

# No Surprise: The State Wants Only K-12 Districts

*Since 1969, state-initiated studies have promoted the consolidation of school districts into K-12 units. Why it hasn't happened so far, and why it's not likely to happen now.*

**By Frank Belluscio**

*Is the current number of school districts the best way to deliver services? I don't think it is.... I'm becoming increasingly convinced that the best model for delivering education is kindergarten-through-12th grade.*

—Assembly Speaker Joseph Roberts, New Jersey School Boards Association, Annual Legislative Conference, March 6, 2004

For those who attended NJSBA's 2004 Legislative Conference, the design of the state's current blueprint for school district regionalization should come as no surprise. Almost five years ago when they spoke before the conference, Assembly Speaker Joe Roberts and the influential Assembly Budget Committee Chairman, Lou Greenwald, outlined goals, such as placing more power in the office of the county superintendent, consolidating school districts into K-12 units, and eliminating "send-all," or non-operating, districts.

Clearly, the Assembly majority had an agenda, and that plan was carried out with the enactment of the CORE Act in 2007.

**Where We Are Today** The CORE Act, which emanated from the Legislature's Special Session on Property Tax Reform, strengthened the authority of the state Department of Education's county officials (rechristened, "executive county superintendents"). Significantly, the act assigned the executive county superintendents the responsibility to conduct studies and develop plans to regionalize school districts within their jurisdictions, with the express goal of eliminating elementary-only and high school-only districts in favor of kindergarten-through-12th grade configurations. Those regionalization plans are now in the works, with individual executive county superintendents taking varied approaches in leading the studies.

The regionalization proposals are due to the commissioner of education by March 2010. However, the voters—and not the state Department of Education—will have the final word. As outlined by the CORE Act, a majority of voters in each affected municipality would have to approve a regionalization proposal for it to go forward. Referendums on the proposals are likely to take place during the special school election in September 2010.

**Focus on K-12** What those plans will look like has been the subject of conjecture. "Unofficial" information about the county-level regionalization studies indicates that the executive county superintendents are painting some portions of the canvas in their own way. However, most of the picture has already been sketched by law and regulation. When the lines are filled in, the image should be a composite of proposals, the vast majority of which would eliminate elementary-only and secondary-only districts.

State administrative code (the Accountability Regulations) designed to carry out the CORE Act and other recent laws expanded the scope of the regionalization plans. The final regulations make it clear that existing K-12 districts will not be automatically exempt from the executive county superintendents' regionalization proposals, especially if they educate other districts' high school students as part of sending-receiving tuition agreements. Nonetheless, the regulations retain the primary goal of the 2007 legislation—realignment of as many school districts as possible into K-12 units.

The Accountability Regulations provision on school regionalization studies (*N.J.S.A. 6A:23A-2.5*) bear this out:

*The study shall to the greatest extent practicable focus on the consolidation of existing local public school districts that receive students from school districts on a tuition basis with those sending school districts, and the consolidation of limited purpose regional school districts that receive students from constituent municipalities to create enlarged all purpose regional school districts.*

Today, New Jersey has 282 elementary-only school districts, 47 high school regional districts, and 25 non-operating districts that send all of their students to neighboring districts under tuition agreements. In addition, some 220 districts are involved at either end of sending-receiving relationships. So the universe of communities that could be affected by the state's current regionalization program is a large one.

**Education Continuity** Commissioner of Education Lucille E. Davy has cited an educational benefit of having all children attend school in continuous Kindergarten-through-12th grade systems. (See page 17) Yet, many educators in the state's 47 high school regional districts and their 181 constituent elementary school districts would say K-12 alignment has not been necessary to attain educational goals. In fact, they could point to success in creating a seamless transition from elementary to high school. Indeed, for many regional high school districts, the most commonly used measures of achievement, such as standardized test scores and college admission rates, rank them among the state's best.

Regardless of high academic achievement, delivering education through a hodgepodge of different-sized school districts of varying grade structures rarely made sense to state bureaucrats. Since 1969, state-initiated regionalization discussions, citing reasons of educational continuity, finances and ease of administration, have largely identified the K-12 alignment as the most advantageous.

- **“Report of the State Committee to Study the Next Steps of Regionalization and Consolidation in the School Districts of New Jersey,” 1969.** Known as the “Mancuso Report” after the committee's chairwoman, former State Board of Education and NJSBA President Ruth Mancuso, the study recommended configuring all districts into K-12 units of at least 3,500 students each. Such a structure would maximize educational and financial performance. “Goodwill and cooperation among the professional staff may not be enough” to offset differences in philosophy and communications problems among separate elementary and high school districts, according to the report, produced by the state Department of Education.
- **“Interim Report to Review the Recommendations of the State's School Funding Law on the Organization Of Local School Districts,” 1980.** The state education department study called for requiring small elementary school districts to prove that they are providing an adequate, cost-efficient education in order to continue their existence. While recommending case-by-case review to determine where regionalization should be required, the study deemed a K-12 approach to school district organization as essential.
- **“A Vision for New Jersey's Schools in the 21st Century,” 1991.** Produced by the governor's Quality Education Commission, the report called for merging districts into K-12 units, resulting in fewer than 250 statewide. The panel believed that such a system could give students more educational opportunity, while providing for parent and community involvement at the individual school level.

**Little Movement** These studies represent only three of many government reports on the subject of regionalization. In fact, with the possible exception of the Kean Administration (1982-1989), every governor since Brendan Byrne (1974-1981) has promoted some type of regionalization initiative. In the end though, these state-produced recommendations, which usually contained an element of forced regionalization, went nowhere—as have most locally initiated regionalization discussions.

Since 1982, only four locally initiated regionalization proposals have succeeded:

- Bordentown Regional (1982)—merger of the Bordentown Regional High School District with the constituent Bordentown City and Bordentown Township elementary school districts.

- School District of the Chathams (1986)—combining of the K-12 Chatham Borough school district with the K-12 Chatham Township district.
- Somerset Hills Regional (1994)—merger of the K-12 Bernardsville school district with two non-operating districts (Far Hills and Peapack-Gladstone) that already had sending-receiving relationships with Bernardsville.
- Great Meadows Regional (1995)—merger of the two Warren County elementary school districts, Liberty Township and Independence Township, into one K-8 unit.

Of the four, the mergers that produced Bordentown Regional and Somerset Hills Regional most closely fit the mold foreseen by the CORE Act. And along with the Chathams, they appear to have resulted in relatively happy unions among the partners. A 1995 study by the Rutgers Bureau of Government Services and the Public Affairs Research Institute indicates that there were “substantial savings” in three of the six K-12 regional districts (including Bordentown Regional) created between 1965 and 1987. In the four years following its creation, Bordentown Regional experienced a 4.4 percent drop in spending per pupil relative to statewide average spending, according to the report. In the Chathams, relative spending increased only slightly, by 1 percent, during a similar time period.

**What Stops Regionalization?** If there are regionalization “success stories,” why have there been so few attempts to merge school districts?

The answer can be found in a 1991 New Jersey School Boards Association staff task force report, which showed that regionalization is rarely a win-win situation for the communities involved. In a 2006 opinion article, submitted to *The New York Times*, then-NJSBA President Kevin E. Ciak cited the findings:

“Many communities have considered expanding educational and extra-curricular offerings by merging with their neighbors over the years. But something stops the plans dead in their tracks. And it’s not home rule; it’s *property taxes*.

“New tax rates result from adjustments to each town’s contribution to the newly formed regional school system... Invariably, one of the towns in the proposed regional district discovers that the merger would result in higher property taxes. Historically, the plans die on the vine or, if they do reach the voters, they meet defeat at the polls.”

Ciak also noted increased employment costs for teachers, as well as possible increases in transportation and administrative costs.

“If the Legislature is at all serious about encouraging consolidation of school districts, it needs to address financial obstacle[s]” he wrote.

The premise of financial incentives to encourage voluntary regionalization (or at least to ease financial burdens after forced regionalization) has appeared in several government studies. Such financial incentives are absent from the CORE Act.

**Financial Obstacles** In a September 2006 letter to state Sen. Robert Smith, chairman of the Joint Committee on Government Consolidation and Shared Services, the executive directors of the New Jersey School Boards Association and the New Jersey Association of School Administrators cited the impact of financial obstacles on recent regionalization discussions:

“The reason why more school district consolidation has not occurred is often due to concern about property taxes. After regionalization, new tax rates result from adjustments to each town’s contribution to the newly formed school system, based on varying levels of property wealth and/or student population.”

“Financial factors have played a role in stopping recent regionalization initiatives, including those involving the following school districts: Andover Regional and Green Township (Sussex); and West Morris Regional, Chester Township Consolidated, Mendham Township, Mendham Borough and Washington Township (Morris County). Recently, the Farmingdale Borough school district (Monmouth County) responded to residents’ suggestions and explored the potential impact of a merger with neighboring Howell Township. The district found that the merger would result in sharply increased costs for Farmingdale property taxpayers.

“Other studies have found savings so limited as to not make the change in governance worth the effort. This experience was shared by Lakeland Regional High School, Ringwood and Wanaque (Passaic County) and by Boonton Township and Mountain Lakes (Morris County).”

**The ‘Reock Clusters’** No research has been more influential in setting the course of recent statewide discussion of regionalization than that of Dr. Ernest Reock, director emeritus of the Rutgers Center for Government Services. Collectively, his studies in 1995 and 2003 illustrate the increased costs involved in operating separate high school regional and elementary school districts and the savings possible by configuring all New Jersey school districts into K-12 units.

Reock’s studies looked at the potential financial impact of realigning New Jersey’s more than 600 local school districts into 264 K-12 units. The reduction in the number of districts would result from merging all high school regional districts with their constituent elementary districts and by consolidating all districts involved in sending/receiving relationships. The end result: a \$65 million savings in administrative costs statewide, and roughly \$365 million savings in educational costs statewide. (Total New Jersey spending on kindergarten-through-12th grade education exceeds \$25 billion in local, state and federal funds.)

At a 2006 NJSBA-sponsored forum on consolidation, Reock cautioned that his studies did not take into account the impact of regionalization on staff salaries. “Salaries always go up,” he said at the time.

Two current state laws would have an immediate impact on employment costs after regionalization: one requires that the salary of all staff in the newly formed regional school system be increased to the levels in place in the largest (and usually highest-paying) district prior to regionalization; the other requires the newly created regional district to preserve all seniority rights, meaning that, even if regionalization enables a reduction in staff, those employees who are retained would likely be the ones at the highest salary levels.

State regulations to implement the CORE Act recognize the impact of these laws. And, at the very least, they would require the executive county superintendents to consider the impact of these statutes when determining the feasibility of possible regionalization proposals.

**Salary Impact** In 2006, before it settled on the CORE Act as the blueprint for regionalization, the state Legislature’s Special Session on Property Tax Reform flirted with a proposal to create 21 county-based school districts. NJSBA performed an analysis of existing salary guides in two counties to clarify the impact on staffing costs that would result from such a radical restructuring of school district boundaries. The analysis projected significant pay increases at various steps on the salary guide. In Morris County, for example, the average entry-level salary would increase by \$6,756 after consolidation; in Union County, the average maximum salary for teachers holding bachelor’s degrees would jump by \$15,055 after county-wide regionalization.

While NJSBA’s analysis projected the impact of county-wide consolidation on teacher salaries, it also provides a glimpse of what would result from regionalization on a smaller scale.

**Low Administrative Costs** In many ways, the current push toward regionalization has been triggered by perceived savings that may never materialize. It is also prompted by the all-too-common misperception of high administrative spending in New Jersey schools.

In fact, New Jersey spends below the nationwide average on central office and school administration—9.7 percent of current expenses versus 10.8 percent nationally, according to the U.S. Department of Education’s National Center for Educational Statistics. Thirty-nine other states and the District of Columbia devote a larger share of education expenditures to administration than does New Jersey.

The state Department of Education’s own database presents compelling statistics on how local school boards are directing funding to the classroom, and not to the central office. From 1989-1990 to 2005-2006, public school student enrollment jumped by 29.5 percent; the number of teachers increased by 35.2 percent, but the number of administrators rose by only 2.6 percent.

**Not the Best Fit** Not every state-generated study has concluded that regionalization holds educational and financial promise in all situations. The most recent state report, published in 1999 by the state Assembly Task Force on School District Regionalization, cited the potential educational, financial and administrative benefits of voluntary regionalization. At the same time, it offered the following findings and recommendations:

- “Not every school district is conducive to a regionalized arrangement.”
- “Small school districts can produce excellent results and should not be regionalized simply because their enrollment falls below a certain number.”
- “School regionalization does not automatically reap major savings or improve the quality of education.”
- “Shared services consolidation for non-instructional purposes may accomplish savings.”
- “Some financial incentives are necessary to encourage districts to regionalize when economic and educational benefits exist for regionalization.”
- “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.”

These findings are in line with NJSBA’s long-standing position on the issue. The Association does not oppose regionalization, but it believes that the communities involved must have the final say at the voting booth—and after feasibility studies determine the educational and economic impact of the proposals.

For the moment at least, the CORE plan—a state-driven, but not state-mandated, process—appears to reflect the principles of educational benefit, economic feasibility and voter authorization when pursuing regionalization.