

Henry Hudson Tri-District LEAP Grant Feasibility Study Findings

May 25, 2022

Henry Hudson Regional School

Presented by:
Kean University
Busch Law Group

Additional Information Provided by:
SSP Architects
Ross Haber and Associates, LLC

LEAP Grant

- 2020 - The Tri-District Boards of Education applied for a Local Efficiency Achievement Program (LEAP) Grant to fully investigate the possibility of consolidating the small Henry Hudson Regional, Highlands Elementary, and Atlantic Highlands School districts to form a new all-purpose regional K-12 school district and to analyze the feasibility of any other configurations with other districts in the geographic area, including Sea Bright
- May of 2021 the Tri-District was awarded a \$65,000 LEAP implementation grant
- The grant allowed 18 months to complete study with an approved timeline from the Department of Community Affairs for presentation to the Boards of Education in August of 2022 and a presentation to the public in September of 2022.
- To meet POSSIBLE referendum timelines, the Boards expedited the process to a May report to the Boards of Education AND to the public.

LEAP Grant – Experts conducting the study

- The Tri-District decided to hire experts in the following areas to complete the components of the study:
 - ❖ Kean University - Education and Education Finance Analysis
 - ❖ The Busch Law Group - Education Law/Contracts/Legal Analysis
 - ❖ SSP Architects - Facilities Analysis
 - ❖ Ross Haber and Associates, LLC - Demographic/Enrollment Study

Education Opportunities/Efficiencies – Areas Studied

- Administrative Structure/Governance
- Staffing
- School Calendar
- Instructional Time
- Class Schedules and Scheduling Methodology
- Curriculum and Instruction
 - ❖ Gifted and Talented, Elective and Advanced Placement Courses
 - ❖ Other Enrichment Courses/Opportunities
- Special Education Programs and Programs for Other Special Populations
 - ❖ Student Support Services
- Extra and Co-Curricular Activities

Education Opportunities/Efficiencies – Key Findings

- Students enrolled in the current Tri-District would not be significantly impacted by a shift to an all-purpose regional district
- The new all-purpose regional district would retain the two PK-6 and one 7-12 school model
 - ❖ No impact to transportation costs or administrative staffing in this model
 - ❖ All three regional districts currently follow the same school calendar
 - ❖ No impact on realigning/adjusting instructional days for students or in-service days for staff
 - ❖ Class sizes would not be impacted.
- Atlantic Highlands Elementary & Highlands Elementary have:
 - ❖ An approximate 10 minute differential to their school day/instructional time
 - ❖ Some trimester/semester variation of their grading and reporting windows
 - ❖ Operate under two different bell schedules
- No staff increase
- All three schools from the Tri-District utilize the same student information management system & website

Education Opportunities/Efficiencies – Recommendations for greater operational efficiency

- Restructuring the existing Tri-District Model to an all-purpose PK-12 Regional
 - ❖ The new all-purpose regional district should retain the two PK-6 and the one 7-12 school model (neighborhood schools)
 - ❖ Grade configurations of the existing Tri-District schools would remain the same
 - ❖ The current Central Office structure would essentially remain the same :
 - Should include (1) Superintendent, (1) Business Administrators (1) Supervisor of Special Services &(1) Director of C&I
 - ❖ Should include a shift to one (1) Board of Education composed of nine (9) members
 - ❖ Retain all three (3) principals per school and Vice Principal at Henry Hudson Regional

Education Opportunities/Efficiencies – Recommendations for greater operational efficiency

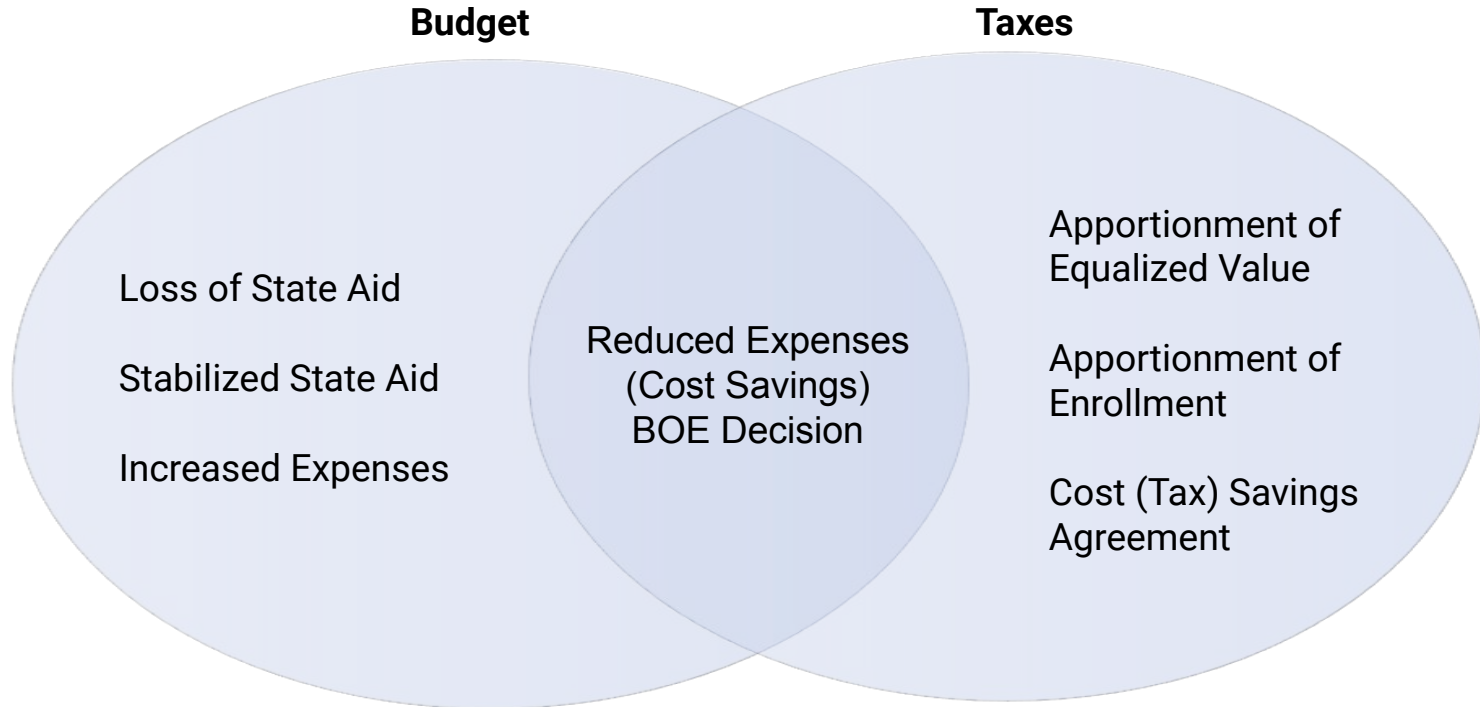
- Elementary schools should plan to phase in to the same bell schedule
 - ❖ For consistency purposes/shared staff/ student programs/CBA's
- A further study of the combination and consolidation of the elementaries' extra & co-curricular activities
- Create plan for consistent length of school day/instructional time for elementary schools and eliminate variation in grading and reporting windows:
 - ❖ A phase in adjustment be made for consistency, community understanding & planning purposes
 - ❖ Should be finalized according to any new Collective Bargaining Agreement

Financial Analysis Scenarios

Four scenarios were examined:

1. Continuing the existing Henry Hudson Limited Purpose Regional which serves students from Atlantic and Highlands in grades 7-12,
2. The creation of an all-purpose PK-12 regional school district that consolidates Atlantic, Highlands, and Hudson and uses the current apportionment method to allocate the regional tax levy amongst the two communities,
3. The creation of an all-purpose PK-12 regional school district that consolidates Atlantic, Highlands, and Hudson and which implements a net savings sharing agreement, and
4. The creation of an all- purpose PK-12 regional school district that consolidates Atlantic, Highlands, Hudson and Sea Bright, focusing on variables such as state-aid, local tax levies, apportionment scenarios, cost savings.

Financial Analysis Budget Versus Tax



Financial Analysis

Cost Savings

Table 10:
Cost Savings in the Proposed All-purpose Regional School District

Costs	Amount
Estimated Cost Savings (expressed as positive numbers)	
Reduction of business office staff	145,000
Reduction in audit costs	10,000
Reduction in professional services costs	50,000
Reduction of duplicative services	105,000
Reduction in Special Ed Cost	10,000
Estimated New Costs (expressed as negative numbers)	
Dissolution/Expansion Costs	-40,000
Salary Guide Reconciliation	-10,000
Average One-time Net Cost Savings	270,000

Financial Analysis

Status Quo

Table 21:
Scenario 2 — Fiscal Year 2024 Apportionment of Tax Levy, Proposed All-Purpose Regional

Enrollment / Eq. Val.	Atlantic Highlands (AH)	Highlands Borough (HB)	FY24 AH/HB Total	FY24 AH/HB Status Quo	Savings to Atlantic Highlands	Savings to Highlands Borough	AH % Share of Savings	HB % Share of Savings
100% / 0%	10,976,579	7,507,297	18,483,876	18,884,822	-659,444	1,060,390	0.00%	100.00%
90% / 10%	10,909,998	7,573,878	18,483,876	18,884,822	-592,863	993,809	0.00%	100.00%
80% / 20%	10,843,418	7,640,459	18,483,877	18,884,822	-526,283	927,228	0.00%	100.00%
70% / 30%	10,776,837	7,707,039	18,483,876	18,884,822	-459,702	860,648	0.00%	100.00%
60% / 40%	10,710,257	7,773,620	18,483,877	18,884,822	-393,122	794,067	0.00%	100.00%
50% / 50%	10,643,676	7,840,200	18,483,876	18,884,822	-326,541	727,487	0.00%	100.00%
40% / 60%	10,577,096	7,906,781	18,483,877	18,884,822	-259,961	660,906	0.00%	100.00%
30% / 70%	10,510,515	7,973,361	18,483,876	18,884,822	-193,380	594,326	0.00%	100.00%
20% / 80%	10,443,935	8,039,942	18,483,877	18,884,822	-126,800	527,745	0.00%	100.00%
10% / 90%	10,377,354	8,106,522	18,483,876	18,884,822	-60,219	461,165	0.00%	100.00%
0% / 100%*	10,310,773	8,173,103	18,483,876	18,884,822	6,362	394,584	1.59%	98.41%

*The 0% Enrollment / 100% Equalized Valuation scenario represents how the current apportionment method applies to the proposed regional. In the "Savings" columns, negative numbers represent cost increases while positive numbers represent cost savings.

Financial Analysis

Proposed All-Purpose Regional – Tri District

Table 22:
Scenario 2 — FY24-FY29 Average Annual Apportionment of Tax Levy, Proposed All-Purpose Regional

Enrollment/ Eq. Val.	Atlantic Highlands (AH)	Highlands Borough (HB)	FY24-FY29 Average AH/HB Total	FY24-FY29 Average AH/HB Status Quo	Average Annual Savings to Atlantic Highlands	Average Annual Savings to Highlands Borough	AH % Share of Savings	HB % Share of Savings
100% / 0%	11,342,682	7,791,683	19,134,365	19,538,470	-880,715	1,284,820	0.00%	100.00%
90% / 10%	11,270,913	7,863,452	19,134,365	19,538,470	-808,946	1,213,050	0.00%	100.00%
80% / 20%	11,199,144	7,935,221	19,134,365	19,538,470	-737,177	1,141,281	0.00%	100.00%
70% / 30%	11,127,375	8,006,990	19,134,365	19,538,470	-665,408	1,069,512	0.00%	100.00%
60% / 40%	11,055,606	8,078,760	19,134,366	19,538,470	-593,639	997,743	0.00%	100.00%
50% / 50%	10,983,837	8,150,529	19,134,365	19,538,470	-521,869	925,974	0.00%	100.00%
40% / 60%	10,912,068	8,222,298	19,134,366	19,538,470	-450,101	854,205	0.00%	100.00%
30% / 70%	10,840,299	8,294,067	19,134,366	19,538,470	-378,332	782,436	0.00%	100.00%
20% / 80%	10,768,530	8,365,836	19,134,366	19,538,470	-306,563	710,667	0.00%	100.00%
10% / 90%	10,696,761	8,437,605	19,134,365	19,538,470	-234,793	638,898	0.00%	100.00%
0% / 100%*	10,624,992	8,509,374	19,134,365	19,538,470	-163,024	567,129	0.00%	100.00%

*The 0% Enrollment / 100% Equalized Valuation scenario represents how the current apportionment method applies to the proposed regional. In the “Savings” columns, negative numbers represent cost increases while positive numbers represent cost savings.

Financial Analysis

Proposed All-Purpose with Cost Savings Sharing

Table 23:
Scenario 3 — Fiscal Year 2024 – Fiscal Year 2029 Average Annual Apportionment of Tax Levy with Cost Savings Sharing Agreement, Proposed All-Purpose Regional

Enrollment / Eq. Val.	Atlantic Highlands (AH)	Highlands Borough (HB)	FY24-FY29 Average AH/HB Total	FY24-FY29 Average AH/HB Status Quo	Average Annual Savings to Atlantic Highlands	Average Annual Savings to Highlands Borough	AH % Share of Savings	HB % Share of Savings
100% / 0%	10,259,915	8,874,450	19,134,365	19,538,470	202,052	202,053	50.00%	50.00%
90% / 10%	10,259,915	8,874,450	19,134,365	19,538,470	202,052	202,053	50.00%	50.00%
80% / 20%	10,259,915	8,874,450	19,134,365	19,538,470	202,052	202,053	50.00%	50.00%
70% / 30%	10,259,915	8,874,450	19,134,365	19,538,470	202,052	202,053	50.00%	50.00%
60% / 40%	10,259,915	8,874,451	19,134,366	19,538,470	202,052	202,052	50.00%	50.00%
50% / 50%	10,259,915	8,874,450	19,134,365	19,538,470	202,052	202,053	50.00%	50.00%
40% / 60%	10,259,915	8,874,451	19,134,366	19,538,470	202,052	202,052	50.00%	50.00%
30% / 70%	10,259,915	8,874,451	19,134,366	19,538,470	202,052	202,052	50.00%	50.00%
20% / 80%	10,259,915	8,874,451	19,134,366	19,538,470	202,052	202,052	50.00%	50.00%
10% / 90%	10,259,915	8,874,450	19,134,365	19,538,470	202,052	202,053	50.00%	50.00%
0% / 100%	10,259,915	8,874,450	19,134,365	19,538,470	202,052	202,053	50.00%	50.00%

The example cost savings sharing agreement presented in this table assumes it is desirable to share savings equally between the two communities. Savings is equivalent in all apportionment scenarios since the annual cost savings is fixed and the savings-sharing formula is ensuring the fixed cost savings is split equally.

Financial Analysis

Proposed All-Purpose with Sea Bright

Table 24:
Scenario 4 — Fiscal Year 2024 – Fiscal Year 2029 Average Annual Apportionment of Tax Levy, Proposed All-Purpose Regional Including Sea Bright

Enrollment / Eq. Val.	Atlantic Highlands (AH)	Highlands Borough (HB)	Sea Bright (SB)	FY24 AH/HB Total	FY24-FY29 Average AH/HB Status Quo	Average Annual Savings to Atlantic Highlands	Average Annual Savings to Highlands Borough	Average Annual Savings to Sea Bright (Excludes transitional payments)	AH % Share of Savings	HB % Share of Savings	SB % Share of Savings
100% / 0%	10,868,900	7,465,576	799,890	18,334,475	19,538,470	-406,932	1,610,927	3,006,774	-9.66%	38.26%	71.41%
90% / 10%	10,453,856	7,257,056	1,423,453	17,710,912	19,538,470	8,111	1,819,447	2,383,210	0.19%	43.21%	56.60%
80% / 20%	10,038,813	7,048,536	2,047,017	17,087,349	19,538,470	423,155	2,027,967	1,759,647	10.05%	48.16%	41.79%
72% / 28%*	9,706,778	6,881,720	2,545,867	16,588,498	19,538,470	755,190	2,194,783	1,260,796	17.93%	52.12%	29.94%
70% / 30%	9,623,769	6,840,016	2,670,580	16,463,785	19,538,470	838,198	2,236,486	1,136,084	19.91%	53.11%	26.98%
60% / 40%	9,208,725	6,631,497	3,294,143	15,840,222	19,538,470	1,253,242	2,445,006	512,520	29.76%	58.07%	12.17%
50% / 50%	8,793,682	6,422,977	3,917,707	15,216,659	19,538,470	1,668,286	2,653,526	-111,043	39.62%	63.02%	-2.64%
40% / 60%	8,378,639	6,214,457	4,541,270	14,593,095	19,538,470	2,083,329	2,862,046	-734,606	49.48%	67.97%	-17.45%
30% / 70%	7,963,595	6,005,937	5,164,834	13,969,532	19,538,470	2,498,372	3,070,566	-1,358,170	59.33%	72.92%	-32.25%
20% / 80%	7,548,551	5,797,417	5,788,397	13,345,968	19,538,470	2,913,416	3,279,086	-1,981,733	69.19%	77.87%	-47.06%
10% / 90%	7,133,508	5,588,897	6,411,960	12,722,405	19,538,470	3,328,460	3,487,605	-2,605,297	79.05%	82.83%	-61.87%
0% / 100%	6,718,464	5,380,378	7,035,524	12,098,842	19,538,470	3,743,503	3,696,125	-3,228,860	88.90%	87.78%	-76.68%

*Reflects the optimal apportionment method that shares savings in each of the three communities equitably.

Financial Analysis

Key Findings

1. Highlands Borough and Henry Hudson Regional should elect to use the slower S2 phase out schedule as described in S3488 commencing FY23 (saving \$79,461 in State Aid for FY23),
2. Add a purpose to the existing limited purpose Henry Hudson Regional School District currently serving students from Atlantic and Highlands in grades 7-12 to include Atlantic, Highlands, and Sea Bright students in grades PK-12 to form an all-purpose PK-12 Henry Hudson Regional School District,
3. Use a 72% enrollment / 28% equalized valuation apportionment method to balance the projected tax levy savings amongst the three communities,
4. Explore the possibility of implementing a cost savings sharing agreement between Atlantic Highlands and Highlands to more equitably balance the projected cost savings in the two communities, **and**
5. Proceed with the formation of the regional school district described above as soon as possible.

CHANGES TO THE LAW

- S3488 Signed into law on January 18, 2022, substantially altered the pre-existing laws regarding school regionalization
- Became effective on January 18, 2022
- Among the many revisions, was the creation of a series of state “Local Efficiency Achievement Program” (LEAP) grants
- The LEAP Grants are intended to provide funds to promote the efforts of all local governments to promote shared services, including school consolidation efforts
- Recipient of LEAP Grants must comply with a series of specific requirements regarding school regionalization

TYPES OF REGIONAL SCHOOL DISTRICTS

- LIMITED PURPOSE
- ALL PURPOSE
 - ❖ Either type may also have a send-receive component

CONSOLIDATION OPTIONS

- OPTION I – ADD A NEW PURPOSE
 - ❖ Convert existing limited-purpose to all-purpose regional district
- OPTION II – ADD A NEW PURPOSE WITH ENLARGEMENT
 - ❖ Convert to all-purpose, plus add new district(s)
- OPTION III – DISSOLUTION OF EXISTING REGIONAL DISTRICT WITH CREATION OF ENTIRELY NEW REGIONAL DISTRICT
 - ❖ Dissolve the existing limited-purpose regional district and create an entirely new all-purpose regional district

MEMBER OPTIONS

- Include only the current districts of the Tri-District; or
- Include the current Tri-districts and one additional district; or
- Include the current Tri-districts and more than one additional district
 - ❖ For any of the above, include a sending district

TIME FOR CONVERSION OPTIONS

- Nothing in the law requires a one-time conversion
- One or more additional purposes could be added at different times
- One or more expansions could occur at different times

ADDING A PURPOSE BY CONVERTING TO ALL-PURPOSE REGIONAL DISTRICT

- For LEAP grant recipient applicants, following approval by the Division of Local Government Services/Department of Community Affairs (“DCA”) and the Commissioner of Education:
 - ❖ Regional Board must adopt resolution and proposal for submission to voters
 - ❖ Votes cast by voters in constituent districts of the current limited-purpose regional district only
 - ❖ Requires a majority vote of the constituent districts

CONVERSION BY ENLARGEMENT

- Following approval by DCA and the Commissioner:
 - ❖ The regional Board and Board or governing municipal body of each local district to be included must adopt a resolution and proposal for submission to voters
 - ❖ The election must be held on the same day in each district/municipality
 - ❖ Option for holding special election (September, December, January or March)

CERTIFICATION OF ENLARGEMENT ELECTION RESULTS

- The Board Secretary of the regional district and each local district must certify the outcome to the county superintendent with five days after the election
- The County Superintendent must verify the vote tally
- If approved, the enlarged regional district becomes effective on the 20th day following the election

CREATION OF NEW REGIONAL DISTRICT

- Following approval by DCA and the Commissioner:
 - ❖ Option to conduct at general or special election
 - ❖ The secretary of each local district proposed to be included must certify election results to County Superintendent with 5 days after the election
 - ❖ The County Superintendent must verify and certify that a majority of votes were cast for adoption in each district, consolidated district or municipality other than a constituent of a consolidated district
 - ❖ If approved, the proposal becomes effective on the 20th day following the election

APPORTIONMENT OF APPROPRIATIONS

- If the commissioner approves proposed regionalization:
 - ❖ Boards must frame and adopt a resolution stating the manner in which the amounts to be raised for annual appropriations shall be apportioned on the basis of any combination each municipality's equalized valuation and proportional number of students as of October 15 of the pre-budget year
 - ❖ The proposed apportionment also must be approved by the voters in each municipality

DISSOLUTION OF LOCAL DISTRICTS

- Once local districts have joined an enlarged or newly created regional district they must be dissolved
- Dissolution may not occur until the regional board takes charge and control of the educational facilities
- An enlarged regional district board may not take control earlier than July 1 of the calendar year following the year in which the election was held
- May be accelerated by agreement of the constituent districts if approved by the commissioner
- Taking control is subject to certification by the commissioner of suitable facilities

COMPOSITION OF REGIONAL BOARD FOLLOWING ENLARGEMENT OR CREATION

- Must consist of at least nine (9) members
- If more than nine (9) constituent districts, then same number as constituent districts, plus one (1)
- Each constituent district must have at least one (1) member
- Present regional Board and joining districts may agree on apportionment of membership based on each constituent district's inhabitants
- If not, then determined by County Superintendent

APPOINTMENT OF NEW BOARD MEMBERS

- Not later than 30 days after the election, a member from any new constituent district must be appointed
- Would serve until the first Monday after the first school election in April, or the first week in January, if annual school election is in November
- All members of the enlarged regional board would be elected in accordance with agreed upon apportionment at next annual school election following election to enlarge
- All members of a newly created regional board would be selected from members of constituent boards and would serve until first annual school election

TERMS OF NEWLY ELECTED BOARD MEMBERS

- For a nine (9)member board:
 - ❖ Three members shall be elected for three (3)years,
 - ❖ Three for two (2) years, and
 - ❖ Three for one (1)year

POWER OR ENLARGED REGIONAL BOARD TO TAKE CONTROL OF FACILITIES

- Commissioner first must certify suitable facilities
- Certification is made to regional Boards before enlargement
 - ❖ Regional board may not take control earlier than July 1 of calendar year following that in which election was held
 - ❖ However, earlier time may be agreed to by Board with commissioner's approval, prior to enlargement
 - ❖ Absent the need for any significant facility utilization changes or new, special structural accommodations, process should be relatively straightforward
- After takeover, may do all acts and things necessary for proper organization and functioning of the schools

EFFECT OF ENLARGEMENT OR CREATION OF REGIONAL DISTRICT ON EXISTING EMPLOYEES

- If application is submitted and approved in accordance with LEAP grant:
 - ❖ Tenure and seniority rights of all employees from the affected, constituent, replaced, displaced, or dissolved districts, except superintendents without prior underlying tenure and seniority rights, must be recognized and preserved by the newly formed regional district
 - ❖ All periods of employment the school districts would count toward acquisition of tenure and seniority in the newly formed regional district, and all statutory and contractual rights to accumulated sick leave, leaves of absence, and pension of an employee that have been acquired through employment in the districts must be recognized by the newly formed regional district.

EFFECT ON EMPLOYEES – CONT'D

- All employees having statutory seniority would be placed on a seniority list in the event of any downsizing in staff resulting from the regionalization
- Any employee not covered by statutory seniority rights must be placed on a seniority list in accordance with the employee's years of employment in the constituent districts
- All principals, teachers and employees of the dissolving constituent school districts would be transferred to the newly formed regional school district and those having tenure would be placed at the same or nearest equivalent position
- All periods of prior employment will count toward the acquisition of tenure

EFFECT ON EMPLOYEES – CONT'D

- The salary guide and terms and conditions of employment, whether established through a collective negotiations agreement or past practice, of the largest constituent school district shall apply in full after three years following the formation of the regional district or until a successor agreement is negotiated with the majority representative of the new school district, whichever occurs first
- In the event that there is no constituent district made up of only the identical grade levels, the salary guide and terms and conditions of employment that will apply must be based upon the terms and conditions of employment of the largest constituent district containing the identical grade levels

LEGAL CONSIDERATIONS AND CONCERNS

- New law with significant changes
 - ❖ First application under new law?
 - ❖ No DOE regulations
 - ❖ No prior experience with new provisions
- Sea Bright's withdrawal from Oceanport and Shore Regional
 - ❖ Requires commissioner's approval before any referendum
 - ❖ Possible objections by Oceanport and/or Shore Regional
 - ❖ Possible litigation delays and costs
- Enlargement v. Dissolution
 - ❖ Relative complexity
 - ❖ Relative costs/benefits

Summary Recommendations

- Boards of Education of the Tri-District should work to add a purpose to the existing limited-purpose Regional School District (Henry Hudson) and enlarge the district to include Atlantic Highlands and Highlands to lock in FY23 state aid savings
- Work with municipalities to implement a cost-sharing agreement to more equitably distribute tax levy savings under recommended apportionment of 72% enrollment/28% equalized valuation
- Sea Bright should be added to the enlargement as soon as the terms of their withdrawal from Oceanport and Shore Regional are approved by the DOE to increase tax levy savings for Highlands and Atlantic Highlands

QUESTIONS

- Questions/ will be taken first from members of the Boards of Education
- Public Comment will be opened
 - ❖ 3 minute time limit to explain question and/or comment
 - ❖ All questions will be recorded and then answered by the panel of experts once all questions/comments have been submitted regarding the presentation