

FAQ: How the State's Regionalization Plan Could Affect Your District

By March 2010, the state's 21 Executive County Superintendents will submit proposals to regionalize school districts within their jurisdictions. The primary goal is elimination of as many elementary-only and high school-only districts as possible in favor of kindergarten-through-12th grade configurations.

How many school districts will be included in the regionalization proposals that appear on the September 2010 ballot remains unclear. But the potential number is large.

Nonetheless, the voters—and not the state Department of Education—will have the final word on the proposals.

To help school board members understand the state's current regionalization program, NJSBA has prepared the following questions and answers.

THE CORE PLAN

What's behind the current regionalization plan? The state's current regionalization program, the CORE plan, primarily resulted from an overriding concern about *local property taxes*.

In fact, the authorizing legislation, the 2007 CORE Act, emanated from the Legislature's Special Session on Property Tax Reform. The statute created the position of Executive County Superintendent and gave that official the responsibility to conduct studies and develop plans to regionalize districts within his or her jurisdiction.

State-level interest in regionalization is nothing new. For years, legislators and governors have bemoaned the fact that New Jersey has over 600 school districts (and 566 municipalities). Since 1969, several studies sponsored by state government and organizations have recommended reducing the number of school districts, mostly through administrative fiat from Trenton. By and large, the studies recommended configuring districts into K-12 units.

The studies cited cost-efficiency, educational continuity and ease of administration as reasons to force regionalization. They went nowhere. The current plan, established by the CORE Act, is the first legislated effort to regionalize school districts on a statewide basis.

What type of school district does the CORE plan target? High school regional districts, their constituent elementary districts and districts involved in sending-receiving relationships are potential subjects of the Executive County Superintendents' proposals, according to the December 2008 Accountability Regulations.

Designed to carry out the CORE Act, the regulations also make it clear that existing K-12 districts will not be exempt from the proposals.

Will the CORE plan force operating school districts to regionalize? No. Under the CORE plan, voters will have the final say. While a local school board could find itself part of an Executive County

Superintendent's regionalization proposal against its will, a majority of voters in each affected municipality must still approve the plan for it to go forward.

In essence, the current program is state-driven, but not state-mandated.

An exception to the voter-approval requirement might occur in the state's 25 send-all districts. These are small communities that do not operate schools and, instead, send all of their children to nearby districts under tuition arrangements. Under the CORE Act, the Department of Education "has the authority" to eliminate the send-all districts without a public vote—whether it will exercise that authority in all cases is not yet clear.

Will school boards have a say in the Executive County Superintendents' proposals? Yes. The Accountability Regulations outline a process under which the Executive County Superintendent consults with school districts when conducting regionalization studies and developing proposals.

These efforts are now underway, with the individual Executive County Superintendents using varied approaches to obtain input. For example, in one county, local district consultation is provided through the superintendents' roundtable; in others, Executive County Superintendents have established task forces consisting of board members, administrators and other stakeholders.

The CORE regionalization studies would consider the impact on operating costs, distribution of facility/capital expenses, tax reapportionment, staffing/personnel concerns, education programming and enrollment trends. In effect, the CORE studies would address the same topics as would the "feasibility" studies, which are required as part of locally initiated regionalization plans. However, the CORE reports may not be as extensive.

At least two counties have tapped higher education institutions to develop templates for use by the Executive County Superintendents in the CORE studies.

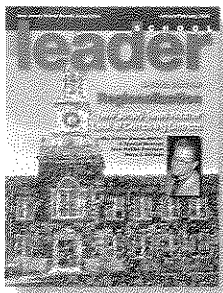
Does the state's current plan include financial incentives for regionalization? The CORE Act includes no financial incentives to encourage voter approval of the Executive County Superintendents' regionalization proposals.

What will happen if voters reject the Executive County Superintendent's regionalization proposal in 2010? The plan will die. But your district could be affected by other elements of the CORE Act before or after the 2010 vote. The statute calls for the Executive County Superintendent to require consolidation of administrative and other non-instructional services. Right now, the county offices are studying potential shared service arrangements along with regionalization.

BACKGROUND

How many school districts are there in New Jersey? As of 2007-2008, New Jersey had 616 local education agencies (603 school districts and 13 educational services commissions and jointure commissions). The districts break down as follows: K-12, 220; elementary-only, 282; secondary only, 47; county special services, 8; county vocational, 21; send-all (non-operating) districts, 25.

What is a regional school district? A regional district serves two or more municipalities. It can be a "limited-purpose" regional, providing education for certain grades (e.g., grades 9-12 or Kindergarten through 8th grade), or it can be an "all purpose," serving Kindergarten



School Leader Focus: Regionalization

Want more information on school regionalization? The new edition of School Leader magazine features a special section with in-depth articles on the issue.

The issue addresses the history of regionalization in New Jersey, and the legal and labor relations implications—and it includes a guest article by Commissioner of Education Lucille E. Davy.

through 12th grade.

New Jersey currently has 70 regional school districts. Only 17 of these are K-12 systems. The remaining regional districts are limited-purpose, most serving high school students.

How are regional districts governed? In regional districts, school board seats are apportioned among member municipalities according to population. As a result, each municipality is represented on the regional school board by a certain number of members. District costs are divided among municipalities based on one of three factors: property values; enrollment; or any combination of the two. The vast majority of regional districts apportion taxes according to property values.

What other types of district governance structures exist?

Other structures include consolidated districts and sending-receiving relationships.

- Eight "consolidated" school districts currently operate in New Jersey; they were established under a now-defunct statute. Like regional school districts, consolidated districts consist of two or more municipalities. Unlike regional districts, where each community is allotted a certain number of school board seats and/or votes, consolidated districts elect board members at large.

Because state law no longer provides for the creation of consolidated districts, school district mergers today would result in regional systems.

- Approximately 220 districts are involved at either end of sending-receiving relationships. These are contractual arrangements, under which one school district (usually elementary-only) pays tuition to send its pupils (usually high-school age students) to a nearby district. The state's 25 send-all districts are also included in the count of "sending" districts.

State law allows some sending district school boards to select one of their members to sit on the receiving district board of education. The sending district representative has statutory voting rights on issues directly affecting his or her district's students.

LOCALLY INITIATED REGIONALIZATION

Will school districts still be able to regionalize on their own?

Yes. In fact, it would appear that, for the immediate future, the Executive County Superintendents will continue to encourage school districts to explore regionalization on their own. Such discussions are taking place in some communities.

What would be involved in locally initiated regionalization?

Statute and directives from the state Department of Education outline the following steps: Fact-finding meetings; a feasibility study; formation of advisory committee; review by state Department of Education county office; recommendation to the commissioner of education, and presentation to the voters.

A school district may withdraw from the locally initiated regionalization at any point prior to submission of the question to the voters.

Who pays for the feasibility study? The interested school districts split the costs. Currently, state funding is not available directly to school districts to cover the cost of the studies. SHARE grants, a municipal program, might be applied, but all of these funds are not likely to survive the governor's mid-year spending reductions.

REGIONALIZATION: Drawbacks and Benefits

How extensively have school districts explored regionalization?

Since 1982, four locally initiated regionalization proposals have succeeded: Bordentown Regional (1982); School District of the Chathams (1986); Somerset Hills Regional (1994); and Great Meadows Regional (1995).

In spite of the limited number of regionalization efforts, many school boards have explored the concept over the years. However, the plans were either rejected by voters or, more often, died on the vine.

What stopped the plans? In the current decade, several regionalization discussions ended at the exploratory stage because of lack of savings, increased employment costs, potential tax hikes in one or more communities, or savings so limited as to make the upheaval not worth the effort.

Prior to that, a 1991 NJSBA task force indicated that school districts tended to explore regionalization for educational reasons—expanded curricular and co-curricular offerings. However, the efforts failed due to financial factors; usually one community's taxes would spike or the new district would suffer a loss of state aid.

At the time, NJSBA recommended state funding to overcome these financial obstacles.

Are there other drawbacks to regionalization? Yes. For example, two current state laws could result in higher employment costs for teachers and other unionized employees, whose salaries represent the majority of the district budget, immediately after regionalization.

Are there benefits to regionalization? Expanded curricular and extra-curricular offerings and improved coordination of curriculum between elementary, middle school and high school could result from regionalization. However, on two key measures of academic progress—standardized test scores and college admissions—a number of high school-only districts rank among the highest in the state, indicating that operating separate high school and elementary districts does not preclude effective coordination of curriculum.

Combining two districts might also enable a reduction in central office administrative positions. However, these savings could be surpassed by increases in salaries for teachers and other unionized staff. State law requires the largest school district's teacher contract to be the contract for everyone in the newly formed regional. Larger districts tend to pay more. Any administrative savings could be offset due to many teachers "ramping up" to a better-paying contract.

Moreover, administrative costs in New Jersey are low compared to other states. New Jersey ranks 40th among the states and District of Columbia in the percentage of current expenses applied to central office and school administration, according to the U.S. Department of Education's National Center for Education Statistics.

The most-recent state-sponsored study of regionalization, the 1999 Assembly Task Force report on Regionalization, provided a balanced view. It cited the potential educational, financial and administrative benefits of voluntary regionalization. At the same time, the study concluded, "The decision to regionalize should be made on a case-by-case basis since it is apparent...that school district regionalization does not necessarily result in cost-savings across the board."

NJSBA Regionalization Policies—Summary

- **Voter Approval** School district mergers should not take place without prior referendum in each of the affected districts.
- **Feasibility** Districts should be encouraged to regionalize if thorough study identifies educational and/or financial benefits.
- **Factors to Consider** Regionalization studies should address enrollment trends, goals, philosophy, board member apportionment, racial balance, education program, tax rates, and long-range implications. All findings should be forwarded to the executive county superintendent, who should consider these in determining the advisability of regionalization.
- **Funding Studies** State aid should fund regionalization studies.
- **Tax Reapportionment** There should be a ten-year phase-in of any tax-levy increases resulting from reapportionment of costs following creation of a regional district.

For the complete policy, see NJSBA's "Positions and Policies on Education," File Code 9300.