



# New Jersey School Boards Association

413 West State Street • Trenton, NJ 08618 • Telephone: 609.695.7600 • Toll-Free: 888.88NJSBA • Fax: 609.695.0413

## Impediments to School District Regionalization



**Prepared for the Office of the Governor  
State of New Jersey**

**February 16, 2018**

**TABLE OF CONTENTS**

Impediments to Regionalization: Overview ..... 1

Obstacle 1: Cost Apportionment ..... 2

Obstacle 2: Debt Acquisition..... 5

Obstacle 3: Salary Guides/Employment Costs..... 6

Obstacle 4: Tenure and Seniority Rights..... 8

Obstacle 5: Loss of State and Federal Aid ..... 9

Obstacle 6: Paying for Feasibility Studies..... 10

Epilogue: Shared Services and Successful Regionalization Strategies..... 12

Appendix 1: NJSBA Policy on Regionalization ..... 14

Appendix 2: Recent History of School District Consolidation ..... 15

Appendix 3: The Regionalization Process ..... 16

Appendix 4: Current Organization of New Jersey School Districts ..... 17

### Impediments to Regionalization: Overview

The New Jersey School Boards Association supports school district efforts to regionalize when there are financial benefits and, above all else, educational benefits for the students.

Our Association assisted the school districts involved in the most recent regionalization effort: creation of the new South Hunterdon Regional School District, which was approved by voters in 2013. NJSBA provided analyses of the existing collective bargaining agreements and salary guides, information on the statutory framework for regionalization, and guidance on board organization.

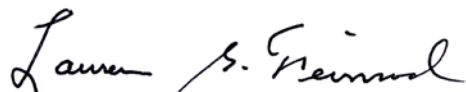
Successful school district regionalization efforts, like South Hunterdon, are rare. Over the past 36 years, New Jersey has seen only four other instances of voter-approved regionalization. Some will attribute the *status quo* to “intangibles”—a love of home rule, fear of school closings and other changes, or community pride in a particular school. While these factors may contribute to resistance to regionalization, a closer look shows the deal breakers often to be requirements and processes under statute and code. These provisions involve cost reapportionment (and changes in school property tax levies) among municipalities of varying property wealth and income levels, reduced state and federal aid after regionalization, and increased employment costs.

Because of recent trends and developments, discussion of school district regionalization will likely increase at both the state and local levels. Today’s dynamics include the enrollment decline being experienced by some districts and concern over its impact on education options, the underfunding of state aid, and the tax levy cap which restricts increases in locally raised revenue. Additionally, the recent federal income tax restructuring and its limit on deductions of state income and local property taxes are expected to result in a net financial loss for some families and a decline in home values in several areas of the state. This may lead to erosion of financial support for public education.

School districts and voters need to consider regionalization objectively, with an education-centered approach. NJSBA’s observations show that, at the local level, discussion of regionalization is usually prompted by educational concerns. And if history is to be the judge, without amendment to certain state law and regulation, most locally initiated discussion of voluntary regionalization will stop dead as soon as the financial impact is ascertained.

NJSBA believes that the decision to regionalize must be made by the voters in each affected community. The state’s role should be to encourage and facilitate the study of regionalization at the local level and to remove financial disincentives. NJSBA has also found that the sharing of services among school districts and between schools and municipalities is a viable, and often preferable, option when the goals are cost-efficiency and savings.

Our report describes financial disincentives and other obstacles to voter-approved regionalization and offers possible solutions.



Lawrence S. Feinsod, Ed.D.  
Executive Director

### Obstacle 1: Cost Apportionment

*N.J.S.A. 18A:13-34*

How operating costs will be apportioned within a proposed regional school district—and the resultant changes in property tax levies—has been a major obstacle to voter approval of regionalization.

In a letter to the 2006 special legislative 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 described the problem:

“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. Often, one of the towns in the proposed regional district discovers that merger would result in higher property taxes. Historically, the plans die on the vine, or if they do reach the voters, the proposals meet defeat at the polls.”<sup>1</sup>

**RESOLUTION: A phase-in of up to *ten years* of any constituent municipality’s school tax levy increase that results from cost apportionment following regionalization.**

Current statute (*N.J.S.A. 18A:13-34*) requires that, when presented to voters, proposals for new or enlarged regional districts include “the manner in which the amounts to be raised for annual or special appropriations...shall be apportioned.” It provides for three possible methods of cost apportionment: equalized property valuation, enrollment, or a combination of property valuation and enrollment.

However, the statute makes no reference to phasing in changes in tax levies resulting from the reapportionment of costs in newly formed, voter-approved regional districts.

Previous state Legislatures and Administrations have been aware of the financial disruption resulting from cost reapportionment when formerly separate school districts are joined together. A 2009 statute (*N.J.S.A. 18A:8-45*), which authorizes the forced merger of send-all, or non-operating, districts<sup>2</sup> into neighboring school systems, recognized the negative impact on some communities’ tax levies. It directed the commissioner of education to implement a cost-apportionment method that would be “least fiscally disruptive” in the first year following merger. Further, it stated, “if necessary, the commissioner may allow a five-year phase-in of the apportionment methodology.”

NJSBA policy would support inclusion of a similar concept—but one that allows for a phase-in period of up to *ten years*—in the statute governing cost apportionment in new voter-approved regional districts (*N.J.S.A. 18A:13-34*).

A group of reports, issued by the state’s Executive County Superintendents in March 2010, provides further evidence of how cost reapportionment can negatively affect community acceptance of regionalization. The reports were required by the Uniform Shared Services and Consolidation Act of

<sup>1</sup> Edwina M. Lee and Dr. Barry J. Galasso to Senator Robert Smith, September 28, 2006.

<sup>2</sup> Send-all, or non-operating, school districts do not operate schools and send all of their students to schools in neighboring communities through per-pupil tuition agreements.

2007 (*P.L.2007, c.63*) and state regulation (*N.J.A.C. 6A:23A-2.5*). They were to include recommendations to the state commissioner of education on possible realignment of all school districts within a county into kindergarten-through-12<sup>th</sup> grade units through voter-approved regionalization plans.

The reports were developed following meetings with various sectors of the communities, including school district officials, parents, municipal officials and taxpayer groups.

The executive county superintendents identified possible school district configurations for further study and, in a number of instances, initiated discussion with local officials. Nonetheless, they also found obstacles to regionalization:

Sussex: “There is some deep-seated resistance to regionalization, partly because of issues of local control, but also out of concern for the effect on property taxes.”

Morris: “Particular items of concern are tax implications and salary guides for merged regional districts.”

Camden: “...obstacles are the loss of home rule, representation on a new board, increased property taxes, existing debt, salaries of the unit with the highest number of certificated staff, the need for incentives, closing of neighborhood schools, loss of employment, etc. Legislation will be needed to eliminate some of the identified barriers to regionalization/consolidation.”

Gloucester: “...we have learned that existing legislation creates barriers to saving taxpayer money through regionalization in some scenarios.”

Warren: “The financial and contractual obstacles, including balancing the tax apportionment and merging existing negotiated agreements, relative to regionalization are significant and discouraging. On the other hand, the educational possibilities that come with regionalization tend to heighten people’s interest.”<sup>3</sup>

As mentioned above, statute (*N.J.S.A. 18A:13-34*) provides for three methods of cost apportionment in newly formed regional districts: equalized property valuation; enrollment, or any combination of the two factors. Other statutes (*N.J.S.A. 18A:13-23*, and *18A:13-23.3*) allow for the same three methods in *existing* regional districts, and they provide for voter referendum to change the basis of apportionment.

Providing these three options has not always been the case. A 2005 report by the bipartisan Office of Legislative Services describes the history of state laws governing cost apportionment in regional school districts.

The original regional school district law in 1931 provided for apportionment of costs on the basis of tax ratables in each constituent municipality. In 1953, the law was amended to provide that in the formation of all future regional districts a choice could be made as to whether to apportion costs upon the basis of tax ratables in each constituent municipality or on the basis of the number of students enrolled in the regional district from each constituent municipality. Since 1953, the law has been amended several times: in 1955 to permit a switch to an enrollment basis for cost

---

<sup>3</sup> New Jersey Department of Education, *Report on Regionalization and Consolidation* for Sussex, Morris, Camden, Gloucester, Warren Counties. Trenton, NJ: State of New Jersey. 2010.

apportionment, with no comparable option to switch from an enrollment basis to a ratable basis; in 1975 to require that all regional districts apportion costs only on the basis of each constituent municipality's equalized valuation.

*N.J.S.A.18A:13-23* was again substantially changed in 1993 to provide the current three options: apportionment of costs upon the basis of equalized valuation; upon the proportional number of pupils enrolled from each municipality on the 15th day of October in the prior school year; or upon a combination of these two methods.<sup>4</sup>

The 1993 expansion of apportionment methods had two goals: to provide an alternative for existing regional districts in which cost apportionment based on property wealth had become a point of contention, and to encourage voter approval of new regional districts.

All three of the regional school districts formed after this 1993 change in law have based apportionment of costs either on enrollment or a combination of property valuation and enrollment. Among existing regional districts, however, voters in only one (West Windsor-Plainsboro) have approved a change in the apportionment method.<sup>5</sup> Conversely, voters defeated referendums to change the apportionment method in at least seven districts over the past 11 years.

Cost apportionment presents the greatest obstacle to voter-approval of regionalization. The 1993 expansion of cost-apportionment options provided flexibility. However, an extended phase-in of the apportionment method in new regional districts, along with state aid to facilitate the phase-in, would help mitigate community concern over changes in tax levies.

---

<sup>4</sup> New Jersey State Legislature, Office of Legislative Services, *Regional School Districts: Apportionment of Costs in the Constituent Municipalities*. Trenton, NJ: New Jersey State Legislature. 2005.

<sup>5</sup> Methods of cost apportionment in regional districts formed since 1994 are as follows: Somerset Hills, 95% equalized valuation and 5% enrollment; Great Meadows, 100% enrollment; and South Hunterdon Regional, 53% equalized valuation, 47% enrollment. West Windsor-Plainsboro apportions costs based on enrollment.

## Obstacle 2: Debt Acquisition

N.J.S.A. 18A:13-34

Bonded indebtedness approved by voters in one of the districts prior to regionalization becomes the responsibility of all of communities, and taxpayers, in the new school system.

**RESOLUTION: A phase-in of up to ten years in the apportionment method for all costs, including debt service, which would make changes in tax levies less disruptive and regionalization more financially feasible.**

Statutes, including N.J.S.A. [18A:13-50](#) and 18A:13-45, make remaining principal and interest incurred by any prospective member of a new or enlarged regional school system the obligation of all municipalities in the new district.

The same statute that governs apportionment of annual operating expenditures in a new regional school district (N.J.S.A. [18A:13-34](#)) also applies to “the amounts to be raised for interest upon, and redemption of bonds payable by the regional district...” A regional district, therefore, would apportion debt among the constituent municipalities on the same basis that it divides operating expenditures: equalized property valuation; enrollment, or any combination of those two factors. The statute does not mention phasing in the apportionment of debt service.

Assumption of debt was cited as an obstacle to regionalization in at least three of the executive county superintendents’ 2010 reports on realignment of school districts.<sup>6</sup>

The 2009 statute (N.J.S.A. 18A:8-45) that governed allocation of cost following the state’s forced merger of send-all, or non-operating, districts with neighboring school systems, allows the commissioner to phase in apportionment of costs associated with debt service. NJSBA would support inclusion of a similar concept—with a phase-in of up to *ten years*—in the statute that governs cost apportionment in new voter-approved regional districts (N.J.S.A. 18A:13-34).

---

<sup>6</sup> New Jersey Department of Education, *Report on Regionalization and Consolidation* for Camden, Gloucester and Salem Counties. Trenton, NJ: State of New Jersey. 2010.

### Obstacle 3: Salary Guides/Employment Costs

N.J.S.A. 18A:6-31.4

State law (N.J.S.A. [18A:6-31.4](#)) requires that the salary guide and all other terms and conditions of employment in the new district be that of the “largest” constituent district—i.e., the one with the most teaching staff members—prior to regionalization. Most frequently, the largest district will be the highest paying district, particularly when considering regionalization of high school-only districts with elementary districts, or K-12 districts which receive high school students on a contractual basis with elementary sending districts.

As a result, increases in salaries would counteract—and outstrip—any savings created by regionalization in other areas. “The implications of these statutory...provisions are significant in terms of negotiations, staffing and costs.”<sup>7</sup>

**RESOLUTION: Flexibility in establishing the initial terms and conditions of employment in a newly formed regional district.**

A 2009 article in NJSBA’s *School Leader* magazine by the Association’s director of labor relations pointed to the financial impact of this provision:

An existing agreement covering the largest number of teachers may include language that is more extensive, restrictive and expensive than prior existing agreements in the smaller constituent school districts. For example, the controlling agreement may provide for more generous health benefits, leave benefits, tuition reimbursement, and salaries. The controlling agreement may include more restrictive and intrusive language on the workday (e.g., preparation time, student-contact time, duty-free time), work year, and employment procedures (e.g., assignments, transfers, promotions, evaluations). Maintaining inefficient controlling contract language may be cost prohibitive.<sup>8</sup>

The requirement can also affect relations with staff members and their representative unions.

“...determining salary guide placement of employees who migrate from the smaller constituent districts could lead to confusion, disputes and greater costs,” the article stated.<sup>9</sup>

In 2006, an NJSBA report demonstrated the cost increases that would result from this statutory requirement.

At the time, the state Legislature’s Special Session on Property Tax Reform was considering a proposal to create 21 county-based school districts. NJSBA analyzed existing collective bargaining agreements in two counties to determine what would happen to teacher salaries following a restructuring of school district boundaries. The analysis projected significant pay increases, based upon the lowest, average and highest salary guides. In Morris County, for example, the difference between the average and the highest entry-level salary was \$6,756. In

<sup>7</sup> Curt Wary, “Regionalization and Labor Relations,” *New Jersey School Leader*, January-February 2009, 23.

<sup>8</sup> Wary, “Regionalization and Labor Relations,” 24.

<sup>9</sup> Wary, “Regionalization and Labor Relations,” 24.



Union County, the average maximum salary for teachers holding bachelor's degrees would increase by \$15,055 to reach the highest level.<sup>10</sup>

“Districts also have guides for support staff that vary and may exacerbate this increase,” states the NJSBA report.

Several of the executive county superintendents' 2010 reports on possible regionalization of school districts within their counties also cited requirements under *N.J.S.A. 18A:6-31.4* as obstacles to school district consolidation.<sup>11</sup>

---

<sup>10</sup> New Jersey School Boards Association, Labor Relations Department, *Salary Guide Models for Morris and Union Counties*. Trenton, NJ: New Jersey School Boards Association. 2006.

<sup>11</sup> New Jersey Department of Education, *Report on Regionalization and Consolidation* for Bergen, Morris, Somerset and Salem Counties. Trenton, NJ: State of New Jersey. 2010.

### Obstacle 4: Tenure and Seniority Rights

*N.J.S.A. 18A:6-31.5*

Under state law, whenever a regional school district is formed, tenure and seniority rights of all affected employees must be preserved. As a result, if the new district were to require fewer staff positions, the resultant workforce would be based exclusively on seniority determinations, rather than qualitative assessments. This situation would have both financial and labor relations implications.

**RESOLUTION: Elimination of seniority bumping rights when staffing is reduced upon creation of new regional school district.**

Statute (*N.J.S.A. 18A:6-31.5*) requires preservation of seniority rights by a newly formed regional school district. According to the NJSBA Labor Relations Department, the requirement poses the following complications to regionalization:

- Affected tenured employees will be able to exercise “bumping” rights into the new regional district over less senior or non-tenured employees;
- Qualified employees in constituent districts who are non-tenured and, therefore, do not have seniority rights may not be able to migrate to the new regional district.
- The new district could incur a greater overall salary cost as a result of more advanced placement of senior staff on the salary guide, and possible entitlement to longevity payments.<sup>12</sup>

The 2012 report of the state’s Education Transformation Task Force recommended legislation to provide school districts with flexibility to negotiate the terms and conditions of employment, including seniority arrangements, as part of regionalization plans. Such legislation “would remove a key impediment to consolidation, offer the promise of significant savings to taxpayers and allow for more efficient use of education funds.”<sup>13</sup>

<sup>12</sup> Wary, “Regionalization and Labor Relations,” 23.

<sup>13</sup> Education Transformation Task Force, *Final Report*. Trenton, NJ: New Jersey Department of Education. 2012.

#### Obstacle 5: Loss of State and Federal Aid

When school districts regionalize, changes in assessed property valuation, average resident income, and demographics may occur. These changes could result in the new district receiving less in state and/or federal aid than the total amount provided to the individual districts before regionalization. As a result, one or more of the constituent municipalities could face higher tax levies.

**RESOLUTION: (1) A phase-in of up to ten years of any tax levy increases resulting from cost apportionment following regionalization, and (2) a study of the impact of possible legislation that would treat constituents of newly formed regional school systems as separate school districts when distributing state aid.**

The March 2010 *Report on Consolidation and Regionalization* by the Burlington County Executive County Superintendent explained how reductions in aid were a major disincentive to regionalization in one area of the county:

The most significant barrier to a K-12 regional district is the negative impact such a configuration would have on Federal Impact Aid. By forming a K-12 district consisting of Chesterfield, North Hanover, Springfield and Mansfield, the region would no longer be considered a highly impacted district for military personnel and *could possibly lose millions of dollars in Federal Impact Aid* that is currently flowing into North Hanover Township and to a lesser degree the current Northern Burlington County Regional District. [Emphasis added.]<sup>14</sup>

Concern over loss of state aid was expressed as far back as 1991 in an NJSBA report, which updated the Association's policies on regionalization. The report cited a study on the possible regionalization of four Warren County school districts.

The study demonstrated that the four districts could make \$400,000 in savings by regionalizing. However, the new regional district would receive \$800,000 less in state aid than the four individual districts would have received. The net loss to the district would be \$400,000, a strong disincentive to regionalizing.<sup>15</sup>

The report, written by a staff task force, indicated that a ten-year phase-in of tax levy increases, supplemented by state aid, would ameliorate the state aid loss.

In 2009, when the state forced the merger of several non-operating districts with their neighbors, the Legislature recognized the fact that the new districts could face a loss of state aid. Statute (*N.J.S.A. 18A:8-46*) enacted at that time stated, "for the purposes of calculating State school aid, both the former non-operating district and the district with which it is merged... *shall continue to be considered separate school districts.*" [Emphasis added.]

In his 2010 report, the Burlington County executive county superintendent suggested extending this concept to voluntary school district regionalization.<sup>16</sup>

<sup>14</sup> New Jersey Department of Education, *Burlington County: Report on Regionalization and Consolidation*. Trenton, NJ: State of New Jersey. 2010.

<sup>15</sup> New Jersey School Boards Association, *Report of the Staff Task Force on Regionalization*. Trenton, NJ: New Jersey School Boards Association. 1991.

<sup>16</sup> New Jersey Department of Education, *Burlington County: Report on Regionalization and Consolidation*, 2010.

#### Obstacle 6: Paying for Feasibility Studies

To determine the viability of proposed regionalization, the school boards involved must assess the impact on the education program, finances, governance and other factors through a feasibility study. Such studies carry a cost. (For example, the feasibility study developed for the state’s most recent regionalization effort, South Hunterdon Regional, cost \$50,000.) Some school boards may be reluctant to spend money on such studies, particularly in light of current financial constraints.

**RESOLUTION: Provide local school boards with state funding and/or other support for regionalization feasibility studies.**

In 1998, a New Jersey Department of Education report on the issues surrounding regionalization<sup>17</sup> stated that the “[c]ost of regionalization studies may be unacceptable to some potential participants.” It suggested creating a unit within the department to issue the reports at no cost to interested school districts or providing funding to offset the cost of reports developed by consultants.

More recent evidence indicates that paying for feasibility studies remains a concern for communities that are open to regionalizing their school districts.

“It is clear that in order to move forward with the regionalization initiative, both feasibility study funding as well as possible legislation will be needed in order to assist in removing the roadblocks that currently serve as obstacles to taxpayers,” stated the 2010 report by the Atlantic County Executive County Superintendent on possible school district consolidation.<sup>18</sup>

A 1997 document prepared for the state Department of Education’s county offices of education provided a recommended format for regionalization feasibility studies. Such studies should include the following components:

- Analyses of constituent districts including each school building and its physical structure, grade levels, current and projected enrollment, curriculum, etc.;
- Districtwide enrollment data and projections;
- An educational plan for the proposed regional district;
- The impact on racial composition;
- Cost factors, including per-pupil costs, equalized property valuation among the constituent districts, debt service, apportionment of costs, facility needs;
- The impact on existing schools;
- Legal considerations, including apportionment of school board seats among municipalities in the new regional district, and impact on staffing;
- Description of a public awareness/input plan, and
- A projected transitional budget.<sup>19</sup>

<sup>17</sup> New Jersey Department of Education, *School District Regionalization: Current Status and Issues* (Background Paper). Trenton, NJ: State of New Jersey. 1998.

<sup>18</sup> New Jersey Department of Education, *Atlantic County: Report on Regionalization and Consolidation*. Trenton, NJ: State of New Jersey. 2010.

<sup>19</sup> New Jersey Department of Education, Division of Field Services, *Advisory Administrative Procedures, Questions and Answers Concerning the Formation of Regional School Districts*. Trenton, NJ: State of New Jersey. 1997.

Researching these factors is necessary for a community to make an informed decision on regionalization.

However, as a school board member involved in the South Hunterdon regionalization effort explained, such studies require the expertise of professionals with backgrounds in demographics, finance, and other areas.

When our districts reached the decision to pursue regionalization, we were told by DOE (the state Department of Education) that the first step would be to undertake a comprehensive feasibility study. Easy enough, we thought, and we looked into doing one in-house. However, we soon realized that detailed demographic studies and near-forensic level of financial analyses were way over heads, and that we would need a professional firm to conduct our study for us.<sup>20</sup>

In 1991, on the recommendation of a staff task force study, the New Jersey School Boards Association adopted policy calling for state funding of feasibility studies. The policy also reaffirmed the belief that such studies were essential prior to proposed regionalization and should involve all of the affected school districts.<sup>21</sup>

---

<sup>20</sup> Testimony of Derek Roseman, member of the South Hunterdon Regional Board of Education, before the Joint Committee on the Public Schools, New Jersey State Legislature, November 12, 2014.

<sup>21</sup> New Jersey School Boards Association, *Report of the Staff Task Force on Regionalization*. Trenton, NJ: New Jersey School Boards Association. 1991.

### **Epilogue: Shared Services and Successful Regionalization Strategies**

Since 1969, when a state-appointed committee recommended the forced reconfiguration of school districts into K-12 units of 3,500 students<sup>22</sup>, numerous studies by governmental units and research and advocacy groups have focused on regionalization.

**Shared Services Alternative** Not all of these research projects have concluded that school district consolidation would provide educational and financial benefits in every situation. In many cases, shared services can be a viable and, often, preferable method of increasing cost-effectiveness and quality.

A 1999 report by the state Assembly Task Force on School District Regionalization<sup>23</sup> cited the 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.”

A 2007 research project,<sup>24</sup> conducted by the Institute on Education Law and Policy at Rutgers-Newark and sponsored by the New Jersey School Boards Association, identified shared-services best practices among the state’s school districts and between schools and municipalities. Examples ranged from shared banking to shared administrative staffing and custodial support. The study also focused on statutory and regulatory obstacles to shared services.

**Successful Regionalization** The state’s most recent successful regionalization effort, in South Hunterdon, offers lessons in building community support, focusing the regionalization dialogue on educational advantages, working cooperatively with all parties—parents, school officials, staff and municipal government—and overcoming a number of impediments cited in this report.

---

<sup>22</sup> New Jersey State Board of Education, *Report of the State Committee to Study the Next Steps of Regionalization and Consolidation in the School Districts of New Jersey*. Trenton, NJ: State of New Jersey. 1969.

<sup>23</sup> New Jersey State Legislature, *Assembly Task Force on School District Regionalization: Findings and Recommendations*. Trenton, NJ: State of New Jersey, 1999.

<sup>24</sup> Institute on Education Law and Policy, Rutgers University, New Jersey School Boards Association, *Shared Services in School Districts: Policies, Practices and Recommendation*. Newark, NJ: Rutgers, The State University of New Jersey. 2007.

This type of groundwork can be effective in overcoming another possible impediment: concern over representation on the new regional board of education (*N.J.S.A. 18A:13-36*). For example, regionalization could result in a constituent municipality going from a seven- or nine-member elementary school district board of education to just one seat on a K-12 regional school board.

Over the past three months, the New Jersey School Boards Association has hosted forums on regionalization in Hunterdon and Sussex Counties. The programs featured South Hunterdon Regional Superintendent Dr. Louis Muenker, who discussed the regionalization effort. NJSBA will also feature the initiative in an upcoming issue of its statewide publication, *School Leader*.

In testimony to a legislative panel, Derek Roseman, a member of the South Hunterdon Regional Board, addressed the principle that guided the district's initiative.

What made our regionalization effort a success was that it was a homegrown effort. We took the initiative. We worked within our own communities to focus on the very localized benefits. But the state Department of Education, the Governor's Office and our legislators were all there with us in partnership.

Regionalization decisions must be made in concert with and within the affected communities.<sup>25</sup>

---

<sup>25</sup> Testimony by Derek Roseman to the Joint Committee on the Public Schools, New Jersey State Legislature, November 12, 2014.

**APPENDIX 1**

**NJSBA Policy on Regionalization**

File Code 9300

New Jersey School Boards Association policies are set by its Delegate Assembly, a twice-yearly meeting to which all school boards may send a representative. The policies result from committee reports and studies, resolutions submitted by local boards of education, and periodic sunset review.

**Merger, Consolidation or Regionalization of School Districts**

- A. The NJSBA believes that when districts determine after thorough study that regionalization would provide educational and/or financial benefits to the districts involved, they should be encouraged to regionalize.
- B. The NJSBA believes that the Commissioner of Education and the State Board of Education should be prohibited from ordering the merger, consolidation or regionalization of two or more existing school districts without a prior public referendum in each of the affected districts approving such action provided that any such legislation should not permit the denial of rights guaranteed under the Constitution of the United States or the State of New Jersey.
- C. The NJSBA believes that prior to the submission of a regionalization proposal by any district or districts which desire to join with any other district or districts and become an all-purpose or limited-purpose regional school district, all of the districts involved shall be required to participate in a study of the proposed regionalization. The study of the proposed regionalization should include, but not be limited to the following factors: enrollment trends, goals, philosophy, board member apportionment, racial balance, education program, tax rates, and long-range implications of regionalization. All findings and conclusions of the study should be forwarded to the executive county superintendent who should consider these in his/her determination as to the advisability of regionalization. State aid should be provided for regionalization studies.

**Tax Impact**

The NJSBA believes there should be a ten-year phase in of any increase in the tax levy of a constituent member of a newly-formed regional school district that results from the manner in which costs are apportioned among the members of a regional school district under current statute.



### APPENDIX 2

#### **Recent History of School District Consolidation**

Since 1969, the New Jersey Department of Education and the state Legislature have engaged in numerous studies of regionalization. In 2006, the Legislature's Special Session on Property Tax Reform focused heavily on local government consolidation and shared services. Out of that session came two statutes that have resulted in a reduction in the number of school districts:

- Under a provision of the Uniform Shared Services and Consolidation Act of 2007, the state has merged 15 “send-all” districts with neighboring school systems. Send-all, or non-operating, districts do not operate schools and have formal agreements to send all of their students to neighboring communities' schools on a per pupil tuition basis.
- Another statute (*P.L.2007, c.222*) allows a single school board to govern both a county vocational school district and a county special services school district. Four counties now have combined vocational-special services school boards.

New Jersey statute ([\*N.J.S.A. 18A:13-1 et seq.\*](#)) establishes a path for school districts to regionalize. Over the past 36 years, five locally initiated regionalization proposals have been approved by voters:

- Bordentown Regional (1982)—merger of the Bordentown Regional High School District with the constituent Bordentown City, Bordentown Township and Fieldsboro 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.
- South Hunterdon Regional (2013)—creation of a new K-12 school district to replace the South Hunterdon Regional High School District and the Lambertville, Stockton and West Amwell Elementary School Districts.

During this same period, at least three regionalization proposals were brought to voters and rejected: Hasbrouck Heights (K-12) and Wood-Ridge (K-12) in 1993 and 1997; and Liberty Township, Allamuchy Township and Hackettstown in 1993.

Far more common have been instances in which local school boards show an interest in regionalization but, after preliminary analysis or formal feasibility studies, do not move the proposals forward.

### APPENDIX 3

#### The Regionalization Process

Statute (*N.J.S.A. 18A:13-1 et seq.*) and state Department of Education guidance documents establish the current process for voluntary school district regionalization.<sup>26</sup>

- **Informal Meeting** The first step is an informal fact-finding meeting with the officials of interested school districts and the executive county superintendent (ECS). The purpose of the meeting is to identify issues and review the regionalization process.
- **Second Fact-Finding Meeting** The ECS will review the feasibility study process, will identify the financial responsibilities of the interested districts in conducting the study, and will request a resolution from each board to proceed. Should a district decide not to participate at any point, the process ceases.
- **Formal Feasibility Study** Usually conducted by an educational consultant, the feasibility study consists of an analysis of the constituent districts, including enrollment data and projections, educational plan, racial composition, financial information, facilities, effects on existing schools, legal considerations, public awareness/input, and a transitional budget. The cost of the study is shared among the interested school districts.
- **Advisory Committee** The advisory committee consists of two board members, the chief school administrator and board attorney from each interested school district and community representatives appointed by each board of education. The advisory committee selects a chairperson, develops a plan of action to implement the feasibility study, reviews and critiques the study during its development, and implements a process to report the content and the progress of the feasibility study to the respective boards of education and their constituents.
- **Submission of Plan to ECS** Based on the results of the feasibility study, each board takes final action to approve the regionalization plan through the adoption of a formal board resolution, which is submitted, along with the feasibility study, to the ECS.
- **Departmental Review Committee** If the ECS agrees with the plan, he or she submits a request for approval to the Commissioner of Education through the New Jersey Department of Education's Division of Field Services. A Departmental Review Committee (the commissioner, a state board member, the state treasurer, the director of the Division of Local Government Services in the Department of Community Affairs) determines if the plan is feasible, or not. If the plan is deemed not to be feasible, the ECS notifies all the affected school districts. If the Department Review Committee finds the plan to be feasible, the commissioner considers the committee's final report.

If the commissioner approves the plan, a special election is held, between April 15 and December 1. (Given the statutory limitations on special school election dates, the regionalization election will be held on the last Tuesday in September.)

If the voters in each potential constituent district approve the plan, the executive county superintendent will set the date for the formation of the new regional school district—usually July 1 of the following year. The ECS appoints the initial regional board of education from among qualified board members from each constituent school district. The first elected regional board members will be chosen at the next annual school election following the special election at which the regional school district was created.

---

<sup>26</sup> From "The Legal Issues of Regionalization" by Michael F. Kaelber, Esq., *New Jersey School Leader*, January-February 2009, 25, 26.

**APPENDIX 4**

**Current Organization of New Jersey School Districts**

New Jersey has 582 local boards of education.

<b>School Districts by Grade Organization</b>	
K-6	56
K-8	218
K-12	221
7-12	15
9-12	31
County Vocational	17
County Special Services	4
Combined County Vocational/Special Services	4
Non-Operating Districts	16
<b>TOTAL SCHOOL DISTRICTS</b>	<b>582</b>

**More than one municipality** The total number of school districts includes the following, which comprise two or more municipalities:

- 69 *regional* school districts, formed under statute first established in 1931 (currently codified at [N.J.S.A. 18A:13-1 et seq.](#));
- Seven (7) *consolidated* districts, comprised of two or more municipalities that, prior to 1903, had joined together under a previous law (now repealed) to form single school systems, and
- 15 *merged* school districts, created under a 2009 statute ([N.J.S.A. 18A:8-44 et seq.](#)) which has resulted in the dissolution of 15 of the state’s non-operating districts and their combining with neighboring school systems.

New Jersey also has county-based vocational and special services school districts:

- 17 vocational school districts ([N.J.S.A. 18A:54-12](#), [18A:54-13](#), [18A:54-14](#));
- Four (4) special services school districts, which provide educational services for severely disabled students ([N.J.S.A. 18A:46-29 et seq.](#)), and
- Four (4) school boards that govern both the special services district and the vocational school district within their counties (Atlantic, Burlington, Gloucester and Salem), a type of merger authorized by a 2007 statute ([N.J.S.A. 18A:46-47](#));

**Sending-receiving agreements** Additionally, 207 school districts are involved in contractual sending-receiving tuition agreements—119 as senders, 84 as receivers, and four (4) as both senders and receivers. Most sending districts operate elementary schools and send their high school-age students to neighboring districts on a per-pupil tuition basis.

**Non-Operating Districts** The total number of school districts also includes 16 current non-operating districts, which do not have schools and send their students to neighboring districts through tuition agreements.

**Commissions** Not included in this total are 10 educational services commissions (ESCs) and three jointure commissions, all of which are designated as local education agencies by the state Department of Education.