

**An Update to the Feasibility Study on the Creation of an All Purpose
PK-12 Regional School District with Sea Bright, Atlantic Highlands,
and Highlands**

by

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I. INTRODUCTION

Sea Bright, Highlands, and Atlantic Highlands desire to study the viability and impact of regionalizing to educate their students on a PK-12 basis. As a result, the municipalities agreed to conduct a feasibility study to investigate the possibility of forming a PK-12 all-purpose regional school district. This educational option would dissolve the existing relationships between Sea Bright, Oceanport Township, and Shore Regional, and between Atlantic Highlands and Highlands and Henry Hudson Regional and would establish a new PK-12 all-purpose regional to educate the students of Sea Bright, Atlantic Highlands, and Highlands in grades PK-12.

A preliminary feasibility study was produced in March 2020. Highlands and Sea Bright then requested an updated financial analysis. The following independent consultants were retained to prepare this updated analysis: Dr. Richard S. Grip of Statistical Forecasting LLC primarily was responsible for the enrollment projections; David Hesse, two time New Jersey Commissioner of Education, primarily was responsible for the educational analysis; and Steven Cea, a retired School Business Administrator, primarily was responsible for the financial analysis. The consultants evaluated the unification of all the public school districts into a single PK-12 all-purpose regional school district servicing their constituent students in grades PK-12.

Highlands and Atlantic Highlands currently operate their own distinct PK-6 districts but have formed the Henry Hudson Regional School District to serve students in grades 7-12.

Sea Bright currently educates its students in grades PK-8 in Oceanport pursuant to a 2009 mandatory merger under the Non-Operating District Law and is a current constituent member of the Shore Regional High School District for grades 9-12. Shore Regional High School serves students from the constituent municipalities of Monmouth Beach, Oceanport, Sea Bright, and West Long Branch, where the school is located.

The dissolution of the existing Henry Hudson regional and the creation of a new PK-12 regional school district with these three communities would have clear educational and financial benefits for the students of all communities. This configuration presents the potential for each community to share in financial savings arising out of this reconfiguration. Thus, the recommendation remains the same as that set forth in the March 2020 initial study, namely that the communities pursue the creation of a PK-12 regional district.

II. AN UPDATE TO THE FINANCIAL IMPACT

As requested, this section examines the financial impact of continuing the school districts as they presently exist (the "status quo") compared to the formation of a new all-purpose PK-12 Regional District consisting of Atlantic Highlands, Highlands, and Sea Bright. This section also will contain a review of the financial impact on the districts currently educating Sea Bright students – Oceanport (grades PK-8) and Shore Regional (grades 9-12).

Given the consistent objective from Trenton to reduce the number of school districts in the State of New Jersey, and the availability of the Local Efficiency Achievement Program (LEAP) grant program to identify districts that could be unified into regional districts, the Sea Bright School District has chosen to investigate alternative configurations for educating its students.

There is a drive for more efficient use of public funds in New Jersey's educational system. Though it would be helpful only to think in terms of the efficiency of the total monies spent to educate the PK-12 population, that concept does not always work in a system controlled by individual boards of education. Since any change likely will involve a vote of the residents in each community, the financial efficiency must focus on changes in tax levies at the local community level.

Sea Bright currently educates its students in grades PK-8 in Oceanport pursuant to a 2009 mandatory merger under the Non-Operating District Law and is a current constituent member of the Shore Regional High School District for grades 9-12. Shore Regional High School serves students from the constituent municipalities of Monmouth Beach, Oceanport, Sea Bright, and West Long Branch, where the school is located.

For Sea Bright, the urgency to investigate alternative educational options resides in the current funding method used to allocate the regional's tax levy among the constituent communities. The allocation method uses a proportion of equalized valuation for each community's regional students to calculate the tax levy paid by each community. In 2019-20, Sea Bright's share of the regional tax levy totaled \$3,147,116 to educate 19.5 students. This is a per pupil cost of \$161,391. This inequity is expected to grow as Sea Bright's projected high school students continue to decrease. Compared to the state average for 9-12 districts of \$18,923, Sea Bright is paying a \$142,468 premium per pupil.

Sea Bright also pays more than the state average per pupil for students attending Oceanport, but the disparity is far less acute. In 2019-20, Sea Bright's share of the consolidated district tax levy totaled \$600,105 to educate 30 students. This is a per pupil cost of \$20,004. Compared to the state average of \$17,598 for K-8 districts with similar enrollments, which is a difference of \$2,406 per pupil.

Tax Allocation Framework

Exploring ways to unify districts can generate savings and reduce the overall educational costs for the constituent communities. Determining a methodology to allocate those savings so each community can see reduced tax levy will be a focus of this analysis.

The issue of the distribution of the tax levy in New Jersey regional school districts is highlighted in the 2004 decision of the New Jersey Supreme Court regarding the Borough of North Haledon's attempts to withdraw from the Passaic County Manchester Regional High School District and has added to this discussion. *IMO the Petition for Authorization To Conduct A Referendum on the Withdrawal of North Haledon School District from the Passaic County Manchester Regional High School District*, 181 N.J. 161, 186 (2004). Therefore, several constituent districts throughout New Jersey are refocusing on possible alternative configurations to the all- and limited-purpose regional districts to which they send students.

The financial section relies on information obtained from the NJDOE, the school districts involved in the study, and other publicly available resources. It follows a particular methodology and key assumptions to develop conclusions and recommendations. Since the last available audit completed by each district is from the 2019-20 fiscal year, the financial impact has been calculated in "2020 dollars" to eliminate the variable of inflation and the time value of money. The results are expressed in terms of average property tax levies and average equalized tax rates, and any changes therein. The results are calculated assuming full implementation at the beginning of the 2021-22 school year. Though a phased approach may be preferred given continuity of educational services for existing students and the various managerial decisions necessary to implement the new configuration. This study does not utilize a phase-out period to calculate the financial impact. This is done to reflect the full financial impact, over the five-year period. This offers better information for decision making because it reflects the full long-term impact.

In developing this analysis, the following activities were completed:

- Review of the Comprehensive Annual Financial Report, which includes the Independent Auditor's Report on the general purpose financial statements of each district for the year ending June 30, 2020.
- Review of user-friendly budgets for the 2019-20, 2020-21, and 2021-22 school years.
- Utilization of the historical enrollment data and projected enrollment data for each school district.
- Projection of equalized valuations over the five-year period.
- Calculate various allocation proportions between equalized valuation and enrollment.
- Communications with the business administrators to acquire relevant data.
- Review of collective bargaining agreements for the teachers' association in each district.
- Utilization of various websites to gather data related to State aid, equalized property values, educational spending, abstracts of ratables, collective bargaining

agreements using Public Employment Relations Commission (PERC), and other relevant data for each of the districts, as set forth in various Internet databases maintained by the State of New Jersey.

- Application of certified tuition rates or existing contractual tuition rates for sending-receiving relationships if applicable.
- Review of the transportation efficiencies and potential alternative structures.

A. Methodology

The starting point for analyzing the financial impact was modeling of the existing pattern of revenues and expenditures for each of the school districts based upon the existing level of educational services being provided in the districts during the 2019-20 school year. Additionally, the model is based upon the most recent audited revenue and expenditure data. To estimate the revenues, expenditures, and tax levies for both the present organizational structure and the alternative scenario, the model uses the actual enrollments for the most recent six years and the projected enrollment in the districts for the five years from 2021-22 to 2025-26. The model considers fixed costs, such as utilities, administrative salaries, and interest on bonds, as well as those that vary with enrollment, like classroom teachers' salaries and instructional materials.

State aid provides considerable funding towards the cost of education in New Jersey. Categorical aid is available for certain types of expenditures, such as transportation and special education costs regardless of income or property wealth. Non-categorical aid, on the other hand, is driven by the district's wealth as determined by equalized property value and/or household income.

New Jersey has established the School Funding Reform Act ("SFRA"), which went into effect in 2008, for calculating State aid. The formula has built in adjusters, for the first year, to keep the additional State aid for any district between 2% and 20% of the prior year. Subsequent years have again used prior year's State aid as a prime determinant for the current year. Therefore, the new formula is not being fully implemented at this time. It is unclear whether the State can afford to fund, on a continuing basis, the new formula at the indicated level. Nevertheless, the impact of the State aid under the new formula needs to be addressed. Given that future State aid for education will be funded at a level yet to be determined by Trenton, and that the allocation among the various school districts is subject to annual determination by the State's Legislature, the consultants have assumed that ongoing State aid will approximate the amount received in the 2019-20 school year.

The consultants have assumed that the State aid will be the sum of the underlying districts before the new configuration in each scenario. Even with the revised State aid formula any assumptions about future State aid involve a high level of uncertainty. Given the uncertainties as to future State aid identified above, the consultants believe that there is no better predictor of future State aid than the most recently awarded amount. However, the State aid section does consider potential State aid changes that may derive from the studied configurations.

Teachers' salary expenditures are based on the number of certificated staff that existed in the 2019-20 school year. Any projected increase or decrease in certificated staff will be based on the projected enrollment and the approximate median staff salary, which reflects a long-term average cost rather than the specific salary of a new hire or a departing staff member. Possible changes in educational approach or philosophy are not reflected in the analysis, as they are independent of the various configurations being considered.

Tax levies and rates were estimated for each district. The average tax levies and average tax rates over the five-year period was calculated for each community. The relative financial impact was obtained by comparing each community's average tax levy and rate to the average tax levy and rate estimated for the status quo scenario. These levies and rates are calculated solely for the purpose of comparing the status quo to the proposed configuration and are not intended to reflect future tax levies and rates, as future tax levies will not be in 2020 dollars, and multiple decisions by the board of education can impact the estimated cost reductions.

B. Key Assumptions

The analysis of the financial impact relied on a comprehensive set of assumptions. Among the more significant of these assumptions are the following:

- Each community's tax levy and rate were estimated for purposes of comparing alternative configurations only and not to approximate the actual future tax levy and rate.
- Estimates of revenues, expenses, tax levies, and tax rates were expressed in "2020 real dollar" terms. This assumption facilitates comparison of the alternatives.
- Estimates of future enrollment were prepared using the Cohort-Survival Ratio method. This assumes that the ratios for each community, including the underlying ratios that impact sixth grade moving to seventh, and eight grade into ninth grade, will continue into the future.
- State aid for each district, before and after reconfiguration, will approximate the rate of funding that existed in the districts in the 2019-20 school year. Any deviation from this assumption is clarified below.
- State aid for existing debt service will continue at the 2019-20 percentage.
- Educational programs were assumed to be equivalent to those that have existed in each constituent districts during the 2019-20 school year.

- Instruction in the districts after reconfiguration was assumed to involve approximately the same number of certificated staff per pupil as in the respective constituent districts during the 2019-20 school year. Any projected increase or decrease in certificated staff will be based on the approximate median staff salary, which reflects a long-term average cost rather than the specific salary of a new hire or a departing staff member.
- The present method of apportioning the current expenses of regional school district, based on allocated equalized property value and/or enrollments, is used to allocate the regional district tax levy from an existing regional district to the appropriate constituent communities. For the newly formed regional district(s), tax levy allocations will consider equalized values, enrollments, and the combination of the two.
- Equalized property valuations are projected using five years of historical data and projected for five years using a regression analysis.
- Prior years' surplus is not used, nor is any additional surplus generated in any year.
- New conditions, such as authorized bonds that will have no impact in the comparison of alternatives, may not have been included in the projected tax levies and tax rates.
- The present organizational structure and alternative configurations were calculated as if fully implemented beginning in year one.
- Programs that have not yet been implemented, but might have an impact on the regional allocation, have not been reflected in this study.
- Current collective bargaining agreements will remain in force until new agreements can be negotiated.

C. Results of the Analysis

Proposal wherein Sea Bright Participates in a New All-Purpose PK-12 Regional with Atlantic Highlands and Highlands.

Under the proposed scenario, the existing districts would dissolve, and Sea Bright would become a member of the new all-purpose PK-12 regional school district with Atlantic Highlands and Highlands. Since Sea Bright has already been consolidated with Oceanport for grades PK-8, and is a member of Shore Regional it has no independent budget. Funding for the education of Sea Bright students is calculated through the allocation formulas in Oceanport and Shore Regional's respective budgets. All Sea Bright students and those currently educated in Atlantic Highlands, Highlands, and Henry Hudson Regional would now be educated in one all-purpose regional school district servicing students from pre-kindergarten through twelfth grade.

Based upon current law, such a regional district can only be created with the approval of a majority of the voters in each of the constituent communities by way of referendum held to consider this specific issue. This referendum must also specify the proposed tax levy allocation for the new regional district.

Thus, short of State intervention, the consultants assumed that a projection of savings (or, at the very least, a break-even projection) in each municipality is desirable for the reconfiguration of the communities studied. However, State intervention may be on the horizon. Legislation recently passed by both houses of the State Legislature and currently before the Governor does not require all impacted communities to approve a vote to dissolve an existing regional or create a new regional. Nevertheless, in analyzing the financial impact of this configuration, the consultants attempted to configure the new tax levy allocation to provide savings to each community using the parameters set forth in the current statute. Specifically, *N.J.S.A 18A:13-34* States that,

if the boards of education of two or more local districts, or the board of education of a consolidated district, or of a district comprising two or more municipalities, and the commissioner or his representative, after consultation, study and investigation, shall determine, that it is advisable for such districts to join and create, or for such district to become

(a) an all-purpose regional school district for all the school purposes of such districts or district, or

(b) a limited purpose regional school district to provide and operate, in the territory comprised within such local districts or district, one or more of the following: elementary schools, junior high schools, high schools, vocational schools, special schools, health facilities or particular educational services or facilities, that board or boards shall by resolution frame and adopt a proposal to that effect stating also the manner in which the amounts to be raised for annual or special appropriations for such proposed regional school district, including the amounts to be raised for interest upon, and the redemption of bonds payable by the regional district, shall be apportioned upon the basis of:

a. the portion of each municipality's equalized valuation allocated to the regional district, calculated as described in the definition of equalized valuation in section 3 of P.L.1990, c.52 (C.18A:7D-3);

b. the proportional number of pupils enrolled from each municipality on the 15th day of October of the prebudget year in the same manner as would apply if each municipality comprised separate constituent school districts; or

c. any combination of apportionment based upon equalized valuations pursuant to subsection a. of this section or pupil enrollments pursuant to subsection b. of this section, and each such board shall submit on the same day in each municipality in its district at a special election or at the general election the question whether or not the proposal shall be approved, briefly describing the contents of the resolution and stating the date of its adoption and they may submit also, at the special election, as part of such proposal, any other provisions which may be submitted, at such a special election, under the provisions of this chapter but no such special election shall be held on any day before April 15 or after December 1 of any calendar year. Except as otherwise provided herein, the special election shall be conducted in accordance with the provisions of P.L.1995, c.278 (C.19:60-1 et al.).

This section will also examine the potential of a transitional allocation method as specified in the above reference legislation passed by both houses of the State legislature and now pending action by the Governor. This legislation authorizes the development and use of an alternative transitional allocation methodology during the first ten years to buffer the impact on local communities of the movement to the proposed permanent methodology. Later in this section we will explore the applicability of this new method of allocating the tax levy in the newly proposed regional.

In all the allocation tables, the average tax levy over the five-year projection, by community, for the total PK-12 costs of education is reflected in thousands of dollars. These comparisons for the alternative configurations show the average tax levy and the increase/savings or decrease/loss in the average tax levy over the five-year projection. The rate and rate change represent the tax rate based on \$100 of equalized property valuations. Additionally, for each community identified in the allocation tables, the tax levy and the savings or loss is expressed in 2020 constant dollars.

Since there are multiple ways of allocating the tax levy in a new regional district, three tables illustrate three alternative allocation methods (1) 100% Equalized Property Value (Table U2), (2) 50% Equalized Property Value & 50% Pupil Enrollment (Table U4), and (3) 100% Pupil Enrollment (Table U5). The status quo scenario represents the tax levy expected under the current school districts' various configurations.

Although the tables in this section provide the results under each configuration for each community, Table U1 summarizes the results of the three configurations for the proposed regional district over five years. This summary includes only the communities impacted by the allocation method. The other tables in this section will outline the impact on other communities currently involved in educating Sea Bright students.

Table U1
Summary of Tax Impact for
All-purpose Regional District
Compared to the Status Quo

All-Purpose Regional - Three (3) Communities					
		5 Year			
Enrollment	Equalized Value	Tax Incr.	Tax Save	Total Inc. Tax Levy	Inc. % of State Aid
100.0%	0.0%	0	3	\$ -	0.0%
95.0%	5.0%	0	3	\$ -	0.0%
50.0%	50.0%	1	2	\$ 101	6.2%
100.0%	0.0%	1	2	\$ 2,709	166.0%

Using 100% enrollment results in each community sharing in the cost savings associated with the new regional. As the allocation increments toward equalized valuation, Sea Bright shifts from tax savings to paying an increased levy when compared to the status quo scenario. The increase in levy increments from \$101,000 under the 50% enrollment / 50% equalized value allocation to an increase in tax levy of \$2.7 million under the 100% equalized value allocation in the five-year period.

Recommended Allocation Method: 95% Enrollment & 5% Equalized Valuation

For this scenario, in which all the constituent communities involved in the Henry Hudson limited-purpose regional, and Sea Bright unify to form a new PK-12 all-purpose regional, the recommended allocation method uses 95% enrollment and 5% equalized valuation. As demonstrated in the tables in this section, all constituent communities in the new regional would see a reduction in tax levy under this allocation method.

The allocation of the new regional's tax levy to the various communities throughout the projection period is based on the number of students per community. Enrollment information by grade and by community was obtained from each constituent school district, and/or from the NJDOE. Using these data, enrollment by community was projected and used in the calculation of each constituent community's tax levy allocation.

Additionally, to ensure the overall allocation aligned with a proportion share of the regional tax levy, the consultants used the 2021-22 budgeted cost per pupil to determine a tax levy target. The regional tax allocation should balance the local funding among the communities to ensure savings without weighing the allocation too heavily to any single district. All districts save a significant amount of tax levy through the inclusion of Sea Bright and the cost savings generated by unifying Atlantic Highlands, Highlands, and Henry Hudson into an all-purpose regional.

Table U2 illustrates the comparative tax levies using 95% enrollment and 5% equalized value as the allocation method and summarizes the findings of the analysis for the new regional district. As noted above, for revenues and expenditures, the model assumes the continuance of the existing level of educational services provided in each of the school districts in the 2019-20 school year. The projected enrollment in each community for each of the five years from 2021-22 to 2025-26 was used to estimate the revenues, expenditures, tax rates, and tax levies, under both the present organizational structure and alternative scenario. The table expresses estimated tax levy savings as positive amounts and estimated additional tax levies as negative amounts.

To better interpret the findings the consultants will use the impact on Sea Bright as an example. Given the assumptions as stated above, Table U2 shows Atlantic Highlands with a five-year status quo tax levy of \$9,372,000 (illustrated in 1,000's in the table as \$9,372), with an equalized tax rate of \$0.826 per \$100 of equalized property value. Using the recommended 95%/5% split to allocate the new tax levy needed to operate the unified district, Atlantic Highlands's proportional tax levy and corresponding tax rate would be \$9,117,000 and \$0.804, respectively. The new rate represents a reduction in tax levy and rate of \$225 million and \$0.022, respectively. The \$225,000 represents an average annual savings over the five-year period.

In other words, the savings are driven by enrollment, therefore if enrollment drops one year the savings would be higher. If enrollment grows in another year the savings would drop. However, on average over the five-year period, Atlantic Highlands would save about \$225 million annually compared to the status quo.

Although all the constituent communities of the new all-purpose regional see a savings under the 100% enrollment allocation, the consolidated and regional district that lose Sea Bright must redistribute the lost tax levy among the remaining communities.

Oceanport currently educates Sea Bright students in grades PK-8 through a 2009 consolidation required under a law to discontinue non-operating districts. Sea Bright participates in Shore Regional for its high school students. The change in allocation has no impact on the increase in tax levy under these configurations when Sea Bright participates in the proposed all-purpose regional. Therefore, the increased levy amounts for Oceanport, Monmouth Beach, and West Long Branch remain the same throughout the various allocation tables.

Table U2
Summary Of Tax Impact Compared With Status Quo
Using 95% Enrollment / 5% Equalized Valuation

		Five-Year Average Status Quo	Five-Year Average Unified District	Five-Year Difference
Community:	Tax Levy	\$3,595	\$1,349	\$2,246
Sea Bright	Rate	\$0.303	\$0.114	\$0.189
Community:	Tax Levy	\$7,718	\$6,841	\$877
Highlands	Rate	\$0.822	\$0.728	\$0.093
Community:	Tax Levy	\$9,372	\$9,117	\$255
Atlantic Highlands	Rate	\$0.826	\$0.804	\$0.022
Community:	Tax Levy	\$14,270	\$15,291	-\$1,021
Oceanport	Rate	\$0.832	\$0.892	-\$0.060
Community:	Tax Levy	\$4,950	\$6,026	-\$1,076
Monmouth Beach	Rate	\$0.203	\$0.247	-\$0.044
Community:	Tax Levy	\$4,472	\$5,444	-\$972
W. Long Branch	Rate	\$0.236	\$0.288	-\$0.051

Notes: Numbers in 1,000's; Annual School Tax Rate in \$100 Equalized Property Value

Over the five-year enrollment projection, enrollment decreases for all three districts with Sea Bright seeing the largest percent decrease of the three communities. Although this contributes to Sea Bright's reduction in tax levy, the primary factor relates to its large share of the current high school regional tax levy. The vast majority of Sea Bright's tax reduction is attributable to the exorbitantly high taxes it pays compared to the other members of its current high school regional (Shore Regional). Indeed, over the five-year period, Sea Bright's average cost per high school pupil exceeds \$200,000.

In fact, the inclusion of Sea Bright to the regional brings an infusion of tax relief to Atlantic Highlands and Highlands. The savings associated with simply expanding the Henry Hudson Regional to an all-purpose PK-12 regional are offset by the additional cost to educate the Sea Bright students. The savings section provides an overview of the methodology used to calculate the costs and savings associated with establishing the new regional. Atlantic Highlands and Highlands share in the contribution Sea Bright makes toward the new regional. In other words, the tax levy reductions for Atlantic Highlands and Highlands total the new taxes generated by Sea Bright and the savings created by regionalizing the two PK-6 school districts.

Alternative Tax Allocations Methods

As noted, the current statute provides for an allocation based on enrollment, equalized property values, or any combination of the two. To identify the most advantageous allocation of savings generated from unification, the study distributes the savings using 100% enrollment, 50% enrollment & 50% equalized property value, and 100% equalized property value to maximize the tax savings across all communities in the five-year timeframe.

As is clear from Table U3, U4, and U5 different levels of tax savings occur as the allocation percentage changes. The consultants explored various alternative allocation percentages combining equalized value and enrollment to distribute the savings to ensure each community shares in the cost savings and thereby would experience a reduction in local tax levy. This will have the greatest possibility of voter approval.

However, increasing the percentage of equalized value reduces the number of communities with a tax levy reduction. From that perspective, Table U4 illustrates the best of these combinations since all the communities experience a decrease in tax levy. Since each community must vote yes for the regional to be formed, having more communities experience some savings is generally preferable. Tables U3, U4, and U5 shows three possible allocations to demonstrate the impact of weighting the allocation differently.

Table U3 presents an alternative allocation method using 100% enrollment. This allocation provides tax reductions for all communities in the new all-purpose regional. Highlands sees a \$779,000 reduction while Atlantic Highlands has a \$92,000 decrease in tax levy. The consultants concur with the findings in the March 2020 report that would provide more balanced tax relief to the constituent communities and therefore recommendation noted above.

Table U3
Summary Of Tax Impact Compared With Status Quo
Using 100% Enrollment

		Five-Year Average Status Quo	Five-Year Average Unified District	Five-Year Difference
Community:	Tax Levy	\$3,595	\$1,089	\$2,506
Sea Bright	Rate	\$0.303	\$0.092	\$0.211
Community:	Tax Levy	\$7,718	\$6,939	\$779
Highlands	Rate	\$0.822	\$0.739	\$0.083
Community:	Tax Levy	\$9,372	\$9,280	\$92
Atlantic Highlands	Rate	\$0.826	\$0.818	\$0.008
Community:	Tax Levy	\$14,270	\$15,291	-\$1,021
Oceanport	Rate	\$0.832	\$0.892	-\$0.060
Community:	Tax Levy	\$4,950	\$6,026	-\$1,076
Monmouth Beach	Rate	\$0.203	\$0.247	-\$0.044
Community:	Tax Levy	\$4,472	\$5,444	-\$972
W. Long Branch	Rate	\$0.236	\$0.288	-\$0.051

Notes: Numbers in 1,000's; Annual School Tax Rate in \$100 Equalized Property Value

Table U4 uses a combination of 50% enrollment and 50% equalized value to allocate the regional tax levy across all constituent communities. By increasing the equalized value percentage from 0% to 50%, the savings shift from Sea Bright to Atlantic Highlands and Highlands. For example, Sea Bright’s tax savings is \$2.2 million with 95% enrollment and 5% equalized value allocation and it experiences a tax increase of \$101,000 with a 50%/50% split. Additionally, Sea Bright’s cost per pupil would exceed \$76,000. Atlantic Highlands sees additional savings from \$255,000 to \$1.76 million in the five-year period. Similarly, Highlands sees additional savings from \$877,000 to 1.7 million.

Table U4
Summary Of Tax Impact Compared With Status Quo
50% Enrollment / 50% Equalized Valuation

		Five-Year Average Status Quo	Five-Year Average Unified District	Five-Year Difference
Community:	Tax Levy	\$3,595	\$3,696	-\$101
Sea Bright	Rate	\$0.303	\$0.311	-\$0.009
Community:	Tax Levy	\$7,718	\$5,962	\$1,756
Highlands	Rate	\$0.822	\$0.635	\$0.187
Community:	Tax Levy	\$9,372	\$7,650	\$1,722
Atlantic Highlands	Rate	\$0.826	\$0.674	\$0.152
Community:	Tax Levy	\$14,270	\$15,291	-\$1,021
Oceanport	Rate	\$0.832	\$0.892	-\$0.060
Community:	Tax Levy	\$4,950	\$6,026	-\$1,076
Monmouth Beach	Rate	\$0.203	\$0.247	-\$0.044
Community:	Tax Levy	\$4,472	\$5,444	-\$972
W. Long Branch	Rate	\$0.236	\$0.288	-\$0.051

Notes: Numbers in 1,000's; Annual School Tax Rate in \$100 Equalized Property Value

The information in Table U5 summarizes the findings of the analysis for the new regional district based on the equalized values projected using a regression analysis. In this final allocation example, using 100% equalized value worsens the disparity between Sea Bright and Atlantic Highlands, and Highlands.

The 100% equalized value allocation results in an increase in tax levy for Sea Bright in the amount of \$2.7 million, a significant increase from the \$101,000 levy increase in the 50%/50% allocation. Conversely, Atlantic Highland’s tax levy decreases to \$3.4 million, and Highland’s tax levy decreases to \$2.7 million.

Table U5
Summary Of Tax Impact on Community
Compared With Status Quo Scenario Using
100% Equalized Valuation

		Five-Year Average Status Quo	Five-Year Average Unified District	Five-Year Difference
Community:	Tax Levy	\$3,595	\$6,304	-\$2,709
Sea Bright	Rate	\$0.303	\$0.531	-\$0.228
Community:	Tax Levy	\$7,718	\$4,985	\$2,733
Highlands	Rate	\$0.822	\$0.531	\$0.291
Community:	Tax Levy	\$9,372	\$6,019	\$3,353
Atlantic Highlands	Rate	\$0.826	\$0.531	\$0.296
Community:	Tax Levy	\$14,270	\$15,291	-\$1,021
Oceanport	Rate	\$0.832	\$0.892	-\$0.060
Community:	Tax Levy	\$4,950	\$6,026	-\$1,076
Monmouth Beach	Rate	\$0.203	\$0.247	-\$0.044
Community:	Tax Levy	\$4,472	\$5,444	-\$972
W. Long Branch	Rate	\$0.236	\$0.288	-\$0.051

Notes: Numbers in 1,000's; Annual School Tax Rate in \$100 Equalized Property Value

Impact on Oceanport

For the five-year projection, Oceanport would receive an average of 8 students in grades PK-8 each year under the status quo scenario. If Sea Bright were permitted to regionalize with Atlantic Highlands and Highlands, Oceanport would lose the tax levy now being used to educate these students. The net tax revenue, assuming full withdrawal in the first year, amounts to about \$300,000. This accounts for loss of tax levy net of the costs associated with educating Sea Bright students.

When reconfigurations of this type occur, to minimize disruption for students and smooth the financial impact for the district, there generally is a phase-out period. During the phase-out students currently attending school in Oceanport would continue until their natural transition to a new school. At this point they would transition to a school in the new regional district. Incoming kindergarten and fifth grade students each year would go the new regional instead of Oceanport. Over a four-year period, the change would be complete. Because of the likely phase-out approach, Oceanport will not experience an immediate reduction of \$300,000. Instead, Oceanport will have a year-to-year reduction in tuition revenue equal to approximately \$75,000 for each of the first four years following Sea Bright's transition to the new regional.

When compared to the projected \$10.2 million tax levy or the approximately \$13.0 million annual budget, the lost tuition clearly is not significant. Indeed, \$75,000 amounts to 0.7% of the total tax levy and 0.6% of the annual expenditures.

Oceanport also is a constituent member of the Shore Regional School District for grades 9-12 and therefore also would be impacted by the withdrawal of Sea Bright from Shore Regional. The allocation tables include the status quo and five-year projected tax levy, and equalized tax rates for Oceanport. Oceanport's total tax levy includes both the PK-8 operating district and Oceanport's share of Shore Regional for high school students.

Over the five-year status quo projection, Sea Bright represents 2.6% of the Shore Regional student body but contributes close to \$2.9 million or 18% of the tax revenue. Indeed, if allocated on a cost per pupil basis, Sea Bright would pay about \$423,000. The current formula places a premium on Sea Bright of almost \$2.5 million.

Oceanport's share of the lost Sea Bright tax levy to Shore Regional is \$816,000. Again, Sea Bright high school students attending at the start of the transition could continue at Shore Regional High School until a full phase-out over four years. The impact to Oceanport would therefore be \$204,000 per year, 1.3% of the regional tax levy and 0.96% of its projected expenditures.

Impact on Other Shore Regional Constituent Members

The consultants will use the same methodology as above to estimate the tax impact on the other communities that comprise Shore Regional, namely, Monmouth Beach, Oceanport, and West Long Branch. Shore Regional allocates its tax levy based 100% upon equalized valuations. The tax allocation takes place after the budget is finalized.

The allocation tables above provide the tax levy for each community under the current allocation formula for both the status quo and projected scenarios. Oceanport's tax levy includes its PK-12 operation since Ocean Port will be impacted by Sea Bright's withdraw at both the PK-8 and 9-12 levels (as Ocean Port is a member of the consolidated district with Sea Bright and a constituent member of Shore Regional). Monmouth Beach's and West Long Branch's tax levy is impacted only at the 9-12 level because of their membership as constituent districts of Shore Regional. Therefore, their stand-alone PK-8 districts have not been included in this analysis (as no change to their PK-8 tax levy will result from this proposal).

Table U4 illustrates the levy impact of the loss of Sea Bright Students on the constituent members of Shore Regional. As expected, the withdrawal of Sea Bright will have a negative impact on the remaining members since they will acquire the tax levy once paid by Sea Bright. Given the heavy reliance on equalized valuations to allocate costs, we have seen that Sea Bright bears a disproportionate proportion of the regional tax levy.

In addition, the consultants believe that Shore Regional may be able to account for all or most of the funding loss without any diminution of programs and services given the phase-out and transitional payments. This transitional period will give the district additional time to achieve budgetary savings available to it due to the loss of Sea Bright students (i.e., transportation and instructional savings) to ameliorate the impact on taxpayers as well as on instruction and operations.

Under the proposal, and the above-mentioned pending legislation, Sea Bright will make transitional payments to Shore Regional based on its contribution at the time of implementation, phased out over a five-year period of time. However, this amount will be reduced by the cost of the phase-out of current Sea Bright students attending Oceanport. Under the proposal, students who at the time of implementation are attending either of the Oceanport schools (Wolf Hill or Maple) or Shore Regional will be able to continue to attend that school until promotion in order to avoid an additional transition and allow for educational and social continuity. However, a student promoted from fourth grade at Wolf Hill will attend fifth grade in the new All-Purpose PK-12 Regional and a student being promoted from eighth grade at Maple will attend high school at the new All-Purpose PK-12 Regional.

Students currently attending Shore Regional will be able to stay at Shore Regional through graduation. The consultants assume that all students from Sea Bright will be eligible for the phase-out in Year 1 (except rising PK, Grade 5 and Grade 9), who will attend the new All-Purpose Regional in Year 1 then phased-out by grade thereafter. With these assumptions, during the early years of the transitional period, the Sea Bright contribution to the new All-Purpose PK-12 Regional will be reduced substantially given the allocation of costs primarily on a per pupil basis.

When the new all-purpose regional is fully implemented, Monmouth Beach is projected to see a levy increase of \$1.0 million as compared to the status quo. Over a four-year phase-out, the increase would be \$258,000 per year, or 1.6% of the Shore Regional tax levy and 1.2% of projected expenditures.

Similarly, West Long Branch is projected to incur a levy increase of \$932,000 as compared to the status quo. Over a four-year phase-out, the increase would be \$233,000 per year, or 1.4% of the Shore Regional tax levy and 1.1% of projected expenditures.

The full impact on the Oceanport and Shore Regional tax levies due to the movement of Sea Bright students to the new all-purpose PK-12 Regional district ultimately will be dependent on the extent to which the districts are able to reduce expenditures to account for the loss of Sea Bright students. In this regard, both districts will receive additional support during the transitional period, which will provide the districts time to gradually reduce spending attributable to the departing Sea Bright students.

Transitional Allocation Method

As noted above, current law allows for the allocation of tax levy among constituent communities involved in a regional school district by equalized valuation, enrollment, or some combination of the two. Communities interested in the educational and financial benefits of unification have long struggled under the existing law to find an allocation using equalized value and/or enrollment that shares the expected savings among all communities.

We have established the tax impact by community for the various allocation methods allowed under current law and have identified the pros and cons for each. The recommended allocation method using 95% enrollment and 5% equalized valuation provides the best opportunity for savings across all constituent communities involved in the new all-purpose regional. It has the added benefit of correcting Sea Bright's current disproportionate share of the Shore Regional tax levy.

Nevertheless, currently pending legislation would authorize a transitional allocation method. The transitional allocation methodology could be implemented during the first ten years to buffer the impact on local communities of the movement to the proposed permanent methodology.

The consultants are noting, but not recommending, the possibility of a transitional allocation method that relies on budget tax levy to drive the allocation of future tax allocations. The consultants have reviewed the importance of shared financial savings to help pass a referendum in each community, and believe the recommended allocation successfully achieves that objective. There are sufficient tax reductions among the regional members and there is no need for a transitional allocation.

Projected Savings from Unification

The literature on school unifications clearly states the positive financial benefits of combining small districts together. Two primary economic principals drive the cost reductions associated with unification. The first involves economies of scale in which a larger organization achieves lower prices and reduced costs by leveraging its greater buying power. It also distributes fixed costs over the larger entity, in the case of schools, thereby reducing the cost per pupil.

Although generally the first type of savings considered in any unification, scale economies represent a minor part of overall cost reductions. Indeed, every district utilizes some form of cooperative purchasing to benefit from bulk purchasing and volume discounts. These purchasing cooperatives include New Jersey State contracts, the Educational Services Commission of New Jersey, Hunterdon County Cooperative, Alliance for Competitive Telecommunications, County Special Services Consortia, Educational Data Services, and various national contracts.

The second financial benefit relates to efficiencies gained by reducing the functions replicated over multiple school districts. For example, every school district is responsible to report student data through the NJSMART data collection system. Rather than separately training and equipping three individuals to meet this reporting requirement, a unified regional district would have one or two employees performing that function. These type of efficiency savings are significantly larger than those from scale economies.

The economy and efficiency gains involved in unification will generate significant economic savings resulting in reduced taxes and better functional performance. The cost of operating a unified district will be lower than the sum of the constituent districts. However, the bulk of these savings will result in improved operational functionality. In other words, although real economic savings, these efficiencies will not be credited exclusively to reduced tax levy but are essentially reinvested in the organization thereby improving the performance of the new organization.

Some research also indicates a potential for municipal savings when unifying school districts. Although the potential exists, the consultants would anticipate minimal cost reductions to individual municipal government operations. For example, a municipality may provide its school district salt to treat its paved surfaces during winter storms. The unified district may assume that responsibility thereby saving the municipality the cost of the salt. If present, these savings would be unique to the specific community and not included in this study.

Saving Methodologies

This financial analysis takes a multi-pronged approach to the methodology for determining the savings generated from unification. The first approach compares various cost centers for the proposed unified district with the average of other New Jersey school districts with similar sized enrollments and budgets. The unified district will educate approximately 760 students with combined expenditures of \$20.2 million. For example, audit fees for similar sized districts average around \$20,000 annually. Collectively, the studied school districts spent \$35,500 in audit fees in 2019-20. Therefore, unification could save about \$15,500 on audit fees.

The second method to estimate cost savings involves the development of a model organization structure in a variety of cost centers for the unified district, then calculate the costs associated with that model compared to actual expenditures. The consultants used this method to develop cost savings primarily related to administrative and operational staffing.

The third approach used existing research on expected economic savings from unification and applied the anticipated cost reductions to the unified district. This review functioned as a crosscheck to ensure the cost savings identified in the other approaches comported with research findings.

In a paper entitled, “Local Government Consolidation: Potential Savings due to Economies of Scale & Efficiency Gains”, published in 2011, professors Dagney Faulk and Michael Hicks present a compelling argument on the economies and efficiencies of unification. Their research specifically sites New Jersey districts, “Among the six New Jersey counties with populations below 250,000, ... potential annual savings from merging one school district with another to reduce the number of districts by one would range from \$2.65 million to \$6.08 million.”

The scenario in this study allows for additional costs associated with the education of Sea Bright’s current PK-8 students educated in Oceanport and its high school students educated in Shore Regional. To maintain the current student/teacher ratio, the new regional will hire additional staff to accommodate the Sea Bright students. A key assumption of this analysis indicates that there are not changes to the instructional program. Instructional Supplies and materials will also increase due to the new students. Therefore, the projected five-year average of 47 students at an average student/teacher ratio of 8.5 would require an additional 5.5 teachers. The average annual cost over the five-year projection for staff and instructional materials total approximately \$504,000.

Although the cost of these additional teachers was included in the costs associated with the new regional, it is likely that Atlantic Highlands, Highlands, and Henry Hudson Regional can absorb these students with the current staffing and only a minimal impact on class size. Sea Bright averages less than four students per grade level. The demographic section from the original 2020 study indicates there is sufficient capacity in the buildings to accommodate the additional Sea Bright students. The education section from the original 2020 study addresses the impact on class size. However, the consultants include the cost of additional staff and supplies in keeping with the initial assumptions and to present a conservative estimate of the financial impacts. This also provides the new Board of Education some policy flexibility as it formulates the new regional.

Additionally, the analysis anticipates an increase in the cost to transport Sea Bright PK-12 students to the new regional schools. Collectively, the new regional schools are closer than the schools Sea Bright students currently attend in Ocean Port and Shore Regional. However, the phase-out period will require additional transportation costs, which is included in the costs associated with the new Sea Bright students across all grade levels.

Based on review of the audited financials of the three districts, and applying these methodologies, the consultants have concluded that a new all-purpose regionalization could result in an overall net increase in costs savings of \$287,000 due to reductions in administrative staffing (salaries and benefits), and other identified costs. The modest cost savings are attributable to the significant level of services shared by Atlantic Highlands, Highlands, and Henry Hudson Regional for administration, business, technology, child study team services, professional development, and transportation.

The shared services have brought cost reductions which already are included in the status quo model. Additionally, economic savings from internal efficiencies contribute to better functionality in various departments but are not included in the tax levy savings.

The savings offset the additional costs needed to accommodate the new 48 Sea Bright students resulting in a net increase in expenses of \$218,000. It is important to recognize that the net cost of Sea Bright students is sufficiently offset by its share of tax levy as to cover the additional expenses and provide more than \$1 million in tax levy reductions to Atlantic Highlands and Highlands. Also, if the new regional can accommodate the Sea Bright students with the current class sections, the constituent communities could see additional tax reductions.

Table U6 illustrates how the recommended allocation of 95% enrollment and 5% equalized valuation would impact the regional with the Sea Bright students being accommodated by the existing teaching staff. Indeed, this is the likely scenario given the class sizes identified in the Education section from the original 2020 study.

Table U6
Summary Of Tax Impact Compared With Status Quo
Using 95% Enrollment / 5% Equalized Valuation
Sea Bright Students without New Teaching Staff

		Five-Year Average Status Quo	Five-Year Average Unified District	Five-Year Difference
Community:	Tax Levy	\$3,595	\$1,310	\$2,285
Sea Bright	Rate	\$0.303	\$0.110	\$0.192
Community:	Tax Levy	\$7,718	\$6,641	\$1,077
Highlands	Rate	\$0.822	\$0.707	\$0.115
Community:	Tax Levy	\$9,372	\$8,852	\$520
Atlantic Highlands	Rate	\$0.826	\$0.780	\$0.046
Community:	Tax Levy	\$14,270	\$15,291	-\$1,021
Oceanport	Rate	\$0.832	\$0.892	-\$0.060
Community:	Tax Levy	\$4,950	\$6,026	-\$1,076
Monmouth Beach	Rate	\$0.203	\$0.247	-\$0.044
Community:	Tax Levy	\$4,472	\$5,444	-\$972
W. Long Branch	Rate	\$0.236	\$0.288	-\$0.051

Notes: Numbers in 1,000's; Annual School Tax Rate in \$100 Equalized Property Value

Including the Sea Bright students into the existing sections generates a regional savings of \$287,000 rather than a net cost of \$218,000. These additional savings are spread among the constituent districts and further reduces the tax levy in Highlands by \$200,000 and Atlantic Highlands by \$265,000.

Additionally, based on comparable districts there may be other opportunities for savings in the areas of operations & maintenance and transportation. Comparable districts spend on average \$1.7 million on operations including custodial, maintenance, grounds, and security. Atlantic Highlands, Highlands, and Henry Hudson Regional collectively spend \$1.9 million. There is a potential savings of more than \$230,000 in this area. Similarly, comparable districts average \$615,000 in transportation costs while the three districts collectively spend \$755,000 for a potential savings of \$140,000. There was insufficient information provided to explore the viability of cost reductions in these areas. Therefore, they are not included in the analysis, but provide opportunities for the new board of education.

Since regional districts can allocate the tax levy among the constituent districts in various ways based on any combination of equalized property value and enrollment, there are numerous possible outcomes. Table U4 reflects the option the consultants believe maximizes the distribution of the tax reductions among the constituent communities thereby optimizing the chances of referendum passage.

Shared Services

The studied districts have taken measures to share services on an inter-district basis. Appendix AA summarizes the various services shared by districts. However, there are a few initiatives worth noting by virtue of the scope of the services.

Atlantic Highlands, Highlands, and Henry Hudson Regional share an extraordinary array of services including superintendent, business services, curriculum supervision, professional development, special education supervision, child study team services, staffing, and transportation services.

Teaching Staff & Negotiations

The general assumption that teaching staffs can be combined at no additional cost may apply to this scenario. The existing regional will dissolve and the new regional will negotiate a new collective bargaining agreement. That would provide the flexibility to place Atlantic Highlands and Highlands staff members on guide in accordance with the new contract. Since elementary staff would remain in their current school during the transition, reductions in force are not anticipated.

Based on the State's taxpayers' guide, the median teachers' salary ranges from \$65,600 (Highlands) to \$80,560 (Atlantic Highlands). Table U7 summarizes the median salaries, the number of teaching staff, and the percent of total teachers. The analysis uses an average of the median elementary salaries and the regional median salary to calculate the increase teaching staff resulting from the additional Sea Bright PK-6 and 7-12 students.

Table U7
Teaching Staff Summary

District	Median Salary*	Teaching Staff**	% Total
Henry Hudson Regional	68,866	39	42.1%
Highlands	65,600	23	24.6%
Atlantic Highlands	80,560	31	33.3%
Total		93	100.0%

Source: *New Jersey Department of Education Taxpayers' Guide to Educational Spending.
** New Jersey Department of Education certified staff website.

Table U8 provides an overview of teacher collective bargaining salary guides for each district. It indicates the number of steps, whether the contract includes longevity payments, and lists starting, median and top of various educational tracts. Each salary column is conditionally formatted to offer a quick visual depiction from the highest salary in the column (colored in green) to the low (colored in yellow). Atlantic Highlands has higher salaries across all education categories, but Henry Hudson Regional has more certified teaching staff.

Table U8
Teacher Collective Bargaining Agreements Sensitivity Analysis
for the 2021-22 School Year

District	Steps	*Long. Y/N	Starting BA	Startin g Doc	Median BA	Median Doc	Top BA	Top Doc
Henry Hudson Regional+	17	N	\$56,731	\$62,831	\$63,381	\$69,481	\$82,756	\$88,856
Highlands** +	16	Y	\$56,630	\$60,530	\$65,880	\$69,780	\$87,535	\$91,435
Atlantic Highlands**	20	Y	\$61,820	\$66,020	\$73,445	\$77,646	\$88,995	\$93,195

* Provision for longevity payment ** Highest column is MA+30 + Guide contains collapsed steps

Source: Collective bargaining agreements

Although bringing the various contracts together presents several challenges, it also is an opportunity to create a guide with meaningful increments and educational differentials. Settlements over time skew increments causing bubble steps and changes in education levels and compensation that stray from sensible values. A new guide offers the chance to return thoughtful consideration to each row and column of the guide. Furthermore, steps need not equate directly to years of experience. Districts establishing guides for the first time have created a model guide and placed employees at their corresponding education level at a step closest to, but not less than, their existing salary. This would eliminate the need to freeze salaries but would require a change in mindset that often links steps directly to years of experience.

Indeed, South Hunterdon Regional successfully unified the communities of Lambertville, West Amwell, and Stockton into a PK-12 all-purpose regional school district. The PK-12 regional developed a new collective bargaining agreement using such a strategy. It took about a year and a half to negotiate the agreement. In the end, the Board and Association agreed on a percent increase on the total existing teacher compensation thereby creating a total dollar value to be distributed within the new guide. According to the Business Administrator, the NJEA did a good job developing a new guide and placing each association member on that guide. Although no tenured teacher received less than his or her existing compensation, their guide placement did not necessarily correspond to their years of experience. South Hunterdon is a case study that the collective bargaining issue can be resolved amicably among the parties while containing costs.

Expansion Compared to Dissolution

The consultants recommend the dissolution of the existing limited-purpose regional and the creation of a new all-purpose regional to allow for the establishment of a new collective bargaining agreement as referenced in the Teaching Staff & Negotiations section. As demonstrated in the South Hunterdon unification, a new agreement allows for the flexibility and cost containment noted in that section.

Alternatively, the regionalization statute permits the expansion of an existing regional. Under this method, communities would expand the existing configuration to include additional grade levels and communities. For example, Henry Hudson Regional would expand from grades 7 – 12 to include all grades PK – 12, and expand its constituent members to include Sea Bright in addition to Atlantic Highlands and Highlands for grades PK-6. The constituent communities would still need to vote to approve the new configuration as with dissolution. However, there is a significant difference. An expansion would require that members of the Atlantic Highlands’ and Highlands’ collective bargaining units be placed on the Henry Hudson Regional guide.

Although Table U8 illustrates that the regional has lower salaries throughout much of the guide, since tenured staff cannot be reduced in salary, a move to the regional guide is likely to result in higher costs. Cost savings represents one driver to the regionalization decision, dissolution and reformulation remains a better option.

State Aid Overview

For the purposes of this analysis, State aid is assumed to remain the same as 2019-2020 levels. Two primary reasons drive this assumption. First, removing the variability of this revenue allows direct consideration of the question related to unification. The decision to unify should not be influenced by an increase or decrease in aid independent of the reconfiguration. Second, the State’s application of the school funding formula presents challenges in anticipating fluctuations, particularly over the five-year time horizon. Nevertheless, we will note some considerations and potential changes in aid under unification.

The State’s current school funding formula (School Funding Reform Act- SFRA) has two basic forms of aid: wealth-equalized and categorical. Wealth-equalized aid is allocated according to each district’s ability to raise sufficient local revenue through the property tax (the district’s fair

share) to support a budget adequate to provide the constitutionally required “Thorough and Efficient” education. The equalization formula used in New Jersey considers both a community’s property wealth (measured by equalized property valuation) and aggregate income to determine the local ability to pay.

Collectively State aid represents less than a third of the constituent districts’ budgets. Table U9 summarizes the total State aid by district. As a percentage of total expenses, 2019-20 State aid is 8.1% collectively. As a percent of expenses, the marginal differences may be attributable to the differences in District Factor Groups, DFG – Henry Hudson Regional (DE), Highlands (“CD”), and Atlantic Highlands (“GH”). It is reasonable to assume that State formula aid will not be radically different under the new all-purpose regional district as in the status quo.

Table U9
Unified Regional School District
State Aid by District

District	2019-20 State Aid*	2021-22 Budgeted State Aid**	\$ Diff Aid FY20 - FY22	2019-20 Total Expenses*	State Aid as Percentage of Expenses
Henry Hudson Regional	822,379	707,954	(114,425)	9,509,182	8.6%
Highlands	585,115	418,673	(166,442)	4,882,024	12.0%
Atlantic Highlands	225,627	241,479	15,852	5,835,062	3.9%
Total	1,633,121	1,368,106	(265,015)	20,226,268	8.1%

* Aid and expenses do not include on-behalf payments.

** Budgeted aid includes estimates for non-public transportation and extra-ordinary aids.

Table U10 shows aid by type. Generally, as the State seeks to implement the School Funding Reform Act ("SFRA") fully, net aid across for the three districts has decreased from 2019-20 to the 2021-22 budget.

Henry Hudson Regional and Highlands receive Adjustment Aid, intended to hold a district harmless as the state transitions to the new school funding formula. Although originally intended as a transitional aid, the phase-out did not occur until recently. The NJDOE informed districts receiving Adjustment Aid to expect the funds to be phased-out over a five-year period. Indeed, adjustment aid represents the primary cause of the overall reduction in aid, dropping by \$279,000 over three years.

There is no way to predict with certainty the fluctuations in aid for a new district in the future. However, legislation passed by both houses of the State legislature and now pending action by the Governor would provide resources and guidance to districts interested in exploring unification. The proposed legislation doubles the phase out period for adjustment aid, and allows the unified regional to receive, at a minimum, the sum of the aid received by each constituent district prior to the creation of the regional. Although reduced significantly, adjustment aid represents almost 19% of the State aid for the combined districts in the 2021-22 school year. Doubling the phase out period would provide much needed relief for the constituent communities.

Special education aid represents 45% of all aid to all districts and by far the largest single aid category. Equalization represents the difference between the local share and the adequacy budget and uses wealth as the major component of the formula. No district currently receives equalization aid. Since equalization aid is calculated based on the relationship between local property values compared State-wide, it is unlikely that it will change due to regionalization.

Table U10
Unified School District State Aid by Type

Aid Type	2019-20 Actual Aid	2021-22 Budgeted Aid +	\$ Change	% Change	% of Total Aid
Equalization Aid	-	-	-		0.0%
Transportation Aid*	249,118	245,687	(3,431)	-1.4%	18.0%
Special Education Aid	580,455	613,444	32,989	5.7%	44.8%
Security Aid	142,061	142,061	-	0.0%	10.4%
Adjustment Aid	537,201	257,266	(279,935)	0.0%	18.8%
Extra Ordinary Aid**	103,019	105,000	1,981	1.9%	7.7%
Choice Aid	-	4,648	4,648		0.3%
Other Aid	-	-	-		0.0%
Debt Service Aid	21,267	-	(21,267)	-100%	0.0%
Total	1,633,121	1,368,106	(265,015)	-16%	100%
* 2019-20 includes non-public transportation aid & 2021-22 includes estimated aid					
** 2019-20 includes extraordinary aid & 2021-22 includes estimated aid					
+ Budgeted aid may change from amount in Governor's budget message.					

Categorical aids are based on factors other than wealth or ability to raise local revenue. These aids will be consistent in the status quo and regional scenarios. These aids are calculated using enrollment-based formulas. Categorical amounts are determined by multiplying the cost factor for a particular category (such as special education, transportation, or security) by the number of students that qualify for the aid.

Any major negative impact in State aid from a regional scenario likely would be from choice aid. Since none of the studied districts currently offer an Interdistrict Choice Program regionalization should have no impact on this aid.

The districts studied also do not participate in the Special Education Medicaid Initiative ("SEMI"), which assists school districts by providing partial reimbursement for medically related services stipulated in a student's IEP. The percentage of classified students in the three districts range from 19.9% to 24.0%. Collectively, the unified regional may find it advantageous to participate in the SEMI program. Even conservative estimates could result in reimbursement for qualifying services in the \$20,000 range.

Sea Bright's students will generate categorical aid for the new All-Purpose PK-12 Regional and Oceanport and Shore Regional will lose these same categorical amounts. Given that categorical aid is provided to fund the additional per pupil costs of a particular program or service (i.e., special education or transportation), the reduction in categorical aid due to a loss of students is normally associated with a reduction in costs for the specialized programs and services being received by these students. For example, Shore Regional and Oceanport will lose transportation aid for Sea Bright students but they will no longer need to pay for transportation for those students. This will ameliorate some of the impact of the loss of State aid on Oceanport and Shore Regional. It also will lead to a small net budgetary impact for the new All-Purpose Regional District.

One final issue relates to Preschool Expansion Aid (PEA), which is being used by the Murphy administration to fund the enrollment of additional pre-school students every budget year. Districts with at least 20 percent of their student population receiving free or reduced lunch are permitted to apply for the funds. However, due to a lack of funding, PEA is being awarded to districts based on a competitive application process. Highlands has qualified for PEA in the amounts of \$341,822 in 2019-20 and \$367,119 in 2021-22.

To ascertain the future status of PEA, the consultants took two approaches. The first approach calculated the existing levels of free and reduced students for all the communities to determine if the regional enrollment met the 20% threshold to qualify for PEA. In 2020-21, Highlands represents the highest enrollment of free and reduced lunch eligible students with 86 students or 49.4%, Atlantic Highlands had 17 students or 6.7%, and Henry Hudson Regional had 72 students or 23.8%. Sea Bright students are included in Ocean Port and Shore Regional and are not delineated separately. Nevertheless, tabulating all the students in each community and calculating the total as a percentage of the new all-purpose regional enrollment results in a free and reduced percentage of 23.9%. Adding an additional 50 students and assuming no additional free and reduced eligible students drops the percentage to 22.4%. Therefore, the new regional would have a good possibility of qualifying for PEA.

Additionally, new legislation, which passed both houses of the legislature and waiting for the governor's signature would continue aid received by the districts prior to regionalization. This could help maintain the existing levels of PEA into the new configuration. Alternatively, the newly formed regional board has the authority to decide to use the savings and/or the additional tax levy generated by Sea Bright to maintain or expand the preschool program.

The second approach involved contacting the NJDOE directly to obtain an opinion on how establishing a new all-purpose regional would impact PEA. The consultants made initial contact but have not received an answer at the time of this writing.

Given the discretionary nature of the award, this study cannot make a definitive conclusion regarding whether the newly formed district would be awarded PEA funds, but given the terms of the implementing legislation, the consultants assume the new district will continue to receive PEA.

Operating Expenditures of Combined Existing Districts

The operating expenditures in Table U11 for the three districts which would comprise the new unified district were taken from comprehensive annual financial reports for the fiscal year ending June 30, 2020.

Table U11
Constituent Districts
Total Expenditures

Expenditures	Year Ending June 30, 2020
Regular Instruction	8,701,011
Special Educaiton Instruction	1,659,217
Other Instruction	765,514
Special Schools	17,838
Tuition	1,152,210
Support Services	244,485
Administrative Services	981,062
Operations & Maintenance	1,505,330
Transportation	757,388
Employee Benefits	3,072,394
Food Services	7,366
Capital Outlay	382,895
Debt Service	979,557
Total Expenditures*	20,226,268
* Does not include \$2.9 million in on-behalf payments	

Source: Based Comprehensive Annual Financial Report for period ending June 30, 2020

The distribution of the 2019-20 operating expenses and debt service of the constituent school districts shows the specific allocation to the related communities as presented in Table U12.

Table U12
Percentage Share of Operating and Debt Service Expenses

District	Operating Fund*	Debt Service	Total	Percent of Total
Henry Hudson Regional	8,876,575	632,607	9,509,182	47%
Highlands	4,882,024	-	4,882,024	24%
Atlantic Highlands	5,488,112	346,950	5,835,062	29%
Total	19,246,711	979,557	20,226,268	100%

Source: Based Comprehensive Annual Financial Report for period ending June 30, 2020

* Includes Special Revenue Fund

Equalized Valuation

Table U13 lists the 2021 equalized value for each community, the average using the years 2019, 2020, and 2021, and the value per student.

Table U13
Equalized Valuations

Community	2021 Equalized Value	3-Year Average Equalized Value	Equalized Value per Student
Highlands	824,974,003	756,120,688	2,483,155
Atlantic Highlands	1,008,559,693	964,648,527	2,324,454
Sea Bright	987,726,274	927,756,712	22,089,446
Total / Average	2,821,259,970	2,648,525,927	8,965,685

Source: "Table of Equalized Valuations" on the New Jersey Division of Taxation

Borrowing Margin

The borrowing margin for school districts, as set forth in *N.J.S.A. 18A: 24-19*, is calculated by multiplying the three-year average equalized values by a percentage corresponding to the district's grade configuration. Smaller districts have lower margin percentages. Table U14 shows the percentage for each district and the corresponding maximum and available school borrowing margins.

The maximum borrowing margin increases in the unified district. On June 30, 2021, the new all-purpose regional school district's maximum borrowing margin would be \$100,119,588, and the amount available for future borrowing would be \$95,239,588 or 95.1% of the total allowable margin. This is an increase of almost \$2.0 million in borrowing capacity by including Atlantic Highlands, Highlands, and Sea Bright in the regional.

The study focuses particularly on the impact of unification. When considering a district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be measured. Each district currently does this analysis individually and proportionally. The change in available borrowing margin demonstrates that the borrowing margin improves in an all-purpose regional and is not an impediment to unification.

Table U14
Borrowing Margin

District	Percent of EV	Maximum Borrowing Margin	Outstanding Debt as of June 30, 2021	Available Borrowing Margin
Henry Hudson Regional	3.5%	57,250,958	3,875,000	53,375,958
Highlands	2.5%	17,669,760	-	17,669,760
Atlantic Highlands	2.5%	23,223,781	1,005,000	22,218,781
Sea Bright	0.0%	-	-	-
Total Districts		98,144,499	4,880,000	93,264,499
All-purpose Regional	4.0%	100,119,588	4,880,000	95,239,588

Source: Based Comprehensive Annual Financial Report for period ending June 30, 2020. All current bonds are fully paid by June 30, 2028.

Amount of Indebtedness

The Comprehensive Annual Financial Reports of the districts in the study indicate that the combined indebtedness, consisting of serial bonds and bond refunding, will total \$4,880,000 as of June 30, 2021. This amount represents the total indebtedness of buildings, grounds, furnishings, equipment, and additions thereto.

The addition of Sea Bright to the new regional will positively impact the ability of the new all-purpose regional to service its debt. Sea Bright does not have any existing debt, but will now share in servicing Atlantic Highlands and Henry Hudson Regional existing debt.

Financial Operations

The consultants conducted a review of the findings and recommendations included in each district's Auditors' Management Report to identify any significant issues related to the districts' financial operations and practices. Table U15 summarizes the number of findings for the period ending June 30, 2020. The districts had no findings or minor corrections with no repeat findings

from the prior year, which is a key component of the NJDOE’s Quality Single Accountability Continuum monitoring program.

Table U15
Audit Findings

District	Audit Findings	Repeat Findings
Atlantic Highlands	0	No
Highlands	0	No
Henry Hudson Regional	0	No

Source: Auditor’s Management Report for period ending June 30, 2020

D. Summary of Opportunities & Challenges

Although there are significant opportunities when unifying several districts, this new configuration is not without its challenges. This section will outline both the opportunities and challenges of unification in general terms and the proposed configuration specifically.

Opportunities

1. ***Create Something New*** – Unifying the separate school districts represents a significant opportunity to create an educational model employing the latest research, best management practices, and proven practices to optimize student achievement. The chance to provide educators with the tools, skills, and incentives to connect spending to outcomes is exceedingly rare. Unification offers a framework to implement around research-based solutions not available to most districts with entrenched practices and policies.
2. ***Economies of Scale*** – Larger districts offer economies when purchasing goods and services. There are two types of economies of scale. The first, on the production side, refers to factors that cause the average cost of producing something to fall as the volume of its output increases. Dividing fixed costs over more students will achieve these types of economies. The second, and more intuitive, are scale economies, generated by purchasing inputs at a lower per-unit cost when purchased in large quantities. For example, these economies include a range of goods and services from supplies to insurances.
3. ***Efficiencies*** – As discussed above, optimally sized districts are more efficient than small districts. These efficiencies can result in actual cost savings and other economic savings that present as improved services rather than expenditure reductions.
4. ***Resilience*** – Larger districts have an increased ability to absorb external shocks such as unexpected out-of-district special education placements, mechanical and building breakdowns, and more recently, pandemic response.
5. ***Capacity*** – Expanding the district provides an ability to offer more courses, programs, expertise, etc. For example, a small high school might have the capacity to offer some advanced placement courses. Increasing the enrollment would provide the capacity to expand the AP offerings since there would be more students who can register for those

courses. This capacity advantage would impact a variety of programs ranging from academics to athletics.

6. **Clean Slate** – The most frustrating seven words for any manager are “that’s how we have always done it.” Unification clearly presents an opportunity to challenge old practices, keep the ones that work, and discontinue or modify those that do not work.
7. **Expertise** – Larger organizations can afford to maintain expertise across the enterprise. That expertise includes skill sets in academic subject specific areas as well as operational functions. As noted above, a small district may have one maintenance person who is responsible for all repairs. A larger school district may have several staff members and therefore can hire trade specific talent to address work in HVAC, plumbing, electric, etc.
8. **Diversify Risk** – The risks inherent in any enterprise lowers as the organization diversifies. For school districts, diversifying risk can help reduce costs for health insurance, general liability, workers’ compensation to name just a few.
9. **Internal Controls** – Related to risk diversification for business and central office functions, large organizations can more easily strengthen their internal controls. Internal controls are the mechanisms, rules, and procedures implemented by an organization to ensure the integrity of financial and accounting information, promote accountability, and prevent fraud. Relying on employees to perform multiple duties, small districts cannot implement strong internal controls. Separating functions is a critical component of maintaining strong internal controls, and it becomes increasingly difficult with limited staff.
10. **Cross Training** – Cross training staff to perform other departmental functions complement internal controls and risk diversification. Having more staff in the business office, for example, allows employees to learn other job functions. This provides backup during planned and unplanned absences. A good internal control practice would require another employee to issue payroll during the payroll clerk’s vacation. This provides an opportunity to identify any incorrect and possibility fraudulent payroll entries.
11. **Slack** – A management theory well suited for school districts, slack stipulates that an agile organization able to respond to changing circumstances should allow its employees to function at less than full capacity. This staffing level provides the needed capacity to address emergent issues and unfunded mandates so frequently directed at school districts. Having staff not stretched to their limits offers the ability to comply when the NJDOE changes policy, the Board of Education adopts a new goal, or a pandemic strikes.

Challenges

1. **Loss of Local Control** – New Jersey has a long tradition of local control of public education. Although some communities have regionalized or entered into sending-receiving arrangements to educate some of their students, the vast majority of municipalities maintain a school system run by a local Board of Education. Regionalizing three educational entities, by definition, will reduce the voice of any one community.
2. **Initial Disruption** – Normally, operationalizing an undertaking of this type would require a significant amount of time, energy, focus, and resources. However, given the current

working relationship among the districts, the inclusion of the 48 Sea Bright students should not present a significant obstacle to regionalizing.

3. **Organization Culture** – Each organization develops its own unique culture over time. Shared attitudes, beliefs, customs, and written and unwritten rules form the cornerstone of an organization’s culture. It consists of expectations, experiences, philosophy, as well as the values that guide employee behavior. A significant challenge lies ahead to merge the distinctive cultures from each constituent district into a unified culture for the new organization.

III. The Impact of S3488 Implementing Legislation on the Proposed Regionalization

The original 2020 study included certain assumptions that were based on anticipated enabling legislation that would allow for the withdrawal of Sea Bright from both the Shore Regional School District and Oceanport District. The study assumed that the withdrawal authorized in the enabling legislation would be based on certain conditions requiring transitional contributions to the former districts as well as a phase-out of students currently attending a school in the former districts. A transitional allocation of costs for the new regional was also established in order to ensure that the communities of the new regional would not experience a tax increase due to the required transitional payments to Shore Regional and Oceanport coupled with payments to the newly created regional. Certain aid categories would also be continued under the anticipated implementing legislation.

Legislation (S3488) is now pending and would provide a process for the anticipated withdrawal in this matter as well as a number of other provisions to facilitate regionalization statewide. Many of the provisions of S3488 are only applicable to districts and communities that were approved for a grant under the bill. The bill, if signed, will have a significant impact on the regionalization being considered by Atlantic Highlands, Highlands, and Sea Bright. In this chapter of the report, the consultants examine each of the provisions of that bill in regards to its impact on the proposed regionalization. We note at the outset, however, that this bill will be subject to extensive NJDOE interpretation through the regulatory process and our review will, by necessity, be one of first impression.

A. Withdrawal Process

S3488, consistent with the assumptions in the original feasibility study, provides that the Sea Bright borough council can, by resolution, withdraw from a regional or consolidated district of which the community is a member in order to form a regional district provided:

1. The withdrawal is approved by the Commissioner of Education;
2. The withdrawal is not "foreseeably likely to increase or exacerbate the segregation of students by racial, socio-economic, disability, or English Language Learner as determined by the number and percentage of affected students...";

3. The districts to be regionalized are in close geographic proximity;
4. The proposed regionalization reduces transportation time, provides potential for cost savings, and potential to advance student learning including the coordination of curriculum;
5. The withdrawing district pays to the former regional and consolidated districts an amount equal to the difference between its contribution to the new regional and its prior year contribution to the former district (phased out over a five-year period) minus the tuition calculated in 6. below; and
6. Sea Bright students attending the former regional and consolidated districts are provided an option of continuing education in their current school on a tuition basis until promotion or graduation from that school.

If these conditions are met, no vote in the former regional or consolidated district is required to approve the withdrawal.

B. Transitional Contributions to Former Districts

The proposed legislation provides for transitional payments from Sea Bright to Shore Regional and Oceanport. However, the methodology for the payment calculation is different than that assumed in the original study. The S3488 calculation of the transitional payments is as follows:

Sea Bright Contribution to the Newly Created Regional **minus** the Sea Bright Contribution to Shore Regional and Oceanport. This amount will be phased-out over a five year period. From this phased-out amount will be subtracted any tuition paid to these districts as a result of the student phase-out provided in the bill.

The original feasibility study provided that the transitional payments to Shore Regional would be based on Sea Bright's total contribution at the time of implementation, phased out over a five-year period of time. This calculation is quite different from the one in S3488 given that the bill, unlike the original feasibility study, provides for the contribution to the *former* regional to be reduced by Sea Bright's contribution to the *new* regional. (We note that the bill language appears to reverse this sequence and, if applied formulaically, would result in a negative number for the transitional contribution which would be inconsistent with legislative intent and for this reason we are using the difference between the two contributions here). S3488 and the original feasibility study also differed in the payment of tuition for students continuing in Shore Regional pending graduation. S3488 reduced the contribution by the cost of the tuition-based phase-out of current Sea Bright students attending Oceanport. The original feasibility study, although providing that the students currently attending Shore Regional were able to stay at Shore Regional through graduation, assumed that no tuition payment would need to be made by Sea Bright, given that the phased-out contribution to Shore Regional should be able to cover the costs of educating the remaining Sea Bright students. However, given that S3488 treats the tuition payments as a credit against the transitional contribution, this difference in treatment may not have a significant impact.

The treatment of transitional payments to Oceanport is also different under S3488 as opposed to the original feasibility study. The original study assumed that the financial relationship between Oceanport and Sea Bright would become 100% tuition based for the students remaining at Oceanport until they are promoted from their current school given that the existing Sea Bright contribution to Oceanport was almost entirely per pupil based. S3488 utilizes the same calculation methodology for Oceanport as that used to calculate the transitional payments for Shore Regional requiring that the contribution to Oceanport be reduced by Sea Bright's contribution to the new regional.

However, given that S3488 treats the tuition payments as a credit against the transitional contribution, this difference in methodology should not result in a significant change in the resulting transitional payments to Oceanport. The only issue that would arise would be if enrollments in the base year were substantially higher than those in the years following which is not projected to be the case. The reason for this is that S3488 uses the year prior to regionalization as the base year for calculation of the contribution while the original study used actual enrollments during the period as the basis for the tuition calculation.

Finally, S3488 provides no guidance on how to distribute the phased-out contribution when the withdrawal involves multiple districts (here Oceanport and Shore Regional) but we will assume that the phased-out contribution will be distributed first to Oceanport in an amount equal to its prior year contribution (given that the Sea Bright contribution to the consolidated district is almost entirely on a per pupil basis) with the balance going to Shore Regional. The consultants in the original feasibility study assumed that all students from Sea Bright eligible for the phase-out would take advantage of it and tuition payments from Sea Bright to Shore Regional and Oceanport will need to be deducted from these amounts. We will also use that enrollment assumption regarding Sea Bright students as we attempt to determine the impact of S3488 on the impacted districts and communities below.

In terms of the impact of S3488 on Oceanport, the district will continue to receive tuition payments for the Sea Bright students it educates during the transitional period. Although it will see its tuition payments from Sea Bright slowly reduced over time, it will also have less Sea Bright students to educate. As in the original study, we believe that the phase-out will provide Oceanport with the time to make the budgetary adjustments necessary to account for the loss of Sea Bright students.

In terms of the impact on Shore Regional, it will receive substantial payments under the transitional methodology provided in S3488 to educate the small number of Sea Bright students attending the regional. These payments will be reduced by tuition paid by Sea Bright to educate its students but these payments will be phased out over 3 years as these students graduate. Again, we believe that Shore Regional will have the time to make the budgetary adjustments necessary to account for the loss of Sea Bright students and its contribution.

The impact on Atlantic Highlands and Highlands is more difficult to determine. If we assume that all Sea Bright students who are eligible for the phase-out will participate in the phase-out, then few Sea Bright students will actually attend the new regional (new Kindergarten students

and rising 8th graders beginning their first year at Henry Hudson High School and perhaps rising 4th graders being promoted out of the Oceanport Wolf school depending on how the NJDOE interprets the provisions of S3488) in the initial years. Given that the allocation methodology of the new regional recommended in the study will be mostly driven on a per pupil basis, the Sea Bright contribution in the initial years will be temporarily reduced by perhaps up to half of this amount. Atlantic Highlands and Highlands will need to contribute more in these initial years to make up the difference. It appears that both Highlands and Atlantic Highlands are anticipated to see substantial tax levy savings under the regionalization and, although these savings will be significantly reduced in the initial years of the proposed regionalization, both districts should be able to absorb the additional costs and still experience a net savings. Atlantic Highlands is estimated to see average tax levy savings of \$255,000 per year if new teachers are hired in the first year of the new regionalization (which is unlikely given that most Sea Bright students will still be attending Oceanport and Shore Regional during the initial years). If the hiring of new teachers is delayed or deemed unnecessary by the new school board, Atlantic Highlands will save \$520,000. Highlands is anticipated to save \$877,000 (with new teachers) and \$1,077,000 (without new teachers) which will; clearly be sufficient to cover the temporary reduction in the Sea Bright contribution to the new regional in the initial years. The original study was concerned that Atlantic Highlands savings might not be sufficient to cover these increased costs and recommended a transitional allocation for the first five years based 87.5% on pupil enrollment and 12.5% equalized valuations. Given the updated numbers and the provisions of S3488, it does not appear that a transitional allocation of costs in the new regional will be necessary.

Finally, we do not envision any substantial negative impact on Sea Bright in applying the methodology used in S3488. Even if a transitional allocation methodology for the new regional is adopted, the Sea Bright contributions to all three entities (new regional, Shore Regional and Oceanport) in the aggregate should not substantially change give that S3488 provides for the transitional contribution to both Shore Regional and Oceanport to be reduced by the contribution to the new regional.

C. State Aid Hold Harmless

The bill also provides a State aid hold harmless for new regional districts. The regionalizing district will receive annually (through the 2028-29 school year) no less State aid than the former constituent districts received in the year prior to the creation of the regional districts. This is an important component of the bill and serves to implement one of our assumptions in the updated report.

D. Additional State Aid

S3488 also provides additional State aid to districts considering regionalization that have a positive State aid differential. P.L.2018, c.67 (C.18A:7F-67 et al.), commonly referred to as S-2, established a schedule for the reduction in the State aid of school districts with a positive State aid differential. State aid differential is the amount of State aid that the district received in the prior school year (in certain categories) **minus** the sum of aid in certain categories of aid in the following school year. In the case of a school district in which the State aid differential is positive, S-2 provides that the differential would be reduced by a certain percentage each school year: 13

percent in the 2019-2020 school year; 23 percent in the 2020-2021 school year; 37 percent in the 2021-2022 school year; 55 percent in the 2022-2023 school year; 76 percent in the 2023- 2024 school year; and 100 percent in the 2024-2025 school year. S3488 lengthens that phase-out for such districts who have received an approved LEAP grants as follows:

- (1) 30 percent in the 2021-2022 school year;
- (2) 37 percent in the 2022-2023 school year;
- (3) 46 percent in the 2023-2024 school year;
- (4) 55 percent in the 2024-2025 school year;
- (5) 65.5 percent in the 2025-2026 school year;
- (6) 76 percent in the 2026-2027 school year;
- (7) 88 percent in the 2027-2028 school year; and
- (8) 100 percent in the 2028-2029 school year.

However, if the district has not regionalized within two years following the grant application, it will no longer be eligible for the lengthened phase-out.

This additional State aid was not included in the original study given that the bill had not passed the legislature at that time. In the 2021-22 school year, both Highlands and Henry Hudson Regional received less school aid in SY2022 than the district received in SY2021. However, the amount of the differential that will be phased out is relatively small, Highlands lost \$94,650 in school aid and Henry Hudson Regional lost \$119,367. One of the main drivers of this loss is adjustment aid which is being received by both districts, Highlands received \$137,899 in Adjustment Aid and Henry Hudson received \$119,367 in adjustment aid. If the legislation was currently in effect, instead of losing 37% of its aid differential in 2021-22, the districts would lose only 30%, which would provide some additional savings. Atlantic Highlands does not receive adjustment aid and received additional aid in the 2021-22 school year (\$27,573) and, therefore, would not likely qualify for the additional funding.

E. Costs of School Election

S3488 also provides for the State to assume the cost of the school election held regarding regionalization provided the decision to hold the referendum was based on a feasibility study funded by a regionalization grant pursuant to the bill.

F. Transitional Methodology

S3488 provided that the voters of communities seeking regionalization may agree to a "transitional methodology" that would buffer against some of the financial risks associated with the initial years of regionalization. This would also need to be approved by the Commissioner of Education. The transitional allocation of costs referenced above would be authorized under this provision. In addition, the Borough Councils of Atlantic Highlands, Highlands and Sea Bright during the discussion of the original 2020 study discussed establishing a transitional circuit breaker fund. The fund would be created through annual contributions (limited to \$200,000 annually) by Sea Bright. The circuit breaker will be triggered if either Atlantic Highlands or Highlands experiences an increase of more than ten percent in the ratio of its own local levy to the combined

levies of all the constituent districts. The ratio will be calculated for the first year of the establishment of the new regional district and, if the levy in any subsequent year pushes the community over a ten percent increase, it will receive a distribution from the fund to bring its ratio to no more than a 10% increase. The fund will continue for ten years and after this time any money remaining in the fund will be returned to Sea Bright. The language in S3488 will allow the communities to move forward with this circuit breaker proposal.

The consultants would also recommend that the districts request the Commissioner of Education to continue the provision of Preschool Expansion Aid for a period of ten years. Highlands received Preschool Expansion Aid through a competitive application process and is using these funds to operate its preschool program. Highlands, received State Pre-school Expansion Aid in the amount of \$367,119 for the 2021-22 school year. Given that this aid category is discretionary, a specific request to the Commissioner to continue such funding pursuant to the authority in this section would be prudent.

G. Governance

In addition to the above financial provisions of S3488, the bill changes the manner in which board members of the newly created regional will be apportioned among the constituent communities. The current Highlands Board of Education, Atlantic Highlands Board of Education and Henry Hudson Regional School District will be dissolved and replaced by a single All-Purpose Board of Education. The governance of the newly created regional school district will be dictated by statute. *N.J.S.A. 18A:13-8* provides that the “board of education of a regional district shall consist of nine members unless it consists of more than nine constituent districts, in which case the membership shall be the same as the number of constituent districts, plus one. If there are nine or less constituent districts, the members of the board of education of the regional district shall be apportioned by the executive county superintendent or executive county superintendents of the county or counties in which the constituent districts are situate, among said districts as nearly as may be according to the number of their inhabitants except that each constituent district shall have at least one member.” Population is based on the decennial United States Census. The goal of the statute is to allocate the members as nearly as possible to the respective populations in those municipalities.

A number of methods can be used to allocate the membership of the board and the bill provides that the boards may adopt a specific allocation methodology (notwithstanding the provisions of *N.J.S.A. 18A:13-8* or any other law, rule, or regulation to the contrary) provided that each constituent district shall have at least one member. The calculation and method of apportionment chosen need not be approved by the commissioner or her representative. The first board of education of the newly formed regional shall be constituted from the members of the former constituent districts pending the first school board member election.

The original feasibility study recommended that a strict population method be used requiring a simple calculation whereby the population of each individual municipality is divided by the total regional district population resulting in a percentage for each municipality which totals 100%. This percentage represents the average number of persons for each board seat or the ideal size. Then each municipality's population is divided by the ideal size to determine the number of

members to be allocated to that municipality. Applying the percentages to a nine member board: Sea Bright would have 1 member; Atlantic Highlands would have 4 members; and Highlands would have 4 members. We recommend that the new regional authorize this methodology pursuant to S3488. It should be noted, however, that the above information is only intended as a guide to the allocation methods and the actual allocations that will be computed by the county superintendent may differ due to changes in the census data being used (the above allocation was based on the 2010 census data and the 2020 census data should be available shortly).

IV. CONCLUSION & RECOMMENDATIONS

The consultants studied the dissolution of the Henry Hudson Regional School District and the formulation of a new all-purpose regional school district with Atlantic Highlands, Highlands, and Sea Bright as constituent members. The financial section analyzed the feasibility of unifying these communities and the impact on the existing relationship Sea Bright has with Oceanport and Shore Regional.

To ensure the overall allocation aligned with a proportion share of the regional tax levy, the consultants used audited data to project revenues and expenditures to determine the allocation percentages between equalized valuation and enrollment. Consistent with the prior 2020 study, the consultants recommend setting the allocation at 95% enrollment and 5% equalized valuation. All districts save a significant amount of tax levy through the inclusion of Sea Bright and the cost savings generated by unifying Atlantic Highlands, Highlands, and Henry Hudson into an all-purpose regional.

The State's direction is to reduce the number of operating school districts state-wide while creating PK-12 structures where practicable. Indeed, the purpose of the LEAP grant program is to investigate whether unifying school districts into an all-purpose regional district can save money and improve efficiencies.

New Jersey does not currently offer assurances that aid for a unified district will remain unchanged from the total received by the constituent districts prior to unification. However, as detailed in the section on S3488, both houses of the legislature have passed this legislation to assist communities interested in regionalizing. S3488 provides additional assurances related to the financial stability of newly regionalized communities.

Given the financial pressures on smaller districts, the all-purpose regional offers opportunities for additional non-instructional financial savings thereby maintaining or expanding the instructional program. The proposed all-purpose regional saves about \$300,000 if the new regional can accommodate the Sea Bright Students with existing staff. It improves both economic and logistical efficiencies. Sea Bright students will attend the regional schools and are expected to receive a rich educational experience.

From a financial perspective, an all-purpose regional provides tax levy savings for all constituent communities compared to the status quo, heightening the likelihood of a successful passage of a referendum in all impacted communities. Atlantic Highlands and Highlands will experience tax levy reductions primarily from Sea Bright's participation in the regional but also from the modest savings generated from unifying the constituent communities in the current regional. Sea Bright will experience a correction to its existing tax allocation with Shore Regional, with projected costs per pupil in excess \$200,000. This realignment explains Sea Bright's tax levy reduction. Indeed, under the proposed allocation of 95% enrollment and 5% equalized valuation, Sea Bright will contribute more than the actual per pupil cost to the new all-purpose regional district with Atlantic Highlands and Highlands.

The proposed regional also makes sense geographically. The regional schools are marginally closer than the schools in Oceanport and Shore Regional. The distances to the respective elementary schools in the new regional range from 3.6 to 6.2 miles compared to Oceanport at 5.5 to 6.5 miles. Henry Hudson Regional High School is 3.7 miles from Sea Bright compared to 7.1 miles to Shore Regional High School.

Given the analysis herein, a unified PK-12 all-purpose regional is financially viable, which is a significant driver to recommend this reconfiguration. Additionally, the close existing working relationship among the districts and proximity also provide strong motivation for entering into this new relationship.

Appendix AA – Shared Services Summary

This schedule highlights each constituent local public school districts’ shared services as Stated in the User-Friendly Budget and through discussions with the Business Administrator.

Atlantic Highlands

Superintendent and Assistant Sup.	Superintendent is shared equally between Atlantic Highlands, Highlands, and Henry Hudson Regional.
Business Services	Business Administrator is shared equally between Atlantic Highlands and Henry Hudson Regional.
Insurance Coverages & Benefits	Workers Comp - NJ School Insurance Group.
Curriculum Services	Supervisor of Curriculum and Instruction is shared equally between Atlantic Highlands, Highlands, and Henry Hudson Regional.
Technology Services	Network administrator is shared between Atlantic Highlands, Highlands, and Henry Hudson Regional.
Professional Staff Development	Professional development in-service days are shared by all three schools.
Staffing – Others	Spanish Teacher is shared with Highlands School District.
Recycling	Recycling is provided through the borough
Special Education Services	LDTTC is shared with Highlands School District. Supervisor of Special Services is shared equally between Atlantic Highlands, Highlands, and Henry Hudson Regional.
Social Worker/Psychologist	Psychologist is shared with Highland School district.
Transportation Services, including Fuel	Transportation is provided for special education students, when needed, by Henry Hudson Regional. Transportation for non-public schools is provided by MOESC.

Highlands

Superintendent and Assistant Sup.	Superintendent is shared equally between Atlantic Highlands, Highlands, and Henry Hudson Regional.
Business Services	Business Administrator is shared equally between Atlantic Highlands and Henry Hudson Regional.
Insurance Coverages & Benefits	Workers Comp - NJ School Insurance Group.
Curriculum Services	Supervisor of Curriculum and Instruction is shared equally between Atlantic Highlands, Highlands, and Henry Hudson Regional.
Technology Services	Network administrator is shared between Atlantic Highlands, Highlands, and Henry Hudson Regional.
Professional Staff Development	Professional development in-service days are shared by all three schools.
Staffing – Others	Spanish Teacher is shared with Atlantic Highlands School District.
Purchasing	Purchases completed through Co-ops and State Contracts.
Municipal/Public Works	Trash and Plowing provided by the Borough of Highlands.
Special Education Services	Supervisor of Special Services is shared equally between Atlantic Highlands, Highlands, and Henry Hudson Regional. LDTTC is shared with Atlantic Highlands School District.
Transportation Services, including Fuel	Transportation Services provided via Henry Hudson, Middletown and MOESC.

Henry Hudson Regional

Superintendent and Assistant Sup.	Superintendent is shared equally between Atlantic Highlands, Highlands, and Henry Hudson Regional.
Business Services	Business Administrator is shared equally between Atlantic Highlands and Highlands School Districts.
Insurance Coverages & Benefits	Workers Comp - NJ School Insurance Group.

Curriculum Services	Supervisor of Curriculum and Instruction is shared equally between Atlantic Highlands, Highlands, and Henry Hudson Regional.
Technology Services	Network administrator is shared between Atlantic Highlands, Highlands, and Henry Hudson Regional.
Professional Staff Development	Professional development in-service days are shared by all three schools.
Staffing – Others	Community Information Coordinator shared between Atlantic Highlands and Highlands Elementary Schools and Henry Hudson Regional School.
Special Education Services	Supervisor of Special Services is shared equally between Atlantic Highlands, Highlands, and Henry Hudson Regional.
Purchasing	Gas and Electric purchased through the ACES Program Telephone Alliance for Competitive Communication Supplies purchased through ESCNJ Bids.
Transportation Services, including Fuel	Special Ed transportation and non-public transportation provided by MOESC. Special Ed transportation for Atlantic Highlands and Highlands Elementary Schools provided by Henry Hudson Regional School. Transportation provided for Union Beach Board of Education by Henry Hudson Regional School.
Others	Bus Fuel Purchased from Atlantic Highlands Municipal Harbor. Field Maintenance shared with Highlands Borough.

Oceanport

Curriculum Services	Regional HS provides consult
Insurance Coverages and Benefits	NJSIG
Municipal/Public Works	Snow plowing/ grounds services
Transportation Services, including Fuel	SRHS Regional provides transportation coordination MOESC provides transportation services
Purchasing	ACES/ACT ESC's ED DATA

Shore Regional

Business Services	SHORE REGIONAL SHARES A BUSINESS ADMINISTRATOR WITH WEST LONG BRANCH AND INTERLAKEN AS WELL AS AN ASSISTANT BA WITH WEST LONGBRANCH
Insurance Coverages & Benefits	SHORE REGIONAL IS PART OF THE SCHOOL ALLIANCE INSURANCE FUND
Curriculum Services	SHORE REGIONAL SHARES A CURRICULUM DIRECTOR WITH MONMOUTH BEACH, OCEANPORT, AND WEST LONG BRANCH SCHOOLS
Staffing – Others	SHORE REGIONAL SHARES A SECURITY DIRECTOR AND TRANSPORTATION DIRECTOR WITH OCEANPORT AND WEST LONG BRANCH SCHOOLS
Purchasing	SHORE REGIONAL USES ED DATA CO-OPS FOR SUPPLY ORDERS
Social Worker/Psychologist	SHORE REGIONAL SHARES A SOCIAL WORKER WITH WEST LONG BRANCH SCHOOLS
Transportation Services, including Fuel	SHORE REGIONAL HAS TRANSPORTATION JOINTURES WITH OCEANPORT, DEAL, ALLENHURST, INTERLAKEN, LOCH ARBOUR, AND MARLBORO SCHOOLDISTRICTS. SHORE ALSO USES MOESC FOR SOME ROUTES TO PSSD.

Appendix AB – Transportation Efficiency Models & Practices

To help districts improve its transportation efficiency, the NJDOE has established the following models and practices.

Models of Transportation Efficiency

Local boards of education may utilize a number of methods to increase their use of school vehicles, and, therefore, their transportation efficiency. These practices encourage the more efficient use of vehicles and cost savings.

- Tier school opening and closing times - School opening and closing times should be staggered in such a way as to enable the use of a single vehicle for several routes. The development of additional tiers can result in the need for fewer vehicles to service the same number of students.
- Coordinate school calendars (Public and Nonpublic) - Coordinate the start and end of the school year, as well as school holidays and teacher in-service days, so that school calendars for both public and nonpublic schools are consistent and uniform. This will assist school districts in better coordinating public and nonpublic school transportation, may enable districts to fill a route with both public and nonpublic school students, and may necessitate the use of fewer vehicles to transport the same number of students.
- Provide out of district transportation through a coordinated transportation services agency - Since the number of students attending a specific out of district school is usually fewer than the number of students attending a school within a school district, utilizing coordinated or regionalized transportation services will likely result in a higher capacity utilization of the buses transporting students to that out of district school. One route could service several districts whose students attend the same out of district school.
- Provide services through jointures, either as a host or joiner - When school districts form jointures to provide transportation services, the host district has the opportunity to fill what would have been empty seats on their route, and the joiner is able to provide transportation to their own students without using one of their own buses or contracting for the service while leaving some seats empty.
- Optimizing route design - The design of routes that service the largest numbers of students with the least amount of stops. Such routes may mix public and nonpublic school students and/or have multiple schools as destinations.
- Design routes with multiple destinations - When a route to a certain school passes one or more schools located along that route, the bus will be more fully utilized if children attending those other schools who live along that route can be added to the route. The bus would then stop at each of the schools along the route.
- Mix public and nonpublic school students on the same routes - Public and nonpublic school students living in the same neighborhood and attending schools located close to each other could be placed on the same bus route with both schools as the destination. This would alleviate the need

for two separate routes following the same roadways to similar destinations, and result in fewer vehicles to service the same number of students.

- Standardize ride-time policies for all districts participating in consolidated services - When districts with different ride-time policies (i.e., limits on the length of time a student may ride on a bus) attempt to use the same consolidated transportation services agency, the differences in the policies place constraints on the ability of the agency to provide transportation which meets all of the varying policies. Limiting the transportation for all participants to the shortest ride-time policy of its members could result in the inability of the agency to provide transportation to any of the participants.
- Package bids with tiered routes - The design of bid packages which would require contractors to bid on a package of routes which have been tiered for efficiency. This practice would prevent contractors from picking and choosing the most profitable routes while failing to bid on more demanding routes or routes with a lower profit margin. The packaging of bids with tiered routes enables bulk bidding and leads to volume discounts from school bus contractors wishing to bid on the entire package.
- Use municipal/school district joint bidding for maintenance, fuel, etc. - Savings can be realized by combining the needs of both the municipality and school district into one bid, which would be more likely to result in volume discounts from vendors.

Appendix AC: Historical and Projected Enrollments

Table A1
Sea Bright Historical Enrollments (PK-12)
2015-16 to 2020-21

Year	PK RE ¹	K	1	2	3	4	5	6	7	8	9	10	11	12	SE ²	PK-8 Total ³	9-12 Total ⁴	PK-12 Total
2015-16	1	3	6	4	4	5	3	0	9	5	3	15	3	5	0	40	26	66
2016-17	2	2	4	6	4	5	5	3	0	10	7	6	14	3	0	41	30	71
2017-18	2	5	0	3	4	1	4	3	3	0	7	5	7	10	0	25	29	54
2018-19	0	5	6	1	3	4	2	6	3	3	2	6	6	6	0	33	20	53
2019-20	0	1	4	6	1	2	4	1	6	3	4	2	4	4	0	28	14	42
2020-21	0	6	1	4	7	3	2	6	3	6	2	5	2.5	3	0	38	12.5	50.5
Average 6-Year Differences		0.3351 ⁵	-0.2000	0.0000	-0.2000	-0.2000	0.0000	+0.2000	+0.4000	+0.2000	+0.3000	+0.2000	-0.2000	-1.6000	0.0000 ⁶			

Notes: ¹ Pre-kindergarten regular education enrollment.

² Self-contained special education enrollment/ungraded students.

³ PK-8 enrollments were provided by the Oceanport School District.

⁴ Grade 9-12 enrollments were provided by the Shore Regional High School District.

⁵ Average birth-to-kindergarten cohort-survival ratio based on birth data five years prior.

⁶ Average proportion of special education students with respect to PK-12 subtotals.

Table A2
Oceanport Historical Enrollments (PK-8)
2015-16 to 2020-21

Year¹	PK RE²	K	1	2	3	4	5	6	7	8	SE³	PK-8 Total
2015-16	34	67	53	57	66	53	61	56	73	67	27	614
2016-17	35	52	70	53	57	65	54	61	59	77	20	603
2017-18	20	57	52	72	54	56	68	54	60	62	24	579
2018-19	22	61	60	56	73	56	58	74	54	60	20	594
2019-20	16	60	61	61	62	74	54	58	74	54	24	598
2020-21	4	39	51	53	59	62	68	53	57	72	19	537
Average 6-Year Ratios		0.9855 ⁴	0.9895	0.9982	1.0214	1.0036	0.9968	1.0139	1.0040	1.0157	0.0395 ⁵	

Notes: ¹ Enrollment data were provided by the New Jersey Department of Education (<http://www.nj.gov/njded/data/enr/>).

² Pre-kindergarten regular education enrollment.

³ Self-contained special education enrollment/ungraded students.

⁴ Average birth-to-kindergarten ratio based on birth data five years prior for both Sea Bright and Oceanport using last five years of historical data.

⁵ Average proportion of special education students with respect to PK-8 subtotals.

Table A3
Atlantic Highlands Historical Enrollments (PK-6)
2015-16 to 2020-21

Year¹	PK RE²	K	1	2	3	4	5	6	SE³	PK-6 Total
2015-16	39	43	37	33	36	50	41	39	9	327
2016-17	32	39	46	43	31	39	47	44	14	335
2017-18	37	31	35	44	43	27	39	49	13	318
2018-19	48	36	31	35	42	40	30	37	12	311
2019-20	49	36	37	31	37	39	36	28	8	301
2020-21	0	44	33	37	31	37	36	31	6	255
Average 6-Year Ratios		1.0068 ⁴	0.9823	1.0237	0.9902	0.9626	0.9748	0.9718	0.0257 ⁵	

Notes: ¹Enrollment data were provided by New Jersey Department of Education (<http://www.nj.gov/njded/data/enr/>).

² Pre-kindergarten regular education enrollment.

³ Self-contained special education enrollment/ungraded students.

⁴ Average birth-to-kindergarten ratio based on birth data five years prior using last three years of historical data.

⁵ Average proportion of special education students with respect to PK-6 subtotals using last two years of historical data.

Table A4
Highlands Historical Enrollments (PK-6)
2015-16 to 2020-21

Year¹	PK RE²	K	1	2	3	4	5	6	SE³	PK-6 Total
2015-16	24	36	18	23	26	18	19	23	5	192
2016-17	24	29	28	20	22	24	19	24	0	190
2017-18	29	22	29	25	23	21	29	22	0	200
2018-19	20	28	21	28	21	18	19	25	9	189
2019-20	22	24	28	19	28	21	15	18	4	179
2020-21	15	25	21	27	21	21	21	15	8	174
Average 6-Year Ratios		0.7189 ⁴	0.9215	0.9677	1.0104	0.8820	1.0004	1.0461	0.0403 ⁵	

Notes: ¹Enrollment data were provided by New Jersey Department of Education (<http://www.nj.gov/njded/data/enr/>).

² Pre-kindergarten regular education enrollment.

³ Self-contained special education enrollment/ungraded students.

⁴ Average birth-to-kindergarten ratio based on birth data five years prior.

⁵ Average proportion of special education students with respect to PK-6 subtotals based on last three years of historical data.

Table A5
Shore Regional Historical Enrollments (9-12)
2015-16 to 2020-21

Year¹	9	10	11	12	SE2	9-12 Total
2015-16	156	146.5	154.5	151.5	0	608.5
2016-17	153.5	171	141.5	155	0	621
2017-18	171.5	158.5	174.5	141	0	645.5
2018-19	160	162	144	167	0	633
2019-20	144.5	169.5	147	146.5	11.5	619
2020-21	141	144.5	152.5	142.5	13.5	594
Average 6-Year Ratios	0.9165 ³	1.0265	0.9404	0.9887	0.0211 ⁴	

Notes: ¹Enrollment data were provided by New Jersey Department of Education (<http://www.nj.gov/njded/data/enr/>).

²Self-contained special education enrollment/ungraded students.

³Grade 8-9 ratio computed using aggregated 8th grade counts from the school districts of Oceanport, Monmouth Beach, and West Long Branch.

⁴Average proportion of special education students with respect to 9-12 subtotals using last two years of historical data.

Table A6
Henry Hudson Regional Historical Enrollments (7-12)
2015-16 to 2020-21

Year¹	7	8	9	10	11	12	SE²	7-12 Total
2015-16	58	59	43	48.5	42.5	36	7.5	294.5
2016-17	58	54	58.5	45.5	40.5	43.5	7	307
2017-18	61	61	43.5	59	43.5	40.5	4	312.5
2018-19	71	61	53	39	49	34	0	307
2019-20	63	70	47	50.5	40	51	6	327.5
2020-21	49	58	60.5	41	51	38.5	4.5	302.5
Average 6-Year Ratios	0.9828 ³	0.9779	0.8601	0.9577	0.9314	0.9617	0.0160 ⁴	

Notes: ¹Enrollment data were provided by New Jersey Department of Education (<http://www.nj.gov/njded/data/enr/>).

²Self-contained special education enrollment/ungraded students.

³Grade 6-7 ratio computed using aggregated 6th grade counts from Atlantic Highlands and Highlands.

⁴Average proportion of special education students with respect to 7-12 subtotals.

Table A7
Sea Bright Projected Grade PK-12 Enrollments
2021-22 to 2025-26

Year	PK RE¹	K	1	2	3	4	5	6	7	8	SE²	PK-8 Total³	9	10	11	12	9-12⁴ Total	PK-12 Total
2021-22	0	2	6	1	4	7	3	2	6	3	0	34	6	2	5	1	14	48
2022-23	0	3	2	6	1	4	7	3	2	6	0	34	3	6	2	3	14	48
2023-24	0	4	3	2	6	1	4	7	3	2	0	32	6	3	6	0	15	47
2024-25	0	2	4	3	2	6	1	4	7	3	0	32	2	6	3	4	15	47
2025-26	0	3	2	4	3	2	6	1	4	7	0	32	3	2	6	1	12	44

Notes: ¹Pre-kindergarten regular education enrollment.

²Self-contained special education enrollment/ungraded students for grades PK-8.

³Projected number of students to attend the Oceanport School District.

⁴Projected number of students to attend Shore Regional High School.

Table A8
Oceanport Projected Grade PK-8 Enrollments
2021-22 to 2025-26

Year	PK RE¹	K	1	2	3	4	5	6	7	8	SE²	PK-8 Total
2021-22	16	47	39	51	54	59	62	69	53	58	20	528
2022-23	16	51	47	39	52	54	59	63	69	54	20	524
2023-24	16	68	50	47	40	52	54	60	63	70	21	541
2024-25	16	50	67	50	48	40	52	55	60	64	20	522
2025-26	16	55	49	67	51	48	40	53	55	61	20	515

Notes: ¹Pre-kindergarten regular education enrollment.

²Self-contained special education enrollment/ungraded students for grades PK-8.

Table A9
Atlantic Highlands Projected Grade PK-6 Enrollments
2021-22 to 2025-26

Year	PK RE¹	K	1	2	3	4	5	6	SE²	PK-6 Total
2021-22	0	36	43	34	37	30	36	35	6	257
2022-23	0	38	35	44	34	36	29	35	6	257
2023-24	0	39	37	36	44	33	35	28	6	258
2024-25	0	30	38	38	36	42	32	34	6	256
2025-26	0	36	29	39	38	35	41	31	6	255

Notes: ¹Pre-kindergarten regular education enrollment.

²Self-contained special education enrollment/ungraded students for grades PK-6.

Table A10
Highlands Projected Grade PK-6 Enrollments
2021-22 to 2025-26

Year	PK RE¹	K	1	2	3	4	5	6	SE²	PK-6 Total
2021-22	24	24	23	20	27	19	21	22	7	187
2022-23	24	24	22	22	20	24	19	22	7	184
2023-24	24	25	22	21	22	18	24	20	7	183
2024-25	24	22	23	21	21	19	18	25	7	180
2025-26	24	24	20	22	21	19	19	19	7	175

Notes: ¹Pre-kindergarten regular education enrollment.

²Self-contained special education enrollment /ungraded students for grades PK-6.

Table A11
Shore Regional High School District Projected Grade 9-12 Enrollments
2021-22 to 2025-26

Year	9	10	11	12	SE¹	9-12 Total
2021-22	166	145	136	151	13	611
2022-23	140	170	136	134	12	592
2023-24	127	144	160	134	12	577
2024-25	155	130	135	158	12	590
2025-26	136	159	122	133	12	562

Note: ¹Self-contained special education enrollment/ungraded students for grades 9-12.

Table A12
Henry Hudson Regional Projected Grade 7-12 Enrollments
2021-22 to 2025-26

Year	7	8	9	10	11	12	SE¹	7-12 Total
2021-22	45	48	50	58	38	49	5	293
2022-23	56	44	41	48	54	37	4	284
2023-24	56	55	38	39	45	52	5	290
2024-25	47	55	47	36	36	43	4	268
2025-26	58	46	47	45	34	35	4	269

Note: ¹Self-contained special education enrollment/ungraded students for grades 7-12.