

**Possible Cost Savings If Proposed Consolidated K-12 School Districts  
Budgeted as Existing Unchanged K-12 School Districts**

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In March 1995 a paper was published dealing with the fiscal impact of changing school district organization in New Jersey, both through the creation of new limited purpose districts and through the consolidation of districts providing only partial grade patterns into full K-12 systems<sup>1</sup>. One of the conclusions of that paper was that when a limited purpose high school district was established to provide secondary school services for a number of K-6 or K-8 districts, the total costs per pupil for all districts involved (the regional plus the elementary districts) had risen, on average, about 15% above the per-pupil amounts being spent by the same cluster of school districts prior to the change. In fact, increased costs were found in the first four years of the change in 41 of the regional 43 districts examined over the period from 1955-56 through 1982-83. The same results were found in 35 of the 43 districts in the tenth year of their reorganized pattern of operation.

The purpose of this paper is to examine whether the same pattern of relatively higher expenditures per pupil for school district clusters (a high school district plus the elementary districts from which students attend that high school) might hold true today among a larger sample of school districts. If it does, then there would appear to be a basis for encouraging consolidation of these districts into full K-12 districts.

A second conclusion of the March 1995 paper was that there also was some evidence that consolidation into full K-12 school districts would result in lower expenditures per pupil. In this case, the limited number of cases available at that time made the conclusions quite speculative. Nevertheless, the evidence was sufficient that a second paper, published in July, laid out a statewide pattern of school district consolidation that might take advantage of any cost reductions<sup>2</sup>. The principles on which this consolidation plan was based were:

- a. Each of the limited purpose high school districts (7-12 or 9-12) would be converted into an all-purpose K-12 district, and its constituent elementary districts would be eliminated.
- b. Each elementary sending district would become a part of a K-12 district centered on the current receiving district.
- c. All other school districts would remain unchanged as K-12 districts<sup>3</sup>.

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<sup>1</sup> Ernest C. Reock, Jr., The Cost Impact of School District Creation and Consolidation in New Jersey, Occasional Paper #3, Center for Government Services, Rutgers, The State University of New Jersey, March 1995.

<sup>2</sup> Ernest C. Reock, Jr., A Plan for School District Consolidation in New Jersey, Occasional Paper #4, Center for Government Services, Rutgers, The State University of New Jersey, July 1995.

<sup>3</sup> The plan dealt only with the school districts responsible for general elementary and secondary education of their pupils. County-based vocational-technical schools and special service districts and educational commissions were

Under this plan, with few exceptions, no pupils would be moved from their present classrooms. It was intended as a plan of school district consolidation, rather than school consolidation.

Although the plan used the term “regional” to describe the new or expanded K-12 school districts, there was no attention given to the specific law under which the internal operation of the district might take place, and use of the “consolidated” form of organization might well be more appropriate than the laws governing “regional” school districts.

The 1995 consolidation plan was updated in 2003 by using the most recent data available at that time<sup>4</sup>.

In this paper we have calculated the total 2005-06 average budget per pupil<sup>5</sup> for each cluster of school districts (high school district plus elementary districts) suggested in the 2003 updated plan as a new consolidated district, and have compared this figure with the budget per pupil for existing full K-12 districts that would remain unchanged. Any district, existing or proposed, including an “Abbott” school district has been eliminated from the comparison because of the special circumstances surrounding school budgets in those places. Similarly, all county vocational-technical districts, special services districts, and educational services commissions have been omitted.

On a statewide basis, the remaining 106 proposed new K-12 consolidated districts, together with their constituent or sending elementary districts, in 2005-06 had an average budget level of \$12,628 per pupil. In contrast, the 127 existing K-12 districts, that would be unaffected, had an average budget of \$12,002 per pupil<sup>6</sup>. If the proposed new consolidated K-12 districts were to provide educational services at the same statewide cost level as the existing K-12 districts, there could be substantial savings. The difference between present budgets per pupil for the proposed clusters of school districts and the budgets per pupil for the unchanged K-12 districts, a little over 5%, seems small, but, when applied to the number of students involved, it amounts to \$300,000,000 of reduced expenditures.

Statewide comparisons of the cost per pupil between regional clusters and K-12 districts may be affected by cost differences between North, Central and South Jersey. In order to try to eliminate, or at least reduce, any such effect, the two patterns of organization have been tabulated for school districts within each county. The results are shown in Table 1. In four counties (Cape May, Cumberland, Hunterdon, and Warren) no comparison is possible because there would be no unchanged K-12 districts. In 11 of the remaining 17 counties, the average current budget per

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not included.

<sup>4</sup> Ernest C. Reock, Jr., 2002-03 Update of A Plan for School District Consolidation in New Jersey, December 2003.

<sup>5</sup> The budget used includes the general fund tax levy, all forms of state formula aid, miscellaneous revenue, and free balance appropriated. Enrollment is the reported resident enrollment.

<sup>6</sup> Omitted from the comparison are 11 Abbott districts that would become the nuclei of new consolidated districts under the suggested plan, 23 elementary districts that would become a part of those new consolidated districts, and 20 Abbott districts that would remain unchanged as K-12 districts.

pupil for the school district clusters proposed for consolidation is higher than the budget per pupil for the unchanged K-12 districts. Probably more striking is the fact that of the 93 cases where a comparison can be made, in 66 (71%) the current budgets per pupil of the clusters is higher than the budgets for the unchanged K-12 districts in the same county. If the proposed new consolidated districts were to provide educational services at the same cost level as the existing K-12 districts in their county, there could be substantial savings. In this case, as shown in Table 2, the estimated savings are \$235,000,000.

Table 1. 2005-06 Average Budgets per Pupil by County:  
 Elementary-Secondary School Clusters of School Districts Proposed as K-12  
 Consolidated Districts  
 vs.  
 Existing K-12 School Districts

County	School District Clusters Proposed as New K-12 Consolidated Districts				Unchanged K-12 Districts	
	Number	Budget per Pupil	Number Above County K-12 Average	Number Below County K-12 Average	Number	Budget per Pupil
Atlantic	5	12,322	3	2	1	10,970
Bergen	15	13,381	9	6	26	12,879
Burlington	6	12,499	6	0	7	11,469
Camden	10	11,788	6	4	3	11,958
Cape May	4	14,805	-	-	0	-
Cumberland	1	12,208	-	-	0	-
Essex	1	13,834	1	0	12	12,621
Gloucester	5	11,122	3	2	8	11,288
Hudson	1	11,237	0	1	4	12,213
Hunterdon	4	13,683	-	-	0	-
Mercer	3	14,122	3	0	4	11,906
Middlesex	2	12,648	2	0	16	11,662
Monmouth	9	12,064	6	3	6	12,380
Morris	10	13,709	8	2	8	12,609
Ocean	5	12,948	5	0	7	10,428
Passaic	4	12,697	3	1	4	12,002
Salem	3	11,144	1	2	1	11,413
Somerset	6	12,487	4	2	5	12,674
Sussex	5	12,428	3	2	3	11,733
Union	3	12,718	3	0	12	12,405
Warren	4	11,965	-	-	0	-
Total	106	12,628	66	27	127	12,001

Table 2. Potential 2005-06 Cost Savings if Elementary-Secondary School Clusters of School Districts Proposed as Consolidated K-12 Districts Budgeted at the Level of Unchanged K-12 Districts in Their County.

County	Total Cluster Enrollment	Total 2005-06 Cluster Budget	Unchanged K-12 Budget Per Pupil	Total Cluster Budget At K-12 per Pupil Level	Potential Change in 2005-06 Total Budget
Atlantic	35,256.5	434,423,839	10,970	386,763,805	(47,660,034)
Bergen	58,369.5	781,043,503	12,879	751,740,791	(29,302,713)
Burlington	41,668.0	516,185,649	11,469	477,890,292	(38,295,357)
Camden	49,476.0	583,234,783	11,958	591,634,008	8,399,225
Cape May					
Cumberland					
Essex	3,676.5	50,861,149	12,621	46,401,107	(4,460,043)
Gloucester	18,128.5	201,624,487	11,288	204,634,508	3,010,021
Hudson	8,369.0	94,045,396	12,240	102,436,560	8,391,164
Hunterdon					
Mercer	15,660.0	221,147,784	11,906	186,447,960	(34,699,824)
Middlesex	7,813.0	98,818,093	11,662	91,115,206	(7,702,887)
Monmouth	61,712.0	744,501,688	12,380	763,994,560	19,492,872
Morris	35,713.5	489,612,694	12,609	450,311,522	(39,301,173)
Ocean	23,192.0	300,283,594	10,428	241,846,176	(58,437,418)
Passaic	12,353.0	156,842,888	12,002	148,260,706	(8,582,182)
Salem	6,970.0	77,673,533	11,413	79,548,610	1,875,077
Somerset	28,594.5	357,064,367	12,674	362,406,693	5,342,326
Sussex	15,911.5	197,743,994	11,733	186,689,630	(11,054,365)
Union	7,841.5	99,728,074	12,405	97,273,808	(2,454,267)
Warren					
Total	430,705.0	5,404,835,515		5,169,395,940	(235,439,576)