

Strategic Planning Committee Findings

Our committee discussed several consolidation options, but we decided to focus on the possibility of consolidating with Lebanon Township. Lebanon Township schools are closer to Califon geographically, and demographic studies suggest that, unlike Tewksbury, they will have a relatively stable student population for the next decade. Furthermore, one major impetus to merge with a nearby district would be possible cost savings. Tewksbury's operating cost per student has usually been higher than Califon's, whereas Lebanon Township's cost per student is often slightly less than Califon's. Merging with a district that has high operating costs, and which may soon need to pass a referendum to build another new school (or add-on to their existing schools) would likely increase, not decrease, our taxes.

Shared Services:

We looked at shared services in a joint meeting with Lebanon Township school officials. As one can see by reading the minutes of that meeting, we looked at sharing teachers, administrators, child study team and computer tech services, as well as joint purchasing. Other than things we are already doing, we did not find any new areas to pursue which would reduce costs, or increase educational quality.

Consolidation:

A significant amount of money could be saved by consolidating Califon School with Lebanon Township. However, the amount of savings from consolidation expressed as a percentage of the total Califon-Lebanon Township budget would only be about 2.5%. This percentage savings when multiplied by the annual amount that Califon taxpayers pay for K-8 schooling (about \$4,000/yr for the average home) would equal about \$100 per year. When divided by their total property tax bill (incl. high school, county and municipal taxes) of \$8,000, the \$100/yr savings shrinks to only 1.25% of the total. This small amount of money saved is further reduced when the new 10-20% property tax rebates, and the state and federal deductibility of property taxes are taken into account.

While it may seem intuitive that even larger savings would follow if the Califon-Leb Twp district was folded into an even larger district, one must always bear in mind that the percentage saved will be a function of the total budget of the consolidated districts. Thus, if one were to consolidate the 31 Hunterdon districts into six k-12 districts, and if the average net savings from each of the 25 eliminated districts was \$200,000 per district, the \$5 million dollars would represent only about 2% of the amount that is spent countywide.

Likewise, if statewide consolidation efforts eliminated 500 of the 613 districts, and if the average savings was \$300,000 per district, the total saved would be \$150 million dollars. This sounds like a lot, but when you divide it by the roughly \$20 billion which is spent statewide, it represents a savings of just $\frac{3}{4}$ of 1%.

In short, the percentage saved is a function of a numerator, which consists of the savings from a consolidation, divided by a denominator, which consists of the total spending in the new enlarged district. The larger and larger amount of money, which is saved by creating larger and larger consolidations, must be evaluated in light of the larger and larger denominator. Thus, to save 1% of the Califon School budget only requires finding \$20,000 of savings. To save 1% in a Hunterdon countywide district requires \$2,500,000 of savings (because the denominator is \$250,000,000 instead of \$2,000,000).

Three Effects of Changes in Educational Structure:

A major change in the educational structure (e.g. consolidation) obviously has more than just financial effects; it would also have educational and political effects. For example, if Califon School were closed as part of a Califon-Leb Twp consolidation, the financial savings, as mentioned above would be a relatively modest 2.5%. However, the number of students per teacher, students per principal, and the chances of “making the cut” for the sports teams, would change more dramatically, as shown in the chart below:

Educational Ratios	Califon	Lebanon Township	Combined District
Student/Teacher	7.5 to 1	10.9 to 1	10.8 to 1
Student/Principal	140 to 1	420 to 1	490 to 1
Chance to make teams	100 %	20 %	16 %

These ratios are based on the same assumptions as the “Close Califon School” financial model in which the Califon principal is eliminated, as are five FTE teachers. It assumes that no sports are added. Note that one could add additional teachers, sports, and assistant principals to improve some of these ratios, however, that would reduce much of the financial savings that were achieved as a result of combining the school districts.

Reference was made in our third meeting to the political effect of having fewer districts. The citizens of Califon are currently 100% of the electorate of our school district. If our school district was merged with Lebanon Township, Califon citizens would represent about 15% of the combined electorate. If Califon citizens were voting for countywide school budgets & board candidates, we would represent <1% of the combined electorate.

While the financial savings from consolidating with Lebanon Twp amounted to about 2.5%, the number of students per teacher would increase 44%; the number of students per principal would increase 250%. The probability of making the teams would drop 84%. The political influence of our voters to approve or reject school budgets and board candidates would drop from 100% to 15%. As one can see, while the financial impact of consolidation is minor (about 2.5%), the educational and political impact is not.

The Strategic Planning Committee does not wish to endorse or oppose consolidation. We discussed the fact that one might chose between identical items based on a small 2-3% price difference. With non-identical items (e.g. different brands of cars, or ketchup, etc.), if the difference in cost is only 2-3%, one would tend to choose based on quality and/or personal preference. With this in mind, the focus of the school board in thinking about this issue should be to ascertain the citizens’ school preferences. Do people think that the advantages of having a small school in a small district outweigh the disadvantages?