Well, you asked the Department response. Actually, at that time, there was a court challenge with regard to the change in

methodology which went to the State Supreme Court. And the State Supreme Court, I believe, basically took the position that it was a legitimate exercise of the legislative prerogative to change the methodology from the per pupil method to the equalized valuation method at that point. It was really a court response. It was litigated with regard to the change. It's not my recollection that they got into the constitutionality thoroughly of one method or the other, but it did go all the way up to the State Supreme Court. And I forget the school district that was involved. I think it was a district in Monmouth County, I want to think of--

MR. PETERSON: It might have been Monmouth Beach.

MR. WYNS: --that challenged it. But basically, they said that that was -- it was -- that that's something that the Legislature was within their right to do was to change the methodology. They didn't focus solely on the issue of the constitutionality of the per pupil methodology as such. One method versus the other -- but basically took the positions, if I recall, that the Legislature was within its rights. So it was really not necessary at that time for the Department to respond. It was litigated on up through the court system whether that change was a legitimate change, and that basically the Supreme Court held that it was. So it was challenged.

So I'm assuming, as indicated here, that a potential change the other way would have the same problem. Obviously, again, you're changing from the status quo -- status quo for most districts now -- based on property value. If you went back the other way to a per pupil methodology, you're still changing what is now the status quo. It wasn't the status quo in '75, but it's now the status quo. You know, there would be a likely court challenge

regarding that change and potentially the constitutionality of that type of change. So there are hurdles ahead probably to anything. If the Legislature were to take an initiative like they did back in 1975 and say, "Everybody had to be per pupil," maybe we're going to phase that back in reverse, let's say, and-- (remainder of comment indiscernible) Then, like anything else, is subject to court challenge and the same type of problems. It would have the same type of tax impact.

ASSEMBLYMAN MALONE: Okay.

Any other questions from the Task Force?

Fred.

MR. CARUSO: You haven't described one scenario. If one town decides to leave the region and that region is heavily indebted bondwise, when they leave, do they take any portion of that debt with them, and who assumes that debt if a region is dissolved?

MR. WYNS: Well, the statute requires that the existing bonded indebtedness be divided up, basically, based upon the replacement costs of the assets in the district which, let's say, is withdrawing over the total replacement costs of the assets for the entire district. So if a school is leaving and because they have a building which is geographically within their boundaries, they get that building. You take the replacement cost of that facility over the total replacement cost of all of the assets.

MR. CARUSO: What if there's no building in my town, I'm leaving a debt of \$20 million, am I clean?

MR. WYNS: If you had no building, then you're not assigned any of the debt. You only get assigned debt if you have a building. So if there

could be existing bond indebtedness, but if all the facilities are geographically somewhere else, then those remaining constituent municipalities are going to be allocated that debt.

ASSEMBLYMAN CARABALLO: Don't the bond companies base their -- all of everything that they're doing with respect to rates and everything else on the total population and the number of towns at the time that the indebtedness has been (indiscernible) to? I mean, you can't change the contract that exists--

MR. WYNS: You can't change the total amount of the debt. It's just that you have fewer parties left to pay that debt. Yes, the debt remains the same.

ASSEMBLYMAN CARABALLO: But if they somehow default, the town who's left still winds up being liable.

MR. WYNS: Yes, it's the debt in the remaining towns under your scenario where a town didn't have a facility, yes.

ASSEMBLYWOMAN MURPHY: This is where the lawyers come in.

DR. SHERRY: If I just may add to that, the debt is many times an impediment to a successful withdraw or dissolution, and that is why one of the things that Mr. Groff alluded to at this time. In Lower Camden County Regional, they are debt free. So they have been able to remove the debt issue off of the table as they proceed in their regionalization discussions. Okay.

Thank you very much, Assemblyman.

ASSEMBLYMAN MALONE: Any other questions from the members?

ASSEMBLYMAN CONAWAY: Just a question--

ASSEMBLYMAN MALONE: Sure.

ASSEMBLYMAN CONAWAY: --through the Chair. I mean, I had some questions on -- because it came up in discussions about impediments that in State law to regionalization of shared service, they're going to come back and speak to those issues. I mean--

ASSEMBLYMAN MALONE: Why don't we do this. If there's some-- I don't want to keep them here all day. I mean, we could be going all daylong with this group. If there's some specific questions that need to be answered, I will talk to the Department of Ed, and maybe there might be a next time. I envision two more meetings. If we do have some questions, maybe we can direct it to them, and then if they wish to come back, we will give you a response in writing. We could do that.

DR. SHERRY: May I just say that there is a document that we distributed we haven't addressed, and that's okay. We asked our county superintendents to put together for us a list of what they considered to be the impediments or obstacles to regionalization. It's just a two-page document, but they're some of the things, when we have meetings and we attempt to proceed with discussions with districts about the possibility of regionalization -- these are the issues that tend to surface--

ASSEMBLYMAN MALONE: Two-page document?

MR. GROFF: It's about six or seven.

DR. SHERRY: I'm sorry, six or seven.

ASSEMBLYWOMAN MURPHY: It's at the end of the first six or seven -- the two.



MR. GROFF: Yes, two pages at the end of six or seven.

DR. SHERRY: The two pages speak to the impediments.

Thank you.

ASSEMBLYMAN MALONE: Ladies and gentlemen, I appreciate your time and your insight. I think as the Task Force sort of digests what you've said, we probably will have additional questions, but I think it's been very informative.

DR. SHERRY: Thank you.

MR. GROFF: Thank you.

ASSEMBLYMAN MALONE: The next speaker, Dr. Ernest Reock from Rutgers.

Dr. Reock, thank you for coming.

**ERNEST C. REOCK JR.:** I guess good morning is not quite accurate.

ASSEMBLYMAN MALONE: Yes, it's good afternoon.

DR. REOCK: Thank you. I appreciate the chance to speak with you this afternoon. My name is Ernest Reock. There is a statement that was distributed, and I'll go through that, and I'll be happy to try to answer questions.

My name is Ernest Reock. Before my retirement in 1992, I was Director of the Rutgers University Center for Government Services. I also served as Secretary of the Joint Education Committee and the Joint Committee on the Public Schools of the Legislature in the 1970s.

My testimony today is in two main areas: first, the cost savings that might be realized through regionalization or consolidation of school

districts; and second, the methods used to apportion costs among the constituent districts of a regional school district.

On the first point, the cost savings through regionalization, for many years I was quite skeptical about the cost savings that might be realized if the number of school districts were reduced through regionalization or consolidation. I assumed that while some efficiencies would be gained, the larger size of the resulting district would probably result in an enriched program that would eat up the cost savings.

In 1994, while I was working with the Educational Funding Review Commission, I decided to examine the historical record to try to test my assumptions. In your packet, you have a report of this project entitled “The Cost Impact of School District Creation and Consolidation in New Jersey.” It’s also referred to as “Occasional Paper Three.” It was published by the Center for Government Services.

Let me quickly summarize the findings. In this paper, I looked only at fiscal aspects of regionalization. I did not look at the educational side at all. I examined the expenditure experience of 43 clusters of communities, which increased the number of school districts by creating new limited-purpose 7 through 12 or 9 through 12 regional school districts at some time between 1955-'56 and 1982-'83. The time span was dictated by the availability of data for the study. For the group as a whole, expenditures per pupil, when measured against all other districts in the state in the same years, rose by 15 percent in the first four years after regionalization. Remember, this is limited-purpose high school districts. In later years, after that first four years of regionalization, the relative expenditure levels declined but never back to the

pre-regionalization level. Almost every district in the group followed this pattern. I think there were only two out of forty-three that did not follow that pattern. It was quite clear that the creation of new limited-purpose high school regionals increased our costs in New Jersey.

A second analysis in that same report examined the record of six clusters of communities which reduced the total number of school districts by consolidating into all-purpose *K* through 12 regional districts. Unfortunately, we've had very little experience with consolidation of school districts. For the group as a whole, that's for those six districts, the relative expenditure level per pupil declined 1.5 percent in the first four years after consolidation -- that's in comparison to all the other districts in the state during those same years -- and it declined by larger amounts in later years. Here the pattern was more mixed with three quite wealthy districts showing moderate increases in costs, while the middle-income districts showed fairly substantial expenditure reductions after consolidation. An estimate was made based on the experience of the middle-income districts that savings of 8.3 percent might be possible. From this analysis, it appeared that consolidation into *K-12* regionals had a significant potential for reducing school costs.

Following this project, I decided to try a demonstration of the results if regionalization into all-purpose *K-12* school districts were to be extended throughout the state. To do this, I tried to prepare a statewide consolidation plan that would entail the smallest possible amount of disruption, both to students and to teachers. I felt that this would be the case if the existing patterns of regionals and of sending-receiving relationships were followed. In the plan, every district now operating a high school would become

the nucleus of an all-purpose regional district. This would be a plan of school district consolidation, not of school consolidation.

The results of this project are reported in another paper in your packet, "A Plan for School District Consolidation in New Jersey." The number of school districts, other than county vocational and Special Services Districts, would be reduced from 577 to 258. The average district enrollment would rise from about 1800 to about 3600, and there would be no districts with fewer than 500 pupils.

Combining this plan with other research, including my own analysis which I have already described, I estimated that there would be a cost savings in 1990-'91 dollars of about \$32 million per year in administrative costs. I consider this to be a fairly good estimate -- a fairly solid estimate. Beyond this, I felt that the data suggested a possible future savings, and I emphasize the word possible, of over \$200 million a year beyond the administrative costs. This is a much more speculative figure, based on very limited evidence and based on only those few districts which have consolidated into *K-12* regionals. And it would involve more disruption as the school boards of the new regional districts consolidate classes and possibly schools. That's where the real savings would come: after the regionalization took place.

Turning to the second point that I would like to address, and that's the apportionment of regional costs, I'll go back a little further in history than the Department representatives did this morning, but I will be repeating some of their points. As originally enacted in 1931, the regional school district law provided for apportionment of all costs on the basis of tax ratables -- that

was then and as a tax ratable now means the assessed value of taxable property. It's a 1931 law.

In 1953, an amendment provided that in all future regional districts to be formed a choice could be made at the time of formation as to whether for current expense the tax levies would be apportioned either on the basis of the number of pupils enrolled in the regional from each constituent district or on the basis of the tax ratables in each constituent district.

A 1955 statute provided that regional districts previously organized with apportionment of current expense levies on the basis of ratables could switch to an enrollment basis of apportionment if the regional board so recommended and if the voters of each municipality concurred. No comparable action was taken to permit switching from an enrollment basis to a ratables basis. The law was amended in 1956 to provide for the use of the term apportionment valuation as a more adequate measure of the true value of taxable property than assessed values in those regionals where the value of property was used for apportionment of costs.

You can see the value of that: If the costs are apportioned on the basis of tax assessments, there's a considerable incentive for tax assessors to assess property low. That's what had been happening and that was recognized, and it was back at that time in the 1950s when the term equalized valuation was invented and the procedure for determining it was established.

This was the situation in 1975 when the Legislature was rewriting the law to meet the *Robinson vs. Cahill* decision. At that time and during the period from the mid-'50s up to 1975, it was possible for a new regional to be formed on either an enrollment or an equalized valuation basis. And that's

when a lot of the regionals came into being. The new State aid law enacted at that time -- Chapter 212, the laws of 1975 -- provided for the distribution of State Equalization Aid through a guaranteed tax base formula. That's a little different from the formula that we're using now. What we use now is called a foundation formula. The formula used at that time was a guaranteed tax base formula. That was in existence from 1975 until 1991.

One of the characteristics of the GTB formula, in which State aid is inversely proportional to school district equalized valuations, is that the resulting local tax rate is directly proportional to the expenditure per pupil made by the local board of education. From this it follows that for any given level of expenditure per pupil, the tax rate in a community should be the same as in any other community having lacked that level of expenditures per pupil. That's one of the most important characteristics of a GTB formula.

It was shown at that time -- that's the time when that legislation was going through the Legislature, 1974, 1975 -- that neither the enrollment basis of apportionment nor the ratables basis would achieve this result. That is the result where the tax rate in a community would be the same as in any other community which spent the same number of dollars per pupil. Apportionment fully on a ratable basis would favor some districts, while an apportionment fully on an enrollment basis would favor other districts. Therefore, a new procedure was devised that would achieve those results. This new procedure is now written in, with some subsequent modifications -- written into N.J.S.A.18A:13-23.

That is, first, the equalized valuation of each municipality constituting a constituent school district is divided between the elementary

district and the regional district in proportion to the number of resident pupils from that community attending each of those school districts with each elementary municipality contributing a share of its equalized valuation to the regional. The equalized valuation of the regional, for the purpose of calculating State Equalization Aid, was found by adding the shares that are received from all of the elementary districts. Then, finally, the tax levy of the regional district is apportioned among the constituent elementary districts in proportion to the shares of equalized valuation, which each of those municipalities contributed to the regional.

While the mathematics involved in proving that this approach does work are fairly lengthy, I would be happy to prepare a demonstration if you wish. If you would like me to, I'll try to put a memo together that would be available to you to run through the mathematics of that.

ASSEMBLYMAN MALONE: We would appreciate that.

DR. REOCK: I would not even attempt to do it here this morning.

ASSEMBLYMAN MALONE: If you could do that, we'd appreciate it.

DR. REOCK: The Chapter 212 approach has been carried forward into subsequent State aid legislation and, basically, is the approach in the law now. More recent legislation has been enacted permitting new regionals to select either an enrollment basis or a ratables basis of tax levy apportionment or any combination of the two which is acceptable to the parties involved.

Let me conclude with just a few words concerning the horror stories that we frequently hear about a constituent elementary school district

that must pay a tremendous sum for each pupil enrolled in a regional district. I consider these claims, while possibly factually accurate, to be irrelevant. In every case I have examined, the complaining school district turns out to have very few children in comparison to the size of its tax ratables. While it may be paying a large amount per pupil, it almost invariably has to levy an extremely low tax rate to do this. A change to an enrollment basis of apportionment, which is what is usually requested, would merely increase the taxes in the other constituent districts where they already are at a higher level.

Public education is a service rendered for the public good. As such, we legitimately attempt to spread the cost of the system over all of the taxpayers in proportion to their resources. The present system of regional cost apportionment appears to me to be a fair way of doing this, and I hope that it will not be altered in response to complaints from a few high-wealth, low-pupil communities.

ASSEMBLYMAN MALONE: Thank you, Dr. Reock.

Anyone have any questions of Dr. Reock?

Yes.

MR. D'OVIDIO: In essence, you're saying that we should be going to an income tax base to support allocation?

DR. REOCK: Well, I didn't go that far--

MR. D'OVIDIO: I know, but basically, it seems to me that's the concept that you're proposing here.

DR. REOCK: --but I would if you'd have given me time. I'd be glad to say that. The resources that are available to a local school district are the properties' values in the community. As long as that's what we're going to



finance the schools through, then we should use the property values as the basis for spreading the cost among the individual taxpayers of the community and among the communities themselves. If they are a property wealthy community within a regional, I think they should pay their share in proportion to their property wealth.

ASSEMBLYMAN MALONE: Fred.

MR. CARUSO: Dr. Reock, one of our Task Force members, Bruce Quinn, had to leave, and he left a question for you. If you don't mind, I'll read it for you.

DR. REOCK: Sure.

MR. CARUSO: He says that you conclude: don't upset the regional apportionment, it's fair. His question is, why should New Jersey support two systems -- one limited, based on equal valuation, the other on per pupil?

DR. REOCK: I wish he hadn't left, because I'm not quite sure--

MR. CARUSO: What he's saying is that we presently have two systems. One based on--

DR. REOCK: Well, no, we have a combination system where we share the equalized valuation of a particular municipality between their local schools and the limited-purpose high school district on the basis of the pupils. And then we apportion the costs of the high school -- the regional high school district on the basis of the share which was assigned to the regional from each of the municipalities. I guess that's what he's driving at.

The reason we should do it, I think, is that it does achieve the result that the Legislature was trying to achieve back in 1975. And that is, if

you compare the taxpayers in this regional district with the taxpayers in every other district in the state, it would achieve the result that the tax rate paid within the regional district would be in the same proportion to the expenditure per pupil of that regional district, as the taxes are in every other district in the state are in proportion to the expenditures per pupil. In other words, the way the system was supposed to operate, if you were spending \$6000 per pupil and had a tax rate of \$1.50, every other district in the state that was spending \$6000 per pupil would have a tax rate of \$1.50. If you raised your spending to \$7000 per pupil, your tax rate would go up. If you dropped it below that down to say \$5000, your tax rate would go down. That's the way the guaranteed tax base formula that was enacted in 1975 works.

ASSEMBLYMAN CARABALLO: And you say we're still using it today?

DR. REOCK: No. We're not.

ASSEMBLYMAN CARABALLO: You're not using that.

DR. REOCK: We changed to a foundation program which has substantially the same effect but operates with a different kind of formula. I think the precise proof of this, in terms of relating it to the guaranteed tax base system, may not hold quite as precisely now, but it still holds essentially the same way.

ASSEMBLYMAN MALONE: Any other questions for Dr. Reock?  
(no response)

Very interesting.

DR. REOCK: Since I have the floor for a minute--

ASSEMBLYMAN MALONE: Sure.

DR. REOCK: --just let me address something that was not in my prepared testimony but came to mind, particularly because of some remarks this morning about the Somerset Hills regionalization in which, apparently, representation was a significant factor in terms of selling regionalization in Somerset Hills. I just wanted to make sure that you are aware of a court case that took place for Freehold Township within the last two months dealing with representation on the regional board. Has this been brought to the attention of the Task Force?

ASSEMBLYMAN MALONE: No, we have not discussed this.

DR. REOCK: If I could summarize it very quickly, as I understand it, in a Federal court case decided on February 4th in District Court, the apportionment of membership on the regional board of Freehold was ruled unconstitutional on the basis of one person, one vote principles. Freehold Regional has eight constituent municipalities, and they have a nine-member board. So that each of the municipalities gets one seat on the board, and Howell Township, which is the largest municipality, gets the ninth seat. Now, if you put this on the basis of how many people each member of the board represents, it ranges from around -- I think it's around 30,000 people in one community down to 1200 people in Englishtown.

Two of these communities are Englishtown with about 1200 and Farmingdale with 1800 people in a district with 146,000 people. They each get a seat on the board. This has been challenged in court. The court ruled that this does not meet the one man, one vote principles. They've ruled it out, and they directed, first of all, that an interim plan be prepared. And I think, the Commissioner of Education was supposed to prepare it, as of yesterday.

And secondly, it's been -- the judge has said it's now up to the Legislature to come up with a permanent solution to this.

ASSEMBLYMAN MALONE: The only practical solution would probably be to expand the board.

DR. REOCK: You could expand the board, but you'd probably have to go about 60 or 70 people to make it equal.

ASSEMBLYMAN CARABALLO: Could I ask a question, though? In that case, was it a contracted board, or was it an imposed board? By that I mean, the Somerset example that we got this morning, the towns basically -- or that was the impression I got-- The towns agreed to the number of people--

DR. REOCK: I don't think there is any such thing as a contracted board. Yes, the towns voted themselves into this 60 years ago.

ASSEMBLYMAN CARABALLO: But by, not on the Somerset Board--

DR. REOCK: Oh, Somerset. Yes. Freehold -- it was 60 years ago.

ASSEMBLYMAN CARABALLO: Yes, that one probably was imposed--

DR. REOCK: Yes.

ASSEMBLYMAN CARABALLO: --which means-- That's what I'm getting at -- the Somerset model -- because I assumed that one of the things that you were trying to imply is perhaps the Somerset model may come under attack if it's contracted.

DR. REOCK: No. I'm not implying -- there's not anything wrong with Somerset. It may be all right, it may be bad. I just wanted to mention the Freehold case--

ASSEMBLYMAN CARABALLO: Oh, okay.

DR. REOCK: --because this may very well be applied to all the boards in New Jersey. There is a New Jersey Supreme Court decision from the 1970s which does apply this principle to North Hunterdon Regional. And North Hunterdon has special legislation which provides that members of the board will be elected from representative districts, which combine the very small communities with a board of larger size. I think they have 13 members on the board, and they use weighted voting. Some members cast 0.8 of a vote, others cast 1.2 of a vote.

I had a hand in writing that. It is a horror when you look at it, when you try to apply it. From what I've been told, North Hunterdon is happy with it. They've found that it works fine. And it may well be that something like this will have to be used in the future for all regional boards. Now, this may be an impediment to future regionalization. It may be something that encourages future regionalization.

ASSEMBLYMAN MALONE: What I would like, in talking with staff -- I think one of the major topics for the next meeting will be, in fact, this court case, and we might want to take a look at that as also one of the problems that may crop up in the regionalization situation, as one of the major topics for the next meeting. In talking to Deb and the OLS staff, we will have that as one of the major topics -- that Freehold court case.

ASSEMBLYWOMAN MURPHY: Good.

ASSEMBLYMAN MALONE: To see how that thing has been litigated, and if, in fact, it's going to be thrown to us as legislators.

ASSEMBLYWOMAN MURPHY: We might as well talk about it.

ASSEMBLYMAN MALONE: We might as well talk about it now, so we can be sort of out in the front when it gets downstairs and we argue about it downstairs.

ASSEMBLYMAN CARABALLO: Beyond that, we'll get to all of the other little things that impact these school boards. Local control -- we can go into that, too.

ASSEMBLYMAN MALONE: I think what we're going to have to do is maybe have a pre-session before the next session to go over outstanding issues that the Task Force wants to look at so that we can bring some closure to this Task Force either in having two more meetings or, at most, three more meetings. So probably for the first hour of the next meeting, we can sit down and finalize the topics that we want to continue with for the next two meetings, and then we'll set an agenda for the next three months as to how to get that resolved.

Dr. Reock, do you have any other pearls of wisdom? You really threw some pearls out. I don't know if they were real smooth ones, but I think you threw some pearls out. Thank you very much.

DR. REOCK: Thank you.

ASSEMBLYMAN MALONE: Our next speaker is Dr. Sarruda from Northern Burlington Regional School District.

And if Rich Carson, who is the Superintendent of Schools from North Hanover, would like to sit with him, give him morale support or any kind of support he'd like, you can feel free to sit there with him.

**JAMES SARRUDA, Ed.D.:** Good afternoon, ladies and gentlemen. It is my pleasure to be here this afternoon. I'd like to start just by saying that

when I took over as Superintendent in Northern Burlington Regional in August of 1993, I had had the opportunity to serve at an elementary district in a regional school, Kingsway Regional School in Gloucester County, for 10 years.

And the outgoing superintendent at that time -- he had told me about a referendum that was being conducted in October of 1993. And he said, "Dr. Sarruda, don't worry about it. It will happen very quickly, and you won't hear from it again. You have nothing to do with this, and you can go on about the business of running a regional school." And since that day, it's the only comment that has driven what I do at Northern Burlington for the last five years.

So with that, I'd just like to move quickly. Dr. Carson, who is the elementary constituent Superintendent, our largest constituent at North Hanover, is with me today, and I thank him for that. And he's handed out a brief packet that I've prepared in a brief amount of time.

Assemblyman Malone has asked me to come here and talk specifically about some of the issues that are going on at Northern Burlington Regional. I had the opportunity to hear about some of those issues this morning from different perspectives. I will say at certain times I had to bite my tongue and let the testimony go on.

I'm going to take you through this quickly. You're not going to be reading along with me; although, you're certainly welcome to. I'll be summarizing, and then at a later date, if you want to take a look at it, you certainly can.

Education, as we know in general, is just a complex system. And when you take a *K* to 12 system and you try to manage and administer in that system, you have some natural problems. When you move those dynamics into a regional forum, what we find are just a lot of unique situations to unique regional situations.

This afternoon, I'd like to just talk about, specifically, three areas at Northern Burlington: One, programs, the program function in schools. What are the strengths and weaknesses there, I feel, quickly, as a region. The second, and probably the most complicated, would be the financial, the business function of the regional school. And then, finally, I'll just talk very briefly about planning and some of the challenges that we face with regards to planning. As far as framing this presentation, I'll tell you very quickly about Northern Burlington. And again, I'm going to be specific, so I should be patient with the specifics. I am not going to generalize today.

Specifically, Northern is made up of Mansfield, Chesterfield, Springfield, and North Hanover. We're in Northern Burlington County, obviously. We're over 100 square miles of rural property. What I think is especially unique to the Northern Burlington region is not only do we receive from four constituent districts, but we have, what I'll call this afternoon, a fifth community, which is McGuire Air Force Base. I'll talk about the extenuating circumstances with servicing the federally connected student, both financially and academically, programmatically. And then what I feel is a sixth community, the Homestead Community in Mansfield, which is a senior citizen community of approximately 500 homes that is expanding. So we'll be specific here with regards to Northern Burlington today.



With regards to programs in my five years at Northern Burlington, I will say that programmatically we function well. We formed what we call an Original Curriculum Committee. We have regional administrators heading up curriculum units. And I feel in the five years that I've been there we've progressed tremendously with regards to coordinating curriculum. We've grown a great deal with regards to technology, as you'll read in my summary. And I feel that we can continue to move in all areas programmatically. I do mention in my report, if there were some type of financial incentive, for example, to consolidate child study team services, that would expedite that process. I also realize, as a regional superintendent, talking about technology specifically and trying to coordinate programs, one of our constituent districts, North Hanover, is able to move quickly, along with Northern Burlington, because of the finances and the resources available to the district to, in essence, keep pace with the regional school with technology.

Five years ago, the regional school had a couple of -- our secretaries were on memory typewriters. Today we're leading the state in Internet access. Both buildings are completely networked. We work programmatically. We're teaching C-plus programs in our high school. We're running adult courses. And technology is state of the art at the regional school. And I'd say the same for the one elementary constituent in North Hanover. However, in Mansfield, Chesterfield, and Springfield, because of the resources, or lack of, they're just not able to keep pace. We're trying to resolve that as a 7 through 12 regional school. The Board of Education is very willing to support personnel to help with consulting in those districts. But just to come right out and buy labs with state-of-the-art technology is something that's not happening and that's

hurting there. So I guess what I'm suggesting, if you want to talk about some type of incentive to keep those programs going in some of the districts that don't have the resources, that will be fine.

I'd like to also comment briefly about transportation. Last year, the region consolidated transportation services. We saved approximately 15 percent of our total budget -- \$150,000 -- for our projections for the '98-'99 school year. And again, that's an example of how in a regional school system you can consolidate services, you can work together. We have a regional calendar. And programmatically, I think, we're functioning just fine. I will just conclude by saying any type of financial incentive you care to expedite that process would be certainly well received.

I'd like to move now into the more complicated issue of finances. I'll start by saying that the financial mechanism to finance a regional school is complicated. And Dr. Reock, I would like to have him with me when I present the tax distribution during our public hearings. I find myself as a regional superintendent trying to explain a very complicated issue that, quite frankly, I don't think the voters are really interested in. What I hear over and over again from our constituents is what we-- "We send 20 percent of the students we pay 40 percent of the budget -- justify that." And so then I try to spend the next half hour justifying it, but I realize that nobody's listening anyway.

But there is justification to that and it does make sense, and just as an aside, I do concur with a lot of what Dr. Reock said. It truly hit home with me, and I'd like a copy of his study, because he's accurate from my perspective.

But there's one issue that, I think, in addition to talking about taxable value of real property, talking about percentage share in a region -- there's one issue I have to make sure that I bring in front of the committee (*sic*) today, which is unique to Northern Burlington and I'm hoping won't be overlooked. In 1994, Northern Burlington was -- participated in the feasibility studies that were financed by the State. It was one of the first studies that I had an opportunity to participate in as a regional superintendent. The reason why it proved to not be cost effective at Northern Burlington -- the one primary reason was because we service the federally connected student at McGuire Air Force Base. And I'm going to have to digress for a moment, because it's particular to Northern, but it's essential.

Northern Burlington is approximately 34 percent federally connected. We receive about 400 students from McGuire, and those students receive what we call Impact Aid. It's a topic that I really can't resolve or explain here this afternoon. But suffice it to say that because of the ratio of federally connected students to local students in a district that's servicing a base, that ratio drives your entitlement for Federal Impact Aid. Northern Burlington, because we're approximately 34, 30, 36, depending on the percent, federally connected, we're receiving what they call Section 8003 money, and a lot of that's in this explanation. And subsequently, it's about 950,000 -- about 17 percent of the \$17 million budget. Okay. It averages right around 17 percent, 15 percent, 18 percent.

ASSEMBLYMAN MALONE: Dr. Sarruda, what was the highest amount of Impact Aid that Northern Burlington ever received to your knowledge?

DR. SARRUDA: See now, I really would like to answer that question, but the concepted impact date is so complicated. We receive an entitlement-- I'll try to be brief with this. I don't know how much time you folks have this afternoon. I'll answer that question, but first I want to get to my point. My point is that if we change the percentage from 34 percent -- and we consolidate, we found out at Northern Burlington Region, and by consolidating, I mean bringing in Mansfield, Chesterfield, and Springfield into the mix -- then our percentage went from 34 percent down to like 15 percent federally connected. In an essence, we were no longer Section F8003, and we were going to lose a large percentage of the Federal money to finance our school.

In a district-- The constituent district of North Hanover is even more severely affected by that. They have about 1800 students, *K* to 6, and about 1400 and 1500 of those, bear with the approximate number, are federally connected from McGuire Air Force Base. He's heavily impacted receiving millions of dollars in Federal Impact Aid. So by taking the *K* to 12 mix and consolidating, you are dissolving those ratios -- we would have dissolved those ratios and, subsequently, dissolved the classifications of heavily impacted, and we would have lost literally millions of dollars in Federal Impact Aid.

So with everything else that goes in a regional study, this one component is unique to Northern Burlington, and it would have to be considered in any type of legislation that's being written to consolidate or regionalize. I know there are other districts in New Jersey that do receive

Impact Aid. I think we're about 36 districts right now that are receiving Impact Aid.

ASSEMBLYWOMAN MURPHY: If federally impacted, does that mean the child is a child of someone living on the base--

DR. SARRUDA: Yes.

ASSEMBLYWOMAN MURPHY: --or is the child of someone who works in some way connected to the base?

DR. SARRUDA: There are two different categories. Living on the base is what we use to determine a -- call it the Military A student that received a larger--

ASSEMBLYWOMAN MURPHY: Right, but those wouldn't be the people living in Mansfield or Chesterfield?

DR. SARRUDA: No. Not at all.

ASSEMBLYWOMAN MURPHY: When you say federally impacted, their work in some way is related to the base?

DR. SARRUDA: Their parents are living on the base is what I'll say. There are different categories, but I think to make a point here, I'd say that their parents are living on the base, not supporting a tax structure in a home in the community, etc.

ASSEMBLYMAN MALONE: Military people.

DR. SARRUDA: Military. We know that there are military families that live in the communities. They're Military B. They receive much lower number.

ASSEMBLYWOMAN MURPHY: So McGuire Air Force Base covers Mansfield, Chesterfield, Springfield, and North Hanover?

DR. SARRUDA: No. No. McGuire Air Force Base is in North Hanover Township and parts of--

ASSEMBLYWOMAN MURPHY: And parts of these other--

DR. SARRUDA: No. Not at all in Chesterfield and Mansfield or Springfield Township.

ASSEMBLYWOMAN MURPHY: No. Parts of another. Okay.

ASSEMBLYMAN CONAWAY: Just a quick question on the Impact Aid. That is, and maybe it doesn't matter, but this is something -- this is based on a formula that's not per pupil for instance. They don't figure out what your tuition is at your district and then give you tuition times  $X$  number of students that they're sending into the district. That's not the way it works?

DR. SARRUDA: It's a per pupil based on, as I understand it, a national per pupil rate.

ASSEMBLYMAN CONAWAY: It's based on a national per pupil rate.

DR. SARRUDA: It's very complicated. When Assemblyman Malone asked me how much have we received in any one year, we're what we call forward funded. It's not like a Title 1 where you're receiving funds from a previous year. So Northern Burlington, right now, has received \$863,000 for the 1997-'98 school year. Last year we received approximately 800,000 for the 1995-'96 school year, but then we received past entitlement. As the Federal government distributes their money and as the weighted formula works out, we could actually receive \$15,000 from the '92-'93 school year. Our entitlements -- I'm getting a little off pace here, but our entitlement is around

\$2 million. If we receive full entitlement, we'd be getting over \$2 million. In our budget for 1998-'99, we're projecting 830,000.

ASSEMBLYMAN MALONE: I guess that's the question I'm asking. Have you ever gotten at any time in your knowledge the full entitlement from the Federal government?

DR. SARRUDA: No.

ASSEMBLYMAN MALONE: Okay. Do you know what the maximum amount or what percentage that entitlement you've gotten -- what's the best year you've ever had?

DR. SARRUDA: I think the best year we'll receive probably about 47 percent to 50 percent of that entitlement.

ASSEMBLYMAN MALONE: So somewhere around 50 percent. Okay.

ASSEMBLYMAN CONAWAY: And why don't you get it? I mean, is this the budgetary thing? We don't have--

ASSEMBLYMAN MALONE: It's just like our funding of the county colleges or anything. We say we're going to fund 47 percent of the county colleges, and we give them 34 percent. It's subject to appropriation.

ASSEMBLYWOMAN MURPHY: Exactly what I thought of.

DR. SARRUDA: Just to get back onto this paper and then to answer questions on impacting later, I think, would be appropriate, because I wanted to make sure I got up front with it -- with the critical issue with the Northern Burlington Regional -- and that is Impact Aid. I'd like that to be on the tip of your tongue when you're discussing refinancing regions.

Some of the more specific concerns that we have at Northern Burlington-- I'd like to pretend I'm presenting to the senior citizens at my yearly presentation. And if you look at my second page, just a quick overview of tax rates for Chesterfield, Mansfield, North Hanover, and Springfield, you can see that this year our budget newsletter is going to profess a 9 cent decrease in Mansfield Township and a 3 cent increase in Chesterfield Township. That has to do with regional share. That has to do with taxable value in the complicated issue of financing a regional school district.

If you'll now go back to the last page in this packet, I'd like to just take you around this chart for a few brief minutes. If you follow along with me and you move to like the second half of this page, I think an important point to be made is, although there's a strong feeling of unfairness among some of the communities, why would Mansfield taxes be going down 9 cents, and why would Chesterfield taxes be going up 3 cents? And by the way, the budget asked for no new tax dollars. We have the exact same tax levy as the year before. It's a very restricted budget, but so we're seeing 9 cent decreases and 3 cent increases for the same amount of tax dollars that were raised last year.

When I put this spreadsheet together, I did it in an effort to try to explain some issues, and probably the biggest number that comes out here on this spreadsheet is when you go across the Based on Current Expense Only, the tax on a \$150,000-assessed home. In Chesterfield Township, those taxes would be 976,000. In Mansfield Township, those taxes would be 960,000. So what we see -- a pretty stable per \$150,000 home tax rate. In North Hanover, which is where McGuire Air Force base is located, their taxes are at \$765, and in Springfield, the tax base is 948.



I think one of the points that constantly get made in Northern Burlington region is why is it that North Hanover is paying a lower tax, a lower per pupil. They seem to be “getting away with a cheaper tax base.” I will point out at this time to the committee that North Hanover also receives approximately 45 percent State aid for their communities. I made this point to our town council several weeks ago.

You don’t have this chart in front of you, but I’ll read to you a spreadsheet that I put together from information from the *Philadelphia Inquirer*. North Hanover, for example, has the second lowest median income in Burlington County per household of \$39,125. Mansfield, which is another district that we serve, has the 16th at 50,000. Springfield, as the 28th, at 60,000, and Chesterfield is 33 at 68,000 median income. So you have a significant difference in median income.

I then took it one step further and looked at the top 10 median-assessed homes in Burlington County -- the median assessment. Chesterfield was No. 1 in Burlington County at 168,000 median assessment, and all four of the municipalities that participated in Northern Burlington are in the top 10 in Burlington County for median assessment: North Hanover being third, Springfield being fifth, and Mansfield being eighth. So what’s happening is--

The last point that I’ll make when we’re talking about detached rate, and this is how I try to explain it to the community so you can appreciate the fun that it is, but when I look at Core Curriculum Aid that gets distributed to the elementary constituents, I see that Chesterfield receives \$53,939 in Core Curriculum Aid, which is approximately 2.5 percent of its permitted budget.

Mansfield receives no Core Curriculum Aid. They're equalized half the valuation, and the powers to be have told Mansfield that, "You don't need that support." North Hanover receives, as I told you earlier, almost 46 percent Core Curriculum Aid with relation to its maximum permitted budget, and Springfield is at approximately 16 percent. So the diversity of the communities with the amount of State aid they receive is tremendous.

The interesting component here is that Northern Burlington Regional's ratio of State aid to its net-permitted budget is approximately 44 percent. So what I did for our municipalities a couple of weeks ago was I took North Hanover out of the mixture just for the sake of argument, and my numbers say that Northern Burlington would be approximately 6 percent funded without that component.

So I'll take you back to that sheet on the last page in my document now and try to show you-- Again the average assessed value for \$150,000 home ranges from 976 in a Chesterfield community, 960 in a Mansfield community, to 765, which is, in my opinion, not a tremendous discrepancy, but is a discrepancy, but somehow makes some sense when you look median-assessed values, median incomes, etc., etc., etc., and Springfield Township at \$948. Okay.

I'd like to move along, if I could. I talked about the Impact Aid issue, and that's really the third page in my argument. There's one piece that's missing, though, and it is in my presentation here in the paper. Northern Burlington just recently passed a referendum. It's a \$14.3 million referendum to renovate its middle school and its high school, and the project is ongoing. Northern Burlington, when I went to the communities and asked the

communities to pass that referendum, the question that came back to me from each of the four municipalities was, "How much is the Federal government going to kick in to support the renovation of these facilities?" We're 34 percent federally connected. We know that we're receiving shortfalls and impact aid. And as I explained in this paper, because we're not 50 percent federally connected, you were right, we qualify for no construction appropriation money in the Impact Aid Formula. Subsequently, we receive no support for the referendum. I was very proud of the communities to move forward anyway and support the referendum -- three-to-one margin overwhelming.

I've explained -- and Dr. Carson and I will be in Washington starting Sunday for four days. I've explained to our representatives in Washington, however, that these communities are not going to do this forever. The last component to the mix at Northern Burlington is Mansfield has a projected 2000 homes in the next five years. So we know that there's going to be that significant push in one township. I think one of the reasons why I'm here today, as Assemblyman Malone is hearing the rumblings already, and we're trying to put the horse ahead of the cart. We need that support to show our communities that it's not a bad thing.

I talked with Dr. Carson on the way up here, and it's mentioned in my report, the State of New Jersey has received over \$500 million in construction contracts as a result of the expansion to McGuire Air Force Base. I sat on some of the early committees on whether or not McGuire should be expanded and should it be in New Jersey. The people that I saw representing those committees were businessmen from all over the State of New Jersey.

They all are receiving the niceties of \$500 million in contracts. However, Mansfield, Chesterfield, and Springfield are rural communities, North Hanover -- rural communities with no business space, and they're receiving nothing from the expansion. The only thing that they're receiving, as far as the community members are concerned from my perspective, is an increased cost to offset the shortfall, let's say, in federally connected Impact Aid. So we're not receiving any money for our construction project, and I'm hoping I can get some type of-- I'm trying to get a bone, literally, thrown to me, down in Washington, but they haven't thrown one our way, yet, with regards to construction.

The last point I'll make and I'll make briefly, and then I'll answer any questions, has to do with planning. I also cite the newspaper article that Assemblyman mentioned this morning. I cite the *Burlington County Times* yesterday -- I pick up the paper, and in the right-hand corner you have Lenape Regional who's building a new high school. And it's happening right away, the need is there, the students need the programs, they're getting crowded, they're building a new high school. On the other side of the page, you've got the Lumberton-RV issue where Lumberton wants to withdraw. I'm not saying it's right, wrong, or indifferent, but they are going to be in the muck and mire, in my opinion -- my humble opinion -- for the next 10 years, while Lenape on the same page, if they can get through the Pineland issue, is going to be moving quickly towards better programs.

So you have two regional school districts in the same county facing two completely different region issues, and I think one of the things that you'd want to consider, if I could respectfully mention this, is which issue is going to

be better for the kids. And if moving forward is better for the kids, then maybe we should think about some type of legislation that would support that, as opposed to spending time with the feasibility studies.

ASSEMBLYMAN MALONE: Herb.

ASSEMBLYMAN CONAWAY: On your referendum, all four communities passed it, or how did the vote go in the constituent communities?

DR. SARRUDA: All four communities passed the referendum for the construction project overwhelmingly three-to-one.

ASSEMBLYMAN CONAWAY: Each community separately passed it?

DR. SARRUDA: Each of the communities supported the referendum. The communities support the schools. It's a tremendous situation to be in as a superintendent. They want to see technology, they want to see new programs, they want to see adult school. Last year at a public hearing-- The budget was defeated last year by, I think it was, seven votes, and at a public hearing, the four municipalities agreed to add \$50,000 to the defeated budget so that we can have a driver ed program, and I had to inform them that that's not legal. They're in the school, they support the school. The problem now is what is going to happen as the communities divide, and I'm hoping it won't be divisive.

The last point -- I've said this a couple of times, "the last point," so another point. I received a letter from the Homestead Community about a year ago asking me from the superintendent's perspective-- Homestead, which is our senior citizen community, in Mansfield Township has about 500 homes, I believe.

MR. CARUSO: No, 800.

DR. SARRUDA: Eight hundred homes, okay. Thank you.

They were asking me how I felt, educationally, about an expansion to Homestead and whether those homes should be age restricted? My response in writing was that the age-restricted homes would help the tax base to the high school. It wouldn't bring in more kids, and financially would aid in financing the regional school. But then I asked them respectfully, next year, in three years, when I come out there, please don't tell me how you're now paying 45 percent of the region and only sending 20 percent of the kids. Because as you increase that tax base in the value of that community, you are going to most likely increase the percentage share. If that's not fair, that's for someone else to decide.

ASSEMBLYMAN CONAWAY: I'm surprised to hear about the referendum passing, because I would have thought--

DR. SARRUDA: That's because I did such a great job.

ASSEMBLYMAN CONAWAY: I guess so. Because I'm wondering, as I sit here, sort of what the fuss is. Because it sounds like-- So we're talking about a minority of folks then--

DR. SARRUDA: I don't know--

ASSEMBLYMAN CONAWAY: --who are against the -- what's-- I mean, it passes two -- three-to-one and everything's going wonderfully and budgets are going through and the towns are adding to budgets. In Homestead, let's expand it.

ASSEMBLYMAN MALONE: But if you took the vote tomorrow of the constituent municipalities, it would be three of the municipalities voting

overwhelmingly that one municipality is getting-- (remainder of comment indiscernible)

DR. SARRUDA: I'm sorry.

ASSEMBLYMAN CONAWAY: But yet they're all still supporting the regional school system.

ASSEMBLYMAN MALONE: Yes. So what you have is-- Don't think it through logically, like you try to think it through like that. It's a very difficult and emotional issue that is not easily resolved just by looking at numbers and reading a piece of paper. People have very strong convictions that it ought to be on a per pupil basis. But yet, once they set that issue aside, everyone of those people is for good education. So they don't let one issue bleed into the other issue. They all are concerned about it, whether it's the senior citizens at Homestead or the farmer. They all agree that they want good education for their kids. So in one sense, I admire the fact that these individuals disagree on one issue, but they don't disagree about the quality of education they want for their kids.

ASSEMBLYMAN CONAWAY: That's impressive.

DR. SARRUDA: I honestly feel that I'm here this afternoon really just to discuss some specifics. Assemblyman Malone has been meeting on an individual basis with some of the people. There are specific issues to Northern Burlington that he asked me to bring here to the table, and that's what I've done.

ASSEMBLYMAN MALONE: I think the Federal Impact Aid issue is something that I don't think that many of my colleagues in the Assembly and the Senate understand. It's a major issue that we have to deal with. I

don't know whether other municipalities-- I guess, Tinton Falls has a situation--

**RICHARD J. CARSON, Ed.D.:** Tinton Falls, Eatontown are both facing similar situations.

ASSEMBLYMAN MALONE: So there are other municipalities that do face the Impact Aid issue.

ASSEMBLYWOMAN MURPHY: Does Picatinny up where we are?

DR. CARSON: They're facing somebody. I think they're closing down.

ASSEMBLYWOMAN MURPHY: Well, we've been--

DR. CARSON: The arsenal. They're closing the arsenal.

ASSEMBLYWOMAN MURPHY: No. Well, they say, yes, then people run to the rescue and keep it open and--

DR. CARSON: Fort Monmouth would be, Eatontown, I believe, and Tinton Falls in that area, too, they fall into that. They're going to be facing an issue up there in Eatontown, because they're privatizing homes -- all the housing up there. So they're losing students that are federally *A* students and will become *B* students, and the difference is really from \$2000 down to about \$200.

DR. SARRUDA: Just a quick fact, the national average spent per student -- this is from an impact aid book -- \$5640. The New Jersey State average spent per pupil, \$9358. The average Impact Aid basic support received per Federal-rated student in New Jersey, \$2615. So there are three



communities in Northern Burlington that read those statistics and say, “Well, who’s paying the difference?” And that does tend to become divisive.

MR. D’OVIDIO: What is your cost per pupil?

DR. SARRUDA: Total cost per pupil is about \$10,234.

MR. D’OVIDIO: You have about an \$8000 shortfall, is that right?

DR. SARRUDA: Well, we do get State aid for the students, as well.

MR. D’OVIDIO: Okay. You do get that in addition.

DR. SARRUDA: Yes, so you would have to put that in.

MR. D’OVIDIO: So what’s the overall shortfall?

DR. SARRUDA: My numbers are around \$3000 per pupil.

Go ahead.

DR. CARSON: Approximately five years ago, the President’s budget was calling for a zeroing out of Impact Aid under the rationale that education is a state responsibility. Now, you can see the impact it would have on our districts if that process went through. We were able to derail it because there was approximately 2000 school districts throughout the United States receiving Impact Aid, and we were able to derail that. And we’ve been getting the pot back up to almost to where it should be, but you never get there. But that type of loss to the community, where would we go? We’d have to go to the taxpayers, and we in North Hanover receive \$5 million in Impact Aid out of a \$12 million budget. If the President went through there, you could see what that would do to a community.

The other problem we have is with cash flow type of issues when the Federal budget -- was it two years ago? -- didn't pass until April. We didn't receive any money. You're starting to lay off teachers, you know.

ASSEMBLYMAN CARABALLO: Isn't this analogous, though, to renters? I mean, to the extent that you have a high proportion of individuals who don't pay property taxes directly, but instead it's built into like rent. I mean, isn't it analogous? One might -- I don't know how this works out, I just thought about it as you were speaking.

ASSEMBLYMAN MALONE: But there is a tax value to those rental units, and you are getting something. They're getting nothing.

ASSEMBLYMAN CARABALLO: Well, they're getting approximately 25 percent.

DR. CARSON: The Impact Aid is supposed to be the property tax.

ASSEMBLYMAN CARABALLO: You're getting approximately 25 percent of whatever it costs to educate that child.

MR. D'OVIDIO: With the State aid, it's up to about 75.

DR. CARSON: Yes.

ASSEMBLYMAN CARABALLO: Okay. So maybe up to 75 percent. If you look at it from the renter's perspective, I bet you it's very-- I don't know this for a fact, because intuitively, it's probably the same problem.

DR. SARRUDA: I think one way we separate out at the regional school, though, and that's a point well taken, is if we can get some money for that construction portion, I'd feel much happier.

ASSEMBLYMAN CARABALLO: Oh, sure. Absolutely.

DR. SARRUDA: You know, it's unfortunate that we're separated out there.

ASSEMBLYMAN MALONE: Any other questions of Dr. Sarruda or Dr. Carson? (no response)

Anyone else like to comment or talk today or give me a testimony? (no response)

Okay. Thank you very much.

Members of the Task Force, I want to thank you. It's a rather interesting day today.

**(MEETING CONCLUDED)**