

**A STUDY OF THE CONSEQUENCES OF THE
WITHDRAWAL OF MONTVALE & WOODCLIFF LAKE FROM
PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT**

**REPORT OF THE STUDY TEAM FOR
RIVER VALE AND HILLSDALE**

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Acknowledgments

The members of the Study Team express their appreciation to all community members of the constituent municipalities for their cooperation in providing information to members of the Study Team for the preparation of this report, all of whom provided the requested information in an organized and timely manner. In our conversations with Mayor Blundo, Mayor Arnowitz and members of the Council for Hillsdale and River Vale, it is clear that the communities of the Pascack Valley Regional High School District truly value education and the opportunities it presents to the children that attend the high schools.

The Study Team would like to extend its gratitude to the staff at Pascack Valley Regional High School District for taking the time to meet with members of the team, so to ensure that the report could accurately and comprehensively provide the County Superintendent with sufficient information to prepare an advisability report. We would specifically like to thank the following members of the Pascack Valley Regional High School District: Mr. Erik Gundersen, Superintendent of Schools, Mr. Yas Usami, School Business Administrator/Board Secretary, Dr. Barry Bachenheimer, Director of Curriculum, Instruction and Assessment, Ms. Eva Merk, District Supervisor of Special Education, as well as the staff of the Superintendent's Office. The Study Team has developed a high regard for the school district due to the positive interactions with the staff at the Pascack Valley Regional High School District, all of whom freely participated during the interview process, and provided direct and forthright responses.

We further extend our gratitude to the Superintendents of River Vale and Hillsdale school districts for providing information required for the accurate presentation of data for this report, as well as the school districts of Woodcliff Lake and Montvale, all of whom provided prompt responses for documents relied upon herein regarding population data. Further, we thank Gennaro Rotella and Jonathan DeJoseph for their assistance in providing financial information regarding their respective municipalities.

INTRODUCTION

This matter involves the request of the Boroughs of Woodcliff Lake and Montvale to withdraw from Pascack Valley Regional High School District (“PVRHSD”). This regional school district comprises two high schools – Pascack Valley and Pascack Hills, serving students from four municipalities -- the Borough of Hillsdale, the Borough of Montvale, the Township of River Vale and the Borough of Woodcliff Lake. The district is designated as an “I” District Factor Group, which is the second highest of the eight groupings designated by the State Department of Education. PVRHSD is recognized, both nationally and state-wide, as a high-performing school district.

The law provides for a process by which a constituent municipality of a regional school district may request to withdraw from the regional school district. N.J.S.A. 18A:13-51, -54, -59. However, before a fundamental change to the school district is permitted, this request must be approved by the Commissioner of Education and the Board of Review empanelled to review such requests. Only after approval at the state level, the voters in the constituent districts have final authority as to whether Woodcliff Lake and Montvale may be permitted to withdraw from the regional high school district. This will require the voters in Woodcliff Lake and Montvale to vote in favor of withdrawal AND a majority of voters in all four municipalities of the entire regional school district. N.J.S.A. 18A:13-59.

In the past, Woodcliff Lake and Montvale have been unable to garner sufficient support within the electorate to change the funding formula for PVRHSD. On September 28, 2010, there was a special election in the constituent municipalities on the issue of changing the funding apportionment for the regional school district. This election was conducted at the request of Montvale and Woodcliff Lake. The referendum was defeated, as the voters in Hillsdale and River Vale provided more votes against the referendum than the voters in the affirmative in Montvale and Woodcliff Lake. It is similarly unlikely that they would be successful to change the existing configuration of this school district, in light of all the positive attributes of the district as presently configured.

Nonetheless, they have now resorted to commencing this time-consuming effort to petition the County Superintendent to allow them to make this extraordinary request. With their Petition document,

they submitted a feasibility report that failed to even acknowledge the educational impact associated with changing the existing regional configuration, despite the potential negative impacts to the educational value of this high-performing regional school district. If the County Superintendent is inclined to permit this process to continue, the educational impact and financial consequences cannot be overlooked.

As set forth herein, the district, as a regional high school district, provides extraordinary educational opportunities to students in its present configuration. However, some of those educational opportunities may be lost if the regional school district breaks apart. The failure of Woodcliff Lake and Montvale to consider the adverse educational impact of reconfiguration of this high school district is a substantial flaw in their analysis. Further, it is clear that a greater financial burden will be imposed upon residents of River Vale and Hillsdale. Finally, this request is counter to well-established State policies, which encourage consolidation and shared services by and among municipalities. Thus, for the reasons detailed *infra*, the County Superintendent should dismiss this petition, or, at the very least conclude that it is not feasible to alter the existing configuration of the school district. N.J.S.A. 18A:13-52.

PROCEDURAL HISTORY

On or about March 19, 2012, Woodcliff Lake and Montvale filed a request with the Superintendent of Bergen County to review the advisability of permitting both municipalities to withdraw from the Pascack Valley Regional High School District. (App., Exh. A). In support of this request, Woodcliff Lake and Montvale submitted a feasibility report, dated September 2009 (which included data from 2006). River Vale and Hillsdale requested the prompt dismissal of the petition on multiple grounds, and specifically advised the County Superintendent that it was unfair for River Vale and Hillsdale to respond to a petition that was based upon out of date information, as well as devoid of any educational analysis resulting from the reconfiguration of the district. (App., Exh. B).

The Acting County Superintendent for Bergen County, Robert Gilmartin, advised that he would meet with representatives of the governing bodies and school districts of River Vale, Hillsdale, Woodcliff Lake and Montvale to discuss the withdrawal request. River Vale and Hillsdale requested that their counsel be permitted to attend, but they were advised by the County Superintendent's Office that there was no need to bring legal counsel. (App., Exh. C).

On June 27, 2012, the County Superintendent met with officials and representatives from PVRHSD and the constituent municipalities. At that meeting, both River Vale and Hillsdale advised the County Superintendent of their objections, and that there was no valid legal, financial or educational basis for the request to proceed. Mr. Gilmartin agreed with River Vale and Hillsdale that the feasibility report submitted by Woodcliff Lake and Montvale was out of date and had to be updated. Mr. Gilmartin also advised that the reports must consider the educational impact associated with allowing two municipalities from withdrawing from the school district. All present were informed that a schedule of submissions would be circulated. On December 11, 2012, Mr. Gilmartin advised the municipalities that reports would be due on December 31, 2012. (App., Exh. D). Counsel for River Vale and Hillsdale objected to this schedule, in light of the fact that they would like to respond to the information provided. (App., Exh. E). On December 21, 2012, Mr. Gilmartin advised that an extension would be permitted, providing for the simultaneous submission of reports by March 1, 2013. (App., Exh. F). This report follows.

SCOPE OF SERVICES

The Study Team presents this report to assist the County Superintendent in his investigation into the advisability of allowing Montvale and Woodcliff Lake to withdraw from the PVRHSD. N.J.S.A. 18A:13-51, et. seq. Specifically, the Study Team investigated the consequences withdrawal would have upon the remaining regional school district, both educationally and financially, as well as the resulting financial impact upon the municipalities and potential loss of administrative and operational efficiencies and economies of scale by maintaining the regional school district. This report will also discuss the cost to maintain the level of quality and excellence of the school districts, as reconfigured.

STUDY PROCEDURES

Over the past few months, the Study Team gathered information and data to evaluate the advisability of altering the configuration of the existing regional high school district which is relied upon herein as follows:

- Interviews of administrative staff at PVRHSD, the Superintendents of River Vale and Hillsdale and administrative staff for River Vale and Hillsdale;
- Review and analysis of school district records, including those made available by the school district or by the Department of Education;
- Review and analysis of demographic data and enrollment data for the four constituent municipalities;
- Review of the Regional School District's Strategic Plan;
- Analysis of financial documents to evaluate the school taxes borne by the constituent municipalities;
- Examination of various planning documents in the constituent municipalities; and
- Review of reports regarding regionalization and consolidation.

To the extent necessary, source documents will be provided in the enclosed appendix or cited within the report. If the County Superintendant requires copies of documents cited, copies will be made available upon request. The Study Team Members assume full responsibility for all statements contained in the report that are evaluative in nature and affirm that such statements are made on the basis of their professional training and experience rather than precise standards that have universal acceptance.

GENERAL FINDINGS OF STUDY TEAM

The regional high school district, as presently configured, is a high-performing high school district. In all standardized assessments, the district performs above the state and national averages, providing educational opportunities that are generally present in a high-performing private school setting.

The regional configuration of PVRHSD provides educational opportunities to students of the four constituent municipalities that might otherwise not be available to the district if they were not combined. Indeed, throughout this study, we have found numerous indicators of the benefits of the economy of scale within this school district, which enhance curriculum (i.e., coordinated curriculum development for regional high school and K-8 districts, less administration staff), provide innovative ways of learning and instructing (i.e., 1:1 Laptop eLearning Initiative, virtual classroom) and permit the district to provide its students with clubs and extracurricular activities that would not otherwise be provided if the two high schools within this school district were separated (i.e., robotics, dance team, swim team, ice hockey team).

It was clear to the Study Team that the success of PVRHSD is attributable to its commitment to work as a single high school unit rather than two separate high schools. Our research found that in the 1990s, the high school district commenced the process of migrating from a single building supervisory model to a district-based organizational scheme. We learned that all educational opportunities and offerings are provided to all students; there is no difference of identity within this school district as it relates to providing an exceptional education. We further learned there is a sufficient amount of sharing of staff, which provides the district with flexibility in course offerings and scheduling.

Students from the constituent municipalities overwhelmingly attend the regional high school district as opposed to attending private schools within the surrounding Bergen County area. This high retention rate is a testament to the superior educational opportunities provided by the district as presently configured.

The Superintendent's Office is committed to ensuring high quality education for the school district. The Superintendent's office staff is dedicated, energetic and competent. There exists a pattern of assessment, goal setting, strategic planning and the development of effective action plans.

Initiatives to build community support for the school district were apparent in the central office. Committees have been established to involve community members in the decision-making process for the district. There appears to be an active communications process designed to keep the community informed on key issues affecting the district.

The school district has actively taken steps to implement a comprehensive K-12 curriculum for all students in the constituent municipalities. For instance, the regional high school has hired a Director of Curriculum, Instruction and Assessment to implement the development of a K-12 curriculum for each of the four K-8 school districts, so that students' learning in the K-8 district coordinates with the regional high school district curriculum. Further, the four K-8 school districts and the regional high school fund the costs associated with having a Curriculum Coach to implement the K-12 curriculum. This demonstrates a commitment to shared services, which is inherent in a regional school district. It also demonstrates a commitment to enhancing the education of all students within the constituent municipalities, and ensuring that the transition from middle school to high schools is as seamless as possible.

The high school district has developed a program for its special services population that ensures personal and academic success, by building and consistently improving upon its comprehensive in-district program. The in-house program provides the district with numerous options for its students. It also provides the high school district with the ability to minimize out-of-district placements. Further, the high school district generates revenues from other municipalities because of the options available at PVRHSD for students in need of special services. Any disruption to those programs presently offered would reverse all those efforts that have been made, as well as plans for the future, to further enhance the special services department and the education of students with specialized needs.

The “inequities” suggested by Woodcliff Lake and Montvale with having to comply with the applicable statutory formula for funding of the regional school district is not as disparate as is suggested by Woodcliff Lake and Montvale in the petition papers they initially filed with the County Superintendent. Instead, the regional high school district results in inherent financial savings to all constituent municipalities and provides more opportunities to enhance the educational opportunities of this already extremely high-performing school district. In addition, a significant portion of the tax burden associated with funding the regional school district is imposed upon the commercial taxpayers of Woodcliff Lake (approximately 25%) and Montvale (approximately 25%) and a much less significant portion on the commercial taxpayers of River Vale (approximately 3%) and Hillsdale (approximately 6%).

The Study Team therefore concludes that the potential tax savings that Woodcliff Lake and Montvale may receive if there is a change in the configuration is de minimus, and in fact, may result in the devaluation of the school district if the regional school district is reconfigured, as suggested by Woodcliff Lake and Montvale. In fact, this proposed arrangement will only increase the cost to provide the same type of educational opportunities to students in the four municipalities.

The increased financial burden imposed upon residential taxpayers of River Vale and Hillsdale is greater than what will be imposed upon the residential taxpayers in Woodcliff Lake and Montvale.

OVERVIEW OF SCHOOL DISTRICT

In 1951, the residents of River Vale, Woodcliff Lake, Montvale and Hillsdale voted to form the Pascack Valley Regional High School District. Park Ridge declined to join this regional high school district. Prior to deciding to create the regional high school district, students in those towns attended schools outside of their communities (i.e., Westwood and Park Ridge). This regional high school district was built upon a shared belief by and among community members to create a district that demands excellence in education. As noted by one of its first superintendents, Mr. James McNeil,

“The spirit of excellence permeates the whole school. A winning football team? Certainly, we're proud of it, but no more than we're proud of our math courses and our science program. Our students can get into any college. Why, last year we had a boy turn down Princeton to go to Stanford. Our goal is to do everything to the very best of our ability. That is our constant pursuit of excellence.”¹

In 1955, the Pascack Valley High School located on Piermont Avenue in Hillsdale was opened for approximately 650 students. Due to an increase of enrollment and faculty, additional classrooms were added and the program of studies expanded (in 1957 and 1959). In 1964, Pascack Hills High School opened in Montvale. Additions were made to both Pascack Valley and Pascack Hills in 1967 and 1973 to continue to address the increase in population. The district has continued to improve upon its buildings thereafter, by adding classroom space, expanding department areas, added a gymnasium, new cafeteria, library, and science wing. Presently, students from River Vale and Hillsdale attend Pascack Valley High School, and students from Montvale and Woodcliff Lake attend Hills High School, with some limited exceptions to address specific student needs (i.e., special education placement).

The school district's factor group is an “I.” As the County Superintendent is aware, the “I” district factor group includes high-performing high school districts, including New Providence High School, which has recently been named the top high school in the State of New Jersey. As a school within this district factor group, PVRHSD offers a rigorous, stimulating and diverse academic program by an experienced and dedicated faculty and staff. Students are offered challenging honors and AP class

¹ Sports Illustrated, The Pursuit at Pasack, Willams, R. (Dec. 5, 1960).

offerings as well as other academic opportunities to prepare students for college. The performance of the students at PVRHSD is exceptional. In 2012, the district had one National Merit Scholarship Award winner and two semi-finalists. The high school district also had 22 National Merit Commended students, 39 Advanced Placement Scholars, 28 Advanced Placement Scholars with honors, 24 Advanced Placement Scholars with distinction and 3 National AP Scholars.

In 2000, the district began the process of developing its "1:1 eLearning initiative." Starting in the 2004-05 school year, laptops were provided to every student, teacher and administrator. A wireless network environment was implemented. Only about one-third of school districts in the country utilize such technology for instruction. PVRHSD was the first district in the state to roll out this initiative, becoming a leader in enhancing the delivery of education to students through technology. This program is recognized among educators, for transforming the instructional culture of the high schools. Students use their laptops outside the classroom, which further enhances the educational culture within the districts. Students on home instruction can attend class through videoconferencing. The district's debate team tracks argument strategies of their opponents. It also provides a means for which the robotics team, which has members from both high schools, to collaborate through the shared network.

As compared to the other districts in its DFG, PVRHSD is the only school district that reports a 1:1 ratio of students to computers. This is more than double the ratio of any other high school in the DFG. In terms of class size, the Regional High Schools are at or just above the median class size of comparable Districts. The Faculty/Student ratio for the District is at or just slightly above the median for its DFG. In terms of the students achieving a score above 3 on the AP assessments, the District is performing as a whole above the median. The graduation rate for the District is above the DFG median for graduation rates.

Indeed, the regional setup of this regional high school district makes it possible to provide courses or extracurricular activities that might not be available if the two high schools operated as separate districts. Those opportunities are discussed in more detail herein, however, it is worth noting that the robotics team has had great successes, having won many regional and national awards. As noted,

students from both Pascack Valley and Pascack Hills are members of the robotics team. Further, the Dance Team, which has students from both Pascack Valley and Pascack Hills, has had great success, having won the NDA National Championship in 2006-2008, 2010 and 2012.

Academically, PVRHSD performs above the state and national average in all standardized measures of achievement. The district utilizes the High School Proficiency Assessment (HSPA) Test which is a test administered to every student in New Jersey in their junior year to measure proficiency in Language Arts and in Mathematics. The average for the State of New Jersey of those students deemed partially proficient in Language Arts is 9.7%. Both high schools are well below this number meaning that there are few students in either school who are partially proficient. For those students who receive a “proficient” score, the number is at or around the median for both schools, however this is because the students of both schools score well above the median for students above the proficiency level.

Both schools are well below the State average as partially proficient in mathematics. While both schools are slightly below the State average in proficiency, there is a statistical anomaly because the district truly outperforms other school districts in the “advanced proficient” score. Thus, students at PVRHSD do far better than the state average by having far less students who are partially proficient and a much higher number of students who are considered advanced.

STATE WIDE ASSESSMENT RESULTS

Language Arts Proficiency: When compared to the median scores in Language Arts Proficiency, PVRHSD performs near the median in partial proficiency, but well above the median in proficiency. As for the advanced proficiency category, Pascack Valley High School is lower in the advanced proficiency category while Pascack Hills is just below the median score.

- **Pascack Valley High School:** For partial proficiency, Pascack Valley High School has 1.6% of the students taking the HSPA slightly higher than the average of the DFG. The PVHS students at the proficient level are 11.4% higher than those in the DFG. The PVHS students at the advanced level are 2.5% below the average of the other schools in the DFG.
- **Pascack Hills High School:** This school is marginally below the average of the schools in the DFG for Language Arts. The number of students considered proficient are just above the average of other schools in the DFG (2.0%). In advanced proficiency, the school score is slightly below the average for the other schools in the DFG.

Mathematics Proficiency: In the partial proficiency category, Pascack Valley High School is just slightly higher than the median of the similar DFGs. It is higher in proficiency and just below the median in the advanced proficiency level. Pascack Hills High School is below the median in partial proficiency, above the median in proficiency and just below the median in advanced proficiency.

- **Pascack Valley High School:** In mathematics proficiency, Pascack Valley is well below the State average in partial proficiency (to be clear, this means that the students at PVHS are doing substantially better than the State average). The State percentage is 24.0% and PVHS is at 7.1%. As with Language Arts, the column headed proficiency is somewhat misleading, while PVHS is slightly below the Statewide average it is significantly above the State in advanced proficiency.
- **Pascack Hills High School:** This school also performs well below the State average in partial proficiency (doing much better than the State average). Proficiency is slightly below the State average but that is because in advanced proficiency the students are doing well above the State average.

DEMOGRAPHIC ANALYSIS²

This section of the report provides information regarding the general characteristics of the four communities sending students to the Pascack Valley Regional High School District. The data used is primarily from the 2010 United States Census with data updated through 2011. Other data sources are used in this report and will be cited appropriately. Where appropriate, there will be a comparison of the data for each community with the State and Bergen County. The second part of this section will be the enrollment projections for each of the sending Districts and the High Schools. The final section of this part of the report will compare the two high schools with other similar high schools.

COMMUNITY PROFILE FINDINGS: HILLSDALE

The overall population of Hillsdale grew marginally from the 2000 to the 2010 census. The largest single group increase was the Hispanic population (all Hispanic groups). The white population declined slightly from 2000 to 2010. The median age in Hillsdale increased by 3.3 years and the age group (those who either have or will have school age children between 18-54 declined by 4.59%). The number of pre-school and school aged children increased by 11.30% and the number of individuals over 55 increased by 10.31%.³ In 2011, there appears to be a small increase in population. The census also indicated that the median age in Hillsdale increased from 39.5 years in 2000 to 42.8 years as of the 2010 census. The increase in median age in Hillsdale was higher in Hillsdale as compared to Bergen County and the State of New Jersey.⁴

School Enrollment: The enrollment in the Hillsdale K – 8 schools declined from the 2007-08 school year (the base year used for enrollment projections in this report by approximately 6.65%), which is projected to continue through the last year of the projection (2017-18) by approximately 4.35%.⁵

Housing: During the past five years, there has been a decline in the number of permits issued for new housing construction with the past two years (2011 and 2012) showing a total of 2 permits issued for

² See Exhibit G for more detailed analysis

³ source: United States Census 2010

⁴ Source: United States Census 2010

⁵ Source: Hillsdale Public Schools

new housing construction.⁶ As of the writing of this report, there were approximately 79 homes for sale in the Hillsdale community. Based upon housing sales from June, 2012, homes are selling at approximately 13 homes per quarter.⁷ There is no significant relationship in terms of student growth in the Hillsdale Schools based upon housing turnover. The cohort projection indicates that these sales may be slowing down the decline in enrollment but are certainly not adding new student counts.

Income-Residential: The median income in Hillsdale increased from \$ 90,861 in 2000 to \$120,919. This is an increase of \$ 30,058, or approximately 33.08%. The median income in Hillsdale has increased at a greater rate than both Bergen County and the State of New Jersey.

Income-Business: In order to compare the relative non-residential taxable income in the communities, the use of taxable payroll seemed to show the best means of comparison. The total taxable payroll for all reporting businesses in Hillsdale was \$ 46,185,000. While this does not reflect revenues for all businesses, it serves as a means of comparison with the other communities in considering the overall tax base. In terms of the four communities which send students to PVRHSD, Hillsdale had the second lowest taxable payroll.

Conclusion: In terms of the community profile, it appears that the population data for Hillsdale showed increases in both the number of school aged and/or pre-school children and for those ages 55 or over. The decline in enrollment came from the 18-54 year old bracket. This is the bracket that is generally considered to either have children or who will have children. Over time, the decline of the birth rate will continue to drop, which will further decrease the enrollment in the K-8 schools. This drop in enrollment will eventually impact high school enrollment. The enrollment projection for Hillsdale supports the consequence of an aging population.

Enrollment in a school, along with the population of a community, is driven both by new home construction and sales of existing housing stock. The review of permit data and through communications with the Planning Board of Hillsdale indicate there is no new development that would significantly

⁶ Source: United States Census 2010

⁷ Source: New Jersey Multiple Listing Service

impact the schools. Further, even though there have been some homes sold in the community it does not appear that enrollment is significantly impacted by these sales.

Because Hillsdale has the second lowest commercial tax base, a change in the configuration of the school district will place a disproportionate tax burden on the residents of Hillsdale as compared to two of the other three Regional communities.

COMMUNITY PROFILE FINDINGS: MONTVALE

The overall population of Montvale grew by 11.52% from the 2000 to the 2010 census and the 2011 estimate shows the growth, though marginal, to continue on an upward trend. The median age in Montvale increased by 2.2 years but the two demographics which impact the schools increased – the school aged population increased by 15.01% and the 18 – 54 range increased by 4.73%, which indicates that there is growth amongst the group that either has or will have children. The 55 and over population increased at the highest rate.⁸ Montvale is just slightly higher than the County in terms of median age. However, the rate of change for this data point is slower for Montvale than for either the State or the County.

School Enrollment: The student enrollment in the Montvale schools increased from 1,002 in 2007-08 to 1,080 in 2012-13. This is an increase of 78 students or approximately 7.8%. The projection, based upon current enrollment history is expected to remain stable, however there are approximately 109 residential units either under construction or with approval which may, during the next five years, increase the K-8 enrollment by as many as 36 children which would bring the total over 1,100.⁹

Housing: From 2008-2010, there was considerable construction of residential units in Montvale. The increase in enrollment in the schools is a reflection of this construction. Currently, there are approximately 109 residential units either under construction or approved for construction, which is likely to impact the Montvale Schools by as many as 36 new entrants.¹⁰

⁸ Source: United States Census-2010

⁹ Source: Montvale Public Schools

¹⁰ Source: Montvale Planning and Zoning

Currently there are 63 residential housing units for sale in Montvale, and rate of sale of real estate appears to be 11 per quarter. The cohort projection model accounts for any students who may register from the purchase of an existing home.¹¹

Income-Residential: The median income in Montvale increased from \$93,031.00 in 2000 to \$116,154.00 in 2010. This is an increase of \$ 23,123.00 or approximately 24.85%. The rate of increase in median income in Montvale is higher than the County rate of increase but lower than that of the State of New Jersey. Of the four communities, Montvale has the lowest median income.

Income-Business: The total taxable payroll for all reporting businesses in Montvale was \$301,873,000. This is by far the highest of the four sending Districts.¹²

Conclusion: The population of Montvale grew at a greater rate both numerically and by percentage than any of the other four communities sending students to the Regional. More important is that while the fast growing population in Montvale is 55 or older, the bracket of both pre-school and school aged children and adults who either have or will have children continues to grow as well, as demonstrated by the historical enrollment in the District which grew from 1,002 in 2007-08 to 1,080 in 2012-13. It would appear that the continued construction of new housing will possibly generate as many as 36 new students during the next five years. This will continue the increase of students, although it will be at a slower rate. Eventually, the increase of students will impact the high school population (in this case Pascack Hills) and stabilize that enrollment.

COMMUNITY PROFILE FINDINGS: RIVER VALE

The overall population grew by 2.22%. All racial categories appear to have grown. River Vale showed an increase of 3.9 years in the median age of its population. The trend in River Vale is higher than that of the State. There also was a fairly substantial decrease in the 18-54 age grouping (those who

¹¹ Source: New Jersey Multiple Listing Service

¹² Source: United State Census-2010

have or may have children). There was a substantial increase in the population over 55 and the enrollment of school aged children did not change.¹³

School Enrollment: The enrollment in the River Vale schools declined from 1,391 in 2007-08 to 1,287 during the current school year, which is a decline of 104 students, or approximately 7.5%. The enrollment is projected to continue to decline from the current 1,287 to 1,142 in 2017-18. That is a decline of 145 students, or approximately 11.25% over that period of time.¹⁴

Housing: There has been a steady, but small number of permits for residential units issued from 2007 to 2012. Based upon the number and type of units, new housing is not expected to significantly impact the enrollment in the River Vale Schools.¹⁵ There are currently 79 residential units for sale in River Vale. Our estimates are that they are selling at a rate of 10 per quarter. The declining enrollment indicates that more students are exiting the school system than are entering based upon new housing sales.¹⁶

Income-Residential: The median income in River Vale increased from 2000 to 2010 by approximately 21.2%. River Vale appears to have the highest median income of all the districts sending students to the Regional. The median income for River Vale increased from \$ 105,519 in the year 2000 to \$127,917 in 2010. This was an increase of 21.2% which is a slower rate of increase than that of the County and the State.¹⁷

Income-Commercial: The total taxable salaries from businesses in River Vale was \$13,554,000. This was the lowest of the four communities.¹⁸

Conclusion: There was a marginal increase in the entire population of River Vale. The population of pre-school and school-aged children remained steady, while the population over 55 increased. There was a decrease in the population of those individuals who have or will have children.

¹³ Source: United States Census-2010

¹⁴ Source: River Vale Public Schools

¹⁵ Source: United States Census-2010

¹⁶ Source: New Jersey Multiple Listing Services

¹⁷ Source: United States Census-2010

¹⁸ Source: United States Census-2010

The enrollment in the schools declined from the base year of 2007-08 to the 2012-13 school year. This was a decrease of 7.5%. This decline is expected to continue and, in fact, will decrease approximately 11.25% by the 2017-18 school year. Given the aging population, the lack of growth in pre-school and school aged children and the decrease of adults of the age who have or will have children, enrollment in the River Vale Schools is likely to decline, which will eventually impact Pascack Valley High School.

The commercial tax base in River Vale is considerably smaller than the other three constituent municipalities; thus, a change of the configuration of the regional school district will impose a proportionately higher tax burden upon the residents of River Vale than any of the other three communities.

COMMUNITY PROFILE FINDINGS: WOODCLIFF LAKE

The overall population in Woodcliff Lake has remained fairly stable (very slight overall decline). However, the table in the attached appendix G does show that the median age has increased substantially and in the two groups which effect the school enrollment (18 years and younger and 18-54) the declines were significant. Further, the rate of individuals 55 and over is more than triple that of the younger groups. The population in Woodcliff Lake is aging at a much higher rate than both the County and the State and faster than any of the other 3 sending districts.¹⁹

School Enrollment: The enrollment in the Woodcliff Lake Schools declined from 830 in 2007-08 to 780 in 2012-13. This is a decline of 50 students or approximately 6%. The enrollment is expected to further decline to 754 by 2017-18. This would be a decline of approximately 3.3%. Table 21 in appendix G shows that there were 15 residential permits approved for construction in Woodcliff Lake in 2012. If these homes are built they may add an additional 5 students to the District.²⁰

Housing: There has been some new housing construction in Woodcliff Lake. In 2012, there were 15 permits issued for new single housing. However, there is no indication that this will have a significant impact on the Woodcliff Lake schools in that the enrollment has declined. There are currently

¹⁹ Source: United States Census-2010

²⁰ Woodcliff Lake Public Schools

44 homes for sale in Woodcliff Lake at an average selling rate of 10 per quarter. The cohort projection does account for this and that is shown in the enrollment history (the enrollment history accounts for students moving into and out of the District during the school year).

Income-Residential: The median income in Woodcliff Lake was substantially higher than that of the County and the State in the year 2000. It remains substantially higher but the rate of increase in the median income is far less than that of the State and County. Further, the rate of increase in median income is lower than any of the other three sending districts to the Regional.

Income-Business: Woodcliff Lake has the second highest commercial tax base of the four municipalities as demonstrated by the total taxable salaries from business at \$ 142,284,000.

Conclusion: The enrollment in Woodcliff Lake declined by 6% from the base year of 2007-08. The enrollment is projected to continue to decline by another 3.3% to the 2017-18 school year. These declines in enrollment will filter through to Pascack Hills High School thus reducing the enrollment in that school further. This decline will continue to make Pascack Hills High School smaller thus resulting in fewer opportunities for the students of Woodcliff Lake if the District withdraws from the Regional.

COMMUNITY PROFILE AND DEMOGRAPHICS FINDINGS

The community populations have remained relatively stable in three of the four communities which participate in the Regional. Only Montvale has shown a significant rate of growth between the years 2000 and 2010 and this is largely based upon new housing. There is still construction going on in Montvale and this could lead to as many as 36 additional students in the schools in the next few years.

The enrollment projections indicate that the Montvale Public Schools have shown growth and the projections indicate that they are stable but may have some growth over the next few years based upon new housing construction. The Woodcliff Lake Public Schools have shown a decline in enrollment during the past 6 years and the projection shows that the enrollment will continue to decline through the projection period, albeit at a slower rate than the past 6 years.

The enrollments at River Vale and Hillsdale show a decline from the base year and will continue on this trend through the projection period. The significance of this is that these declines will begin to filter through the high schools in the next few years (see Appendix G of this report).

One of the most important components of this section of the report is the comparison of the commercial tax base between the four communities. Table 1 compares the taxable payrolls for each of the four communities as well as the median income and the approximate percentage of taxes paid by commercial establishments versus the non-commercial tax base. The taxable payroll from business upon reported payroll to the US Census for the year 2007 (data for 2012 not yet released). This table should only be used as a means of comparison as there are other indicators not included in this report which also supports the differences between each community regarding the commercial tax base.

Table 1: Comparison of Taxable Payroll Per Community²¹

| Town | High School | Taxable Payroll | Median Income | Percent Taxes | |
|----------------|-------------------|------------------|---------------|----------------|------------|
| | | | | Non Commercial | Commercial |
| Hillsdale | Pascack Valley HS | \$46,185,000.00 | \$120,919.00 | 94.3% | 5.7% |
| River Vale | Pascack Valley HS | \$13,554,000.00 | \$127,917.00 | 96.6% | 3.4% |
| Montvale | Pascack Hills HS | \$301,873,000.00 | \$116,154.00 | 75.2% | 24.8% |
| Woodcliff Lake | Pascack Hills HS | \$142,284,000.00 | \$125,161.00 | 75.4% | 24.6% |

Table 1 presents a clear picture of the disparity between the four communities regarding the tax burden on the residential tax base. The consequence of the break up of the Regional would put an incredibly difficult financial burden upon the residents of Hillsdale and River Vale.

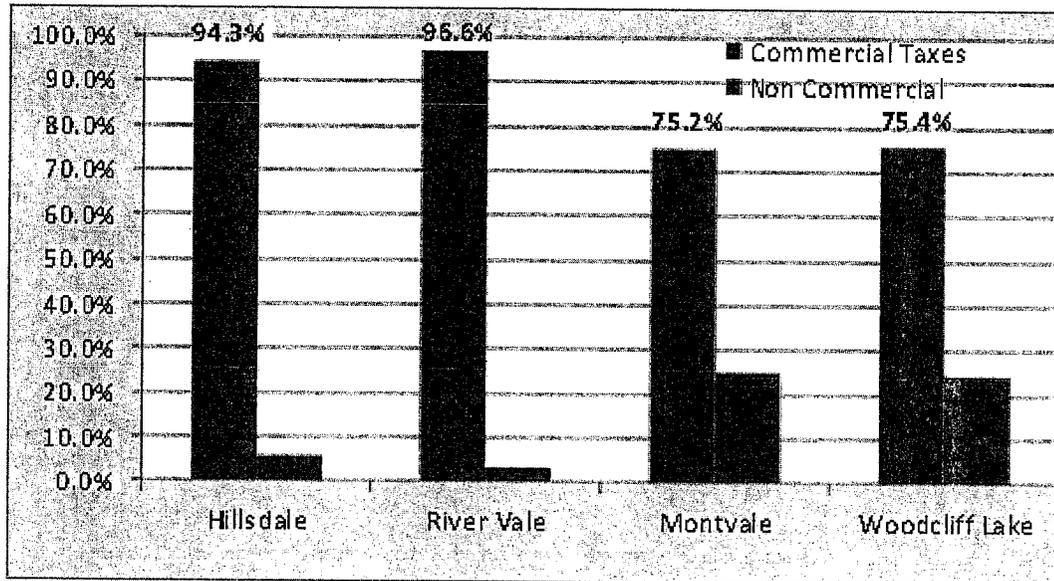
This table also includes the 2010 reported median income for each community. On average, the median income for Hillsdale/River Vale is roughly the same as for Montvale/Woodcliff Lake. However, the difference between the commercial tax base is nearly 8 times greater in Montvale/Woodcliff Lake as opposed to Hillsdale/River Vale. In our opinion, this indicates a much greater non-commercial tax

²¹ Detail for this table and all preceding and subsequent tables are found in the full demographic study which is appended to this report.

burden on Hillsdale/River Vale taxpayers which would only be exacerbated by a withdrawal from the Regional.

Chart 1 shows the side by side comparison of the commercial versus non-commercial tax burden by percentage for each of the communities.

Chart 1: Commercial/Non-Commercial Contribution by Community



**Table 2: Cost per Student with (CPS) Commercial Taxes and Non-Commercial Taxes Only-
Comparison**

| | Current CPS | Without Commercial |
|-------------------|--------------------|-----------------------|
| Hillsdale | \$16,167.00 | \$15,777.00 |
| Montvale | \$26,346.00 | \$19,811.00 |
| River Vale | \$17,526.00 | \$16,406.00 |
| Woodcliff Lakes | \$30,827.00 | \$23,351.00 |
| Average | | |
| Pascack Hills | \$16,846.50 | \$16,091.50 |
| Pascack Valley | \$28,586.50 | \$21,581.00 |
| Difference | \$11,740.00 | \$5,489.50 |

The commercial tax base combined for the two communities which send students to Pascack Hills High School (Montvale and Woodcliff Lakes) have a considerably higher commercial tax base than the two communities sending students to Pascack Valley High School (Hillsdale and River Vale). The second column in table 2 above shows the current cost per student when the current tax base is used (non-commercial plus commercial). The third column shows the cost per pupil when the commercial tax base is not considered. The bottom of the table shows that the difference between the two narrows considerably when using only the non-commercial tax base. The consequence is that the lack of enough of a commercial tax base in River Vale and Hillsdale puts a far higher burden on the individual tax payers in those two communities.

Table 3: Out of District Placements²²

| School | Bergen | | | Total |
|-----------------|----------------|--------------------|-------------------|-----------------------|
| | Bergen Vo-Tech | Cnty Spec Services | Other OOD (Total) | |
| Hillsdale | \$58,300.00 | \$281,700.00 | \$419,898.00 | \$759,898.00 |
| Montvale | \$12,200.00 | \$51,000.00 | \$203,674.00 | \$266,874.00 |
| River Vale | \$12,200.00 | | \$399,867.00 | \$412,067.00 |
| Woodcliff Lakes | \$230,700.00 | | \$123,082.00 | \$353,782.00 |
| | | | | <u>\$1,792,621.00</u> |

Table 3 above shows the cost allocation per community for students sent out of District to Vocational and Special Education Schools. Note that these are only tuition costs and do not include the cost of transportation. Because many of the transportation costs are components of jointures with other Districts as well as other arrangements those costs are not presented here however these costs are substantial and for special needs students in the State they average approximately \$2,700 per student, which is 3 times greater than the cost per student for transporting general education students.

The consequences of changing the configuration of the Regional High School District are two-fold. The first is that the costs for out-of-District placements will have to be borne by each community based upon the number of students that they send out of District. The second consequence, and the more important one, is that the District has striven to bring students back from out-of-district placements and has done a great job of this over the years. Breaking up the Regional will impact space needs and could seriously adversely impact the efforts to place special needs students in the District.

²² Source: Pascack Valley Regional High School District-Superintendent of Schools

ENROLLMENT PROJECTIONS FINDINGS

Pascack Valley High School/Hillsdale Public Schools and River Vale Public Schools

1. The enrollment at Pascack Valley High School increased from a total of 1,120 students in 2007-08 to 1,255 in 2012-13. This is an increase of 135 students or approximately 1.2%. The enrollment is projected to decline moderately from the current 1,255 to 1,234 by the 2017-18 school year. This is a decline of 21 students or approximately 1.7%.
2. The enrollment in the Hillsdale Public Schools declined from 1,427 students in 2007-08 to 1,332 in 2012-13. This is a decline of 95 students or approximately 7%. Although there is a small spike projected for 2013-14 and 2014-15, the five-year projection indicates that the enrollment will decrease to 1,274 which is a decrease from the current enrollment of 1,332 students or approximately 4.5%.
3. The enrollment in the River Vale Public Schools declined from 1,391 in 2007-08 to 1,287 in 2012-13. This is a decline of 104 students or approximately 8%. The enrollment is projected to decline further to 1,142 in 2017-18. This is a decrease of 145 students or approximately 12.7%.
4. The overall enrollment for the Pascack Valley High School is estimated to decline during the next five years. This is largely due to virtually no new construction (in that the communities are virtually fully built out). Also, the general slowdown of the housing market and the relatively small availability of homes for sale in these communities are also driving the direction of the enrollment. This could change in the future based upon an improving housing market and the general increase in the median age in the communities.

Consequences of Change of Configuration of School District: The enrollment at Pascack Valley High School will remain relatively stable during the five years of the projection. The school is currently over capacity (capacity is 1,100 and the enrollment is 1,255). The two sending communities are showing a decline in enrollment and this will begin to impact the high school beginning in 2015-16. This, along with some structural changes in classrooms (which to our understanding is currently underway), Pascack Valley High School will continue to maintain and expand its offerings to its students. It will also provide, where needed, opportunities for students in Pascack Hills High School where there may not be enough students to make a particular elective or program financially possible.

ENROLLMENT PROJECTIONS FINDINGS

Pascack Hills High School/Montvale Public Schools and Woodcliff Lake Public Schools

1. The enrollment in the Pascack Hills High School increased moderately from 782 students in 2007-08 to 788 during the current school year. The enrollment is projected to grow moderately to 805 by the 2017-18 school year.
2. The enrollment in the Montvale Public Schools increased from 990 during the 2007-08 school year to 1,053 during the 2012-13 school year. This is an increase of 63 students or approximately 6.4%. The enrollment is projected to stabilize. The 2017-18 enrollment is projected to be 1,057. However, with new construction there could be an additional 36 students added to the K-8 enrollment during the next five years.
3. The enrollment in the Woodcliff Lake Public Schools decreased from 815 during the 2007-08 to 763 in 2012-13. This is a decline of 52 students or approximately 6.8%. The enrollment is expected to decline modestly to 754 students in 2017-18. This is a decrease of only 9 students.

Consequences of Change of Configuration of School District: The enrollment in Montvale has increased substantially while the enrollment at Woodcliff Lake has declined significantly from the base year of 2007-08. As a result, the enrollment at Pascack Hills has remained stable and is projected to remain fairly stable through 2017-18. Montvale may see some additional growth as the result of new homes being built, but it is not expected to have more than 36 additional students over the five year projected period.

Pascack Hills High School will remain a small high school. As part of the Regional, there are opportunities for students from Pascack Hills to join with students at Pascack Valley for advanced elective courses which may not be available if the Regional is dissolved and the two schools are independent of each other. Pascack Hills High School is a very high performing school and needs to continue to offer opportunities to its students which might not be possible if the Regional is dissolved.

ENROLLMENT PROJECTIONS – CONCLUSION

By the out year of the projections (2017-18), it appears that the enrollment in both high schools will remain fairly stable with Pascack Valley High School at 1,234 students and Pascack Hills High School at 754 students. Pascack Valley has reached its high enrollment during the current school year (1,255) and Pascack Hills High School is down from its highest enrollment (815 in 2007-08). Over time, this may increase from the projected 754 based upon new construction in Montvale. However, Pascack Hills High School enrollment is not projected at any time in the foreseeable future to exceed its highest historical enrollment.

Both high schools are projected to have enrollments in the same proportion as they currently exist making Pascack Valley High School an average sized high school in the State of New Jersey and Pascack Hills a relatively small high school. From an educational point of view, the smaller the high school the less opportunities it offers its students. Because of the current organization as a unified regional school district, students are offered programs that may not be otherwise available if they were a smaller school (i.e., a student can attend a class in one of the other schools, if necessary). An example of the beneficial arrangement of a regional high school district is the Virtual Classroom. By being able to pull students from both schools into this program, which requires a certain amount of students, more access to virtual classrooms becomes possible. If the two high schools were independent of each other this would become very difficult and limited. This is more fully addressed in other sections of this report. It is our opinion, based upon the projections that keeping the Regional intact should be the objective of the four sending communities.

EDUCATIONAL IMPACT

The Study Team in its analysis presumes that Woodcliff Lake and Montvale are seeking to withdraw from Pascack Valley Regional High School District. The Study Team presumes that Woodcliff Lake and Montvale would then form their own separate regional high school district. In the event Woodcliff Lake and Montvale would propose a different configuration, River Vale and Hillsdale reserve the right to prepare a report in response to that configuration. The following is an analysis of the anticipated educational impact that the Study Team believes would result from this change in the configuration of the existing regional school district.

CURRICULUM

Findings: The District has created a Regional Office of Curriculum, Instruction and Assessment to address the needs of the students of all four K-8 school districts. This Office's mission and responsibilities are defined as follows:

*Our mission is to prepare students to be knowledgeable
and productive citizens in our society.*

In our research, we found this office works with the District's energetic, knowledgeable, and professional staff to make this goal a reality.

A major responsibility of the Regional Office of Curriculum, Instruction and Assessment is to articulate with the four sending districts: Hillsdale, Montvale, River Vale and Woodcliff Lake. Communication among the five districts is essential so that students receive a quality K-12 education. Another area of responsibility of this office is to monitor the District curriculum, making certain that it is equivalent in both high schools and that it meets the needs of students as they continue to learn in the 21st century.

A review of PVRHSD's curriculum indicates that it is designed to provide students with a rigorous and meaningful educational experience. Students are provided with a firm grounding in the core content areas while independent and critical thinking skills, as well as oral and written expression, are

emphasized. College preparatory, Honors and Advanced Placement courses challenge all students to meet high district expectations.

A goal of the district is to provide differentiated instruction that meets the wide range of student readiness, interest, and learning profile. Through staff development opportunities, the Regional Office of Curriculum, Instruction and Assessment encourages teachers to use a wide variety of instructional strategies and methods of assessment, thus providing students with multiple opportunities to learn and demonstrate understanding and mastery of the material. Teachers are supported and encouraged to infuse technology into instruction, so that students learn and practice skills that will serve them in the future.

Consequences of Change with Regional Configuration:

- A curriculum office would have to be established for each high school. That would require additional administrative staff, clerical staff and office space.
- The present configuration with a larger number of students provides administration with greater flexibility in providing a variety of course offerings, assignment of staff, the use of pilot programs, fewer single courses, scheduling flexibility and student placement decisions.
- Limited building capacity at the Pascack Valley campus could make it difficult to find the necessary space for a curriculum office.
- The services provided by the seven district-wide supervisors of instruction and the Director of Technology would have to be replicated for each high school campus. This would require additional supervisors of instruction, a Director of Technology and clerical staff.
- The existing curriculum articulation initiative utilizing the multi district shared position of Curriculum Coach would have to be reconsidered since the relationship among the districts would be altered. New arrangements would be required in order to achieve effectively articulated K-12 curriculums.
- Currently, there are twelve teachers that travel to teach in both high schools. Without their services the number of course offerings available at each high school would be diminished unless additional teachers were hired on a full or part time basis. This could increase the salary and benefits expense for each school.

- During the scheduling process, the number of course offerings available for selection by students is strongly affected by the number of students attending the school. The student scheduling process for Pascack Hills with a 2012/13 student population of 788 will produce fewer course offerings as contrasted with Pascack Valley with a 2012/13 of 1,255 unless additional teaching staff members are added. Again, this could increase salary and benefit expense.
- Upon receiving permission, students are allowed to take a course at the other high school campus. This allows students another avenue for selecting desired courses to complete their schedule. This scheduling arrangement would not be available after reconfiguration of the Regional district.
- In-service training and professional development related to the curriculum are now provided on a district wide basis. This serves to ensure that the curriculum is equivalent in both high schools. This opportunity would be lost if the regional district were reconfigured.

Curriculum: Estimated Expense Attributable to Reconfiguration

| | <u>BENEFITS</u> | <u>SALARY</u> | <u>TOTAL</u> |
|--|-----------------|---------------|--------------------|
| Director of Curriculum - salary and benefits | \$16,200 | \$145,000 | \$161,200 |
| Curriculum Office Staff - salary and benefits | 12,440 | 55,064 | 67,504 |
| Six Supervisors of Instruction | 97,200 | 903,593 | 1,000,793 |
| Eight Teaching Staff Members-salaries and benefits | 129,600 | 664,280 | 793,880 |
| Increased expense for curriculum development and in-service training | | | <u>192,867</u> |
| Total estimated expense | | | <u>\$2,216,244</u> |

SECURITY

Findings: The security program at PVRHSD is managed by the Supervisor of Building and Grounds and consists of three elements. The first is the assignment of two security guards, one for each campus. This arrangement was recently approved by the District. The guards are provided by contract with a security company. The second is the use of security cameras located at critical locations throughout the two high schools. The cameras record and save images which can be reviewed when the need arises. The review of images can be done from either school. The third element is an electronic door lock system that is accessed by staff ID cards. At this time, the server for that system is located at Pascaek Hills.

Consequences of Change with Regional Configuration

- There would be increased staff expense in order to maintain and manage a security program independently at both campuses.
- There would be increased software expense and licensing fees to serve both high schools.
- Purchasing expenses for each high school would increase as a result of fewer student users.
- A new server, software and license agreement for the door lock system would have to be purchased for the Pascaek Valley High School.
- Each school would have to enter into a contract with a security service in order to provide a security guard.

Security- Estimated Expense Attributable to Reconfiguration

| | <u>BENEFITS</u> | <u>SALARY</u> | <u>TOTAL</u> |
|---|-----------------|---------------|------------------|
| Supervisor of Buildings and Grounds-salary and benefits | \$34,893 | \$95,129 | \$130,022 |
| Door lock System-server, software and user license | | | 28,000 |
| Increased software purchasing and licensing expense | | | <u>Unknown</u> |
| Total estimated expense | | | <u>\$158,022</u> |

CLUBS & SPORTS

Findings: Both Pascack Hills High School and Pascack Valley High School have a wide variety of interscholastic sports and co-curricular activities. However, there are two co-curricular clubs and three interscholastic sports programs that are maintained on a district-wide basis, drawing students from both high schools. And, these regional clubs and sports are some of the most successful in the district.

Consequences of Change with Regional Configuration:

- Upon being reconfigured into two districts, three interscholastic sports (ice hockey, gymnastics and swimming) and the two co-curricular clubs (dance team and robotics) which are now offered on a district-wide basis would have to be offered at both high schools or could result in the elimination of programs if they had to be run at separate schools. This arrangement is dependent upon sufficient student interest to warrant offering the sport or club as well as the financial ability of the schools to support the cost of coaches/advisors, equipment, transportation and other related expenses.

Clubs and Sports- Estimated Expense Attributable to Reconfiguration

| | <u>TOTAL</u> |
|---------------------------------------|-----------------|
| <u>Three Team Coaches salaries</u> | |
| Gymnastics | \$6,525 |
| Hockey | 15,324 |
| Swimming | 15,325 |
| <u>Two Activity Advisors salaries</u> | |
| Dance Team | 17,410 |
| Robotics | <u>19,192</u> |
| Total estimated expense | <u>\$73,776</u> |

TECHNOLOGY

Findings: The District's web site provides the following description of the mission and responsibilities of the Technology Department.

The Instructional Technology Department of the Pascack Valley Regional High School District is responsible for the development, support, and maintenance of our award winning technology program. Our department mission is simple: Provide world-class instructional technology tools for our students and faculty. In a constant effort to support this mission, we:

- *Maintain the stability and security of all technology systems*
- *Assist with infusing technology into the curriculum, helping to promote understanding and conceptual awareness of technology and its impact on students and their future in a global society*
- *Seek and provide new technologies that promote student growth and learning*
- *Focus on the educational benefits of utilizing technology in the curriculum as a means to individualize education and enhance teacher effectiveness by fostering life-long, self-directed learning*
- *Support, encourage and accommodate staff in their development of teaching strategies that incorporate technology*
- *Use technology as a tool to nurture students to be good digital citizens*

Consequences of Change with Regional Configuration:

- There is a plan underway for each high school to have its own head end to provide Internet connectivity, a fire wall, intrusion detection and content filters. It is expected that this will be in place during 2013. Thus, most necessary equipment will be in place for the two schools.
- The two schools utilizing their Internet connections, networks and servers will serve to provide the necessary level of redundancy and backup capacity for the district. If the district was reconfigured, redundancy and backup would need to be purchased from an outside source at great expense to each school.
- If reconfigured, the expenses of technology, such as email, telephone services and voice mail would have to be borne by each high school.

- Possible elimination of the 1:1 computer to student program.
- Software licensing costs would no longer be assigned on a district-wide basis and would be more expensive for each school based on quantity pricing.
- Purchasing advantages based on higher quantities would be lessened.
- A technology supervisor position and related clerical support would now be required at each school.
- A data services manager would be required at each school.
- There are currently two network administrators that serve both schools. A minimum of one and one half would be required for each school after withdrawal.
- Special programs such as the Virtual High School and EduCere would have to be purchased for each high school and would require additional supervisory staff. The cost of these programs and licensing fees would increase due to a loss of the number students subscribed.
- There is an initiative by the district to enter technology shared service agreements with the K-8 Districts that attend the Regional. A pilot program with the Hillsdale K-8 District is being planned. Reconfiguration could have an adverse effect on this cost effective and educationally beneficial arrangement.

Technology- Estimated Expense Attributable to Reconfiguration

| | <u>BENEFITS</u> | <u>SALARY</u> | <u>TOTAL</u> |
|---|-----------------|---------------|------------------|
| Director of Technology salary and benefits | \$37,815 | \$110,000 | \$147,815 |
| Network Administrator | 36,471 | 103,164 | 139,635 |
| Assistant Network Administrator | 27,622 | 58,126 | 85,748 |
| Data Services Manager salary and benefits | 27,008 | 55,000 | 82,008 |
| Technology Clerical Staff salaries and benefits | 25,442 | 47,031 | 72,473 |
| Virtual High School contract and related expenses | | | 19,750 |
| EduCere contract and related expenses | | | 5,000 |
| The purchase of equipment and services to provide redundancy and back up for the technology systems | | | 100,000 |
| The purchase of an email and a voice mail system | | | <u>30,000</u> |
| Total estimated expense | | | <u>\$682,429</u> |

STUDENT ENROLLMENT AND SCHOOL CAPACITY

Findings: The regional district's total student enrollment for the 2012/13 school year is 2,043. The Pascack Valley High School, with a student capacity of 1,117, has 1,255 students enrolled and the Pascack Hills High School, with a student capacity of 1,100, has 788 students enrolled. (Student Capacity Source 2012 PVRHSD CAFR)

Consequences of Change with Regional Configuration:

- The Pascack Valley High School may require that capacity be added to house existing students and space be added for administrative functions, special education students and special programs that will no longer be housed in the Pascack Hills High School. The facility needs currently are being addressed through the use of Capital Reserve funds and budgeted Capital Outlay to renovate and expand certain classrooms and partial demolition of portions of the Applied Tech-Wing at Pascack Valley High School.

- The new district established for the Pascack Hills High School would have to assume all the expenses related to operating and maintaining that high school. While there may be some reduction in teaching staff expense due to the number of students enrolled, administration and supervision costs will be unchanged. Also, the new district will be responsible for the full cost of operating the school buildings and grounds, even if enrollment is not at full building capacity.

- Both districts will see an overall increase in the cost of operating and maintaining their respective buildings and grounds because the management function for overseeing many services such as utilities, insurance, facility cleaning, facility maintenance, grounds upkeep, cafeteria service and the community use of school facilities will have to be duplicated for each high school.

Student Enrollment and School Capacity- Estimated Expense Attributable to Reconfiguration

Potential construction expense at Pascack Valley High School to provide the necessary space for students, administrative/supervisory functions, special education classes and special programs
Supervisor of Building and Grounds (listed under Security)
Estimated expenses for this area are addressed elsewhere in this report

CENTRAL OFFICE STAFF

Findings: The Central Office currently houses the Superintendent's Office and the Board Office. The Superintendent's Office is comprised of the following four positions: Superintendent, Administrative Assistant to the Superintendent, Executive Secretary to the Superintendent and Executive Secretary. The Board Office is comprised of the following eight positions: Business Administrator/Board Secretary, Administrative Assistant to the Business Administrator, Transportation Secretary, Head Bookkeeper, Assistant Bookkeeper, Payroll Supervisor, Assistant Payroll and Secretary.

Consequences of Change of Regional Configuration:

- After the reconfiguration of the Regional District, a new Central Office facility would be required to oversee the operation of the Pascack Hills High School. A new Superintendent would have to be appointed and the staff members required for the Superintendent's office would have to be hired. A new Business Administrator/Board Secretary would have to be appointed and the staff members required for the Board Office would have to be hired. This duplication of the Central Office will add significant expense to the operation of the districts.
- The existing Regional Central Office for the Pascack Valley High School would serve fewer students and may have to reduce staff in order to keep the District's administrative expense within the New Jersey Department of Education's budget guidelines.
- The ability to attract and retain high quality Superintendents would be affected by the New Jersey Department of Education's restrictions on Superintendents' salaries. See N.J.A.C. 6A:23A-1.2. The salary caps are as follows:

| <u>Student Enrollment of District</u> | <u>Maximum</u> |
|---------------------------------------|----------------|
| 0-250 | \$125,000 |
| 251-750 | \$135,000 |
| 751-1,500 | \$145,000 |
| 1,501-3,000 | \$155,000 |
| 3,001-6,500 | \$165,000 |
| 6,501-10,000 | \$175,000 |

Please Note: The education commissioner can approve individual waivers of the maximum salary for districts with more than 10,000 students. Superintendents may earn \$10,000 more for each additional district they supervise, and they could receive an additional stipend of \$2,500 if their district includes a high school.

- Since student enrollment would be significantly reduced by reconfiguration, the salary of the current Superintendent would be impacted.

Central Office Staff- Estimated Expense Attributable to Reconfiguration

| | <u>BENEFITS</u> | <u>SALARY</u> | <u>TOTAL</u> |
|---|-----------------|---------------|--------------------|
| Central Office Facility | | | Unkown |
| Superintendent's Office salary and benefits for: | | | |
| Superintendent of Schools | \$16,200 | \$157,500 | \$173,700 |
| Merit Bonus | | 23,608 | 23,608 |
| Administrative Assistant to the Superintendent of Schools | 16,200 | 89,511 | 105,711 |
| Executive Secretary to the Superintendent | 26,815 | 54,018 | 80,833 |
| Executive Secretary | 26,283 | 51,315 | 77,598 |
| Board Office salary and benefits for: | | | |
| Business Administrator/Board Secretary | 45,262 | 147,900 | 193,162 |
| Administrative Assistant to the Business Administrator | 29,749 | 68,950 | 98,699 |
| Head Bookkeeper | 27,799 | 59,030 | 86,829 |
| Assistant Bookkeeper | 25,442 | 47,031 | 72,473 |
| Payroll | 28,452 | 62,349 | 90,801 |
| Assistant Payroll | 25,648 | 48,081 | 73,729 |
| Secretary | 25,442 | 47,031 | <u>72,473</u> |
| Total estimated expense | | | <u>\$1,149,616</u> |

ADMINISTRATIVE, SUPERVISORY, TEACHING AND SUPPORT STAFF

Findings: In addition to the Central Office administrative staff, the existing Regional District employs administrative and supervisory staff for district wide positions including: the Director of Curriculum, seven Supervisors of Instruction and the Director of Technology. The District employs administrative staff for each high school including: two Principals, two Assistant Principals and one half-time Dean of Students. The District employs a full complement of specialists and teachers to guide and deliver instruction to all of the students attending Pascack Hills High School and Pascack Valley High School. Further, the District employs a large number of clerical personnel as well as staff members that maintain the school building and grounds.

Consequences of Change with Regional Configuration:

- Upon reconfiguration, the existing regional district would have to determine its staffing needs for the Central Office and Pascack Valley High School and if necessary conduct a reduction in force to pare the existing staff. Certificated administrators, directors, supervisors, specialists, teachers and clerical employees, who had attained tenure, would be entitled to positions at the existing regional Central Office and Pascack Valley High based on certifications held and seniority in accordance with the tenure statues provided by N.J.S.A. 18A. Tenured staff assigned to the Pascack Hills High School in the withdrawing district would have the right to their positions in that school as well as tenure and seniority rights in the existing regional district.
- The staffing situation could cause great disruption in both high schools and have a deleterious effect on student programs and instruction. It would also result in the need to duplicate the staff members that currently provide services to both high schools. That would include the Director of Curriculum, seven Supervisors of Instruction, the Director of Technology, and the teaching staff members that travel to both high schools to provide instruction.
- The new configuration would cause the loss of the ability to share staff between the two high schools when needed for curriculum development, student scheduling, staff training, special program and other initiatives designed to achieve improved instruction. Further, the loss of the ability to share staff members could result in larger class sizes and increased costs in order to provide the existing courses of study.

Administrative, Supervisory, Teaching and Support Staff- Estimated Expense Attributable to Reconfiguration

Note: All additional staff positions have been listed in other sections of the report

SPECIAL SERVICES

Findings: The District's web site provides the following description of the mission and responsibilities of the Special Services Department.

The Special Services Department of Pascack Valley Regional High School District (PVRHSD) is committed to ensuring that each student with a disability receives a free and appropriate public education consisting of placement and services based on the student's unique needs. Our students are afforded full educational opportunities, and to the maximum extent possible, are placed in the least restrictive environment.

We believe that all students can learn. We are committed to providing services to students that will ensure personal and academic success.

The regional district provides a comprehensive continuum of in-district placement options, which are both educationally and financially beneficial. Classified students can be mainstreamed with supplementary aids and services in general education classes. Also, inclusive education is provided through in-class support from a Special Education teacher in collaboratively taught classes with approximately 80 such classes offered district wide.

Students also benefit from Secondary Special classes (taught by general education content specialists with no more than 16 classified students per class), Resource Replacement classes (taught by content specialists who are also certified in Special Education with no more than 12 students per class), and Resource Pull-out Support (Study Skills) classes. The District offers nearly 150 collaborative and special education classes.

In addition to the aforementioned class offerings, PVRHSD has three Special Programs to meet the multiple needs of students with emotional disabilities, other health impairments, specific learning disabilities, multiple disabilities, and communication impairments. Two of the programs are for students with behavioral needs and provide therapeutic and behavioral services as well as adapted curriculum. A third program is provided to students with learning and language disabilities and offers modified curriculum, functional life skills development through a Life Skills class component, community based learning opportunities, and functional and vocational skill development through the District's Career

Exploration and Internship Programs. The Careers Program is offered to classified and non-classified students throughout the District and has a current enrollment of 37 students.

The Special Services Department is comprised of two Child Study Teams (two Psychologists, two Social Workers, and three Learning Consultants along with 24 Special Education Teachers, 18 one-to-one and Instructional Assistants, a Speech and Language Therapist, a Coordinator of Special Programs, School Psychologist for Special Programs and a District Behavioral Consultant).

As part of school wide Positive Behavior Supports, Special Services, Guidance and Administration (SGA) meet monthly to plan and provide assistance to any student encountering significant difficulties and who may be at-risk. Special Services is also represented on the District's Intervention and Referral Service Committee (I & R/S). This committee serves non-classified students and identifies learning, behavior and health difficulties, collects information on these difficulties, develops and implements action plans, and works with teachers to assist in achieving desired outcomes.

Further, the Study Team was also advised by the Supervisor of Special Services that three additional programs were being developed for the District's special needs students with the goal of serving students with appropriate programs within the district rather than placing them in out-of-district programs.

Consequences of Change with Regional Configuration:

- The new school district for the Pascack Hills High School would have to create a department of special services to serve special needs students. This would entail hiring a Supervisor, Child Study Team specialists, specialists for other program services, teaching staff instructional assistants and clerical support. Thus, there would be an increase in staff expense over the current regional arrangement.
- The new district would also have to enter into tuition contracts with the facilities that are serving students in out-of-district placements; enter into service contracts for required occupational and physical therapy services, and provide all necessary transportation services.
- Currently services are provided to both high schools by a Speech and Language Therapist, a Coordinator of Special Programs, a School Psychologist for Special Programs and a District

Behavioral Consultant. Upon the reconfiguration, each district would have to individually maintain those positions.

- The continuation of the three special programs at each high school would be placed at risk by several factors. The first would be the number of students in attendance at each school that would benefit from the program. The second, would be the availability of classroom space to house the program. This is an especially critical issue at the Pascack Valley High School which is currently operating over student capacity. The third is the ability to attract and enroll out-of-district students since their tuition payments reduce the overall program cost and fourth is the cost involved in duplicating and administering and staffing these programs.
- The three new programs that are being planned would have to be considered by each district and due to the new configuration may not be able to be instituted. This would limit the ability of the districts to bring eligible students into a home school program rather than an out-of-district placement. This would result in longer travel time for students to out-of-district placements, increased tuition expense and increased transportation expense.

| | <u>BENEFITS</u> | <u>SALARY</u> | <u>TOTAL</u> |
|---|-----------------|---------------|--------------------|
| Salary and Benefits for the following Special Services staff: | | | |
| Supervisor of Special Services | \$16,200 | \$128,797 | \$144,997 |
| Coordinator of Special Programs | 16,200 | 82,248 | 98,448 |
| Special Services Office Staff | 73,655 | 127,505 | 201,160 |
| Child Study Team Specialists | 113,400 | 646,837 | 760,237 |
| Speech and Language Therapist | 16,200 | 65,798 | 81,998 |
| Behavioral Consultant Through Region II | | | |
| Special Programs Expense LLD, Rise & Park: | | | |
| Teaching Staff Salaries | | 266,379 | 266,379 |
| Teaching Staff Benefits | 64,800 | | 64,800 |
| Instructional Assistants Salaries | | 151,631 | 151,631 |
| Instructional Assistants Benefits | 110,795 | | 110,795 |
| Program textbooks and supplies | | | <u>9,464</u> |
| Total estimated expense | | | <u>\$1,889,909</u> |

TRANSPORTATION

Findings: The existing regional district provides transportation services for school routes, athletics, and co-curricula activities through the use of transportation contracts with bus companies. This is done either directly with the bus companies or through the services of the Bergen County Region II Consortium. The District employs a Transportation Secretary assigned to the Board Office to process and maintain transportation routes.

Consequences of Change of Regional Configuration:

- After reconfiguration, both districts would have the responsibility of providing transportation services for their students. This would require the addition of a staff member at the new district to oversee transportation matters and as a new entity would have to seek bids for its required routes. The existing district would have to rebid any routes that were substantially changed by the reconfiguration. Any benefits of the economy of scale offered by a larger number of students requiring transportation would be lost.

Transportation-Estimated Expense Attributable to Reconfiguration

| | <u>BENEFITS</u> | <u>SALARY</u> | <u>TOTAL</u> |
|--------------------------|-----------------|---------------|-----------------|
| Transportation Secretary | \$27,425 | \$57,126 | <u>\$84,551</u> |
| Total estimated expense | | | <u>\$84,551</u> |

SCHOOL DISTRICT GOVERNANCE

Findings: The Pascack Valley Regional High School District Board of Education is comprised of nine board members elected by constituents in the four municipalities whose students attend the Pascack Valley Regional High School District. Currently, three members are elected from the Borough of Hillsdale, two from the Borough of Montvale, two from the Township of River Vale, and two from the Borough of Woodcliff Lake.

Consequences of Change of Regional Configuration:

- A Board of Education would have to be established to govern the Pascack Hills High School with members from the Borough of Montvale and from the Borough of Woodcliff Lake. Concomitantly, the existing Pascack Valley Regional High School Board of Education would govern Pascack Valley High School and would have to be reconfigured with members from the Borough of Hillsdale and the Township of River Vale.
- Both Boards of Education would bear the cost of contracts for professional representation including legal services, audit services, architect services, engineering services, and medical services.
- Both Boards of Education would incur the cost of Board of Education expenses for training, conferences and travel.
- Both Boards of Education would be required by NJ Statutes Title 18A to maintain the position of Board Secretary.
- The newly established Board of Education for the Pascack Hills High School would have to engage a service to aid the development of Board of Education bylaws, policies and administrative regulations. The Board of Education for the Pascack Valley High School would have to use its service to update Board of Education bylaws, policies and administrative regulations.
- In accordance with NJ Statutes Title 18A, both Boards of Education would be required to join and pay dues to the New Jersey School Boards Association.

- The Board of Education for the Pascack Hills High School would have to enter into negotiations with the bargaining units that are established by the District's employees and would have to maintain the existing salaries of all Pascack Hills High School staff.

School District Governance-Estimated Expense Attributable to Reconfiguration:

| | <u>TOTAL</u> |
|--|--------------------|
| Professional Representation: | |
| Legal Services | \$64,373 |
| Audit Services | 52,800 |
| Architect/Engineering Services | 26,660 |
| Policy Manual Services | 7,823 |
| Medical Services | 38,702 |
| Board of Education Expenses | 4,682 |
| New Jersey School Boards Association Dues | <u>20,563</u> |
| Total estimated expenses | <u>\$215,603</u> |
| | |
| GRAND TOTAL- Expense Attributable to Reconfiguration | <u>TOTAL</u> |
| | <u>\$6,470,150</u> |

FINANCIAL IMPACT

The following is a financial analysis of the likely financial impact if Woodcliff Lake and Montvale's petition is granted to permit them to withdraw from the existing regional school district. In the previous experts report submitted by Woodcliff Lake and Montvale (dated September 2009), there are several scenarios presented as to different configurations if PVRHSD is broken up. However, since the recent petition pertains to the concept of Montvale and Woodcliff Lake withdrawal from the existing regional, the focus of this section relates to the financial impact this proposed action would have on the average home in each of the four communities.

The previous report opines that, upon the formation of their own regional high school, taxpayers in Montvale and Woodcliff Lake would see a significant tax savings each year, while maintaining the current level of educational excellence. As already noted herein, there is no discussion in that report of the educational impact regarding the reconfiguration of this regional high school district; thus, it is unclear how the experts reached this conclusion. Nonetheless, even if the financial analysis is true, it is incomplete. Further, the assumptions raised by Montvale and Woodcliff Lake fail to evaluate the cost at which the taxpayers in the constituent communities are willing to sacrifice the educational excellence provided by the high school district in its present configuration.

As mentioned previously in this report, the existing high schools in the current regional structure are high performing school districts and are top rated high schools in the State of New Jersey. High performing school districts attract individuals to move into the area and assist in maintaining a higher home value. The impact upon home values has not yet been discussed by Montvale and Woodcliff Lake.

In addition, the approach taken by the experts for Montvale and Woodcliff Lake was simplistic because it failed to take into account other factors including the educational impact of withdrawal, effect on the CAP limits and other additional financial consequences likely to be imposed upon taxpayers *in all four communities* if Montvale and Woodcliff were permitted to withdraw.

Many of the educational consequences were mentioned previously in this report and warrant further mention here. As noted, there will be additional costs that would be incurred to maintain the high

quality level of education that is currently provided if the withdrawal were to be permitted, resulting in two separate regional high school districts. Also addressed previously in this report, it is likely there will be a loss of programs and initiatives if the quality of education were diminished by a breakup of the existing regional school district. The following will provide information regarding what the potential tax impact would be on the average home in each of the communities if Woodcliff Lake and Montvale withdraw from PVRHSD.

POTENTIAL TAX IMPACT UPON AVERAGE HOME

The previous sections of this report address demographics, enrollment, impact on the education of the regional school district and an estimate of additional expenses that would be incurred if Montvale and Woodcliff Lake were to withdraw from the existing Pascack Valley Regional High School District. The following will provide information regarding what we believe the potential tax impact would be on the average home in each of the communities as a result of a withdrawal being permitted.

In order to present the potential tax impact on the average home price in each community, we obtained the June 30, 2012 fiscal year Comprehensive Annual Financial Report (CAFR) for the Pascack Valley Regional High School District and analyzed the revenues and expenditures related to the general and debt service funds as presented in the CAFR on schedules C-1 and I-3. We utilized this information in determining estimated revenues and expenditures in total and for each of the potential high schools separately within the existing regional structure. In preparing this analysis, the following information was reviewed and utilized in the calculation and determination of the potential tax impact:

- The overall tax levy for the 2011-12 fiscal year was extracted from the 2011-12 A4F by community and in total and the amount was agreed in total to the amounts presented in the June 30, 2012 CAFR. The total tax levy for the general fund and debt service fund was \$42,708,473.

- We obtained the 2012 Net Valuation Taxable (NVT) and Equalized Values for each of the four communities from the New Jersey Department of Community Affairs, Division of Local Government Services (DLGS), State of New Jersey Municipal Information Sheets for each municipality. The net valuation taxable was also agreed to the 2012 Abstract of Ratables and the Equalized Values were agreed to the Report of Equalized Valuations for the 2010, 2011 and 2012 years and the three year average. The information utilized in our calculation is as follows:

| | <u>NVT</u> | <u>2012 Equalized Values</u> |
|----------------|-----------------|------------------------------|
| Hillsdale | \$1,956,518,271 | \$1,835,742,047 |
| Montvale | 2,375,245,724 | 2,316,479,250 |
| River Vale | 2,081,135,724 | 1,985,685,095 |
| Woodcliff Lake | 1,847,942,619 | 2,014,204,124 |

- The following are the estimated average home values for each community extracted from the DLGS website:

| | |
|----------------|-----------|
| Hillsdale | \$550,000 |
| Montvale | 651,000 |
| River Vale | 595,000 |
| Woodcliff Lake | 683,000 |

**ANALYSIS OF ESTIMATED REVENUES AND EXPENDITURES
FOR NEWLY RECONFIGURED REGIONAL HIGH SCHOOLS**

To assist the County Superintendent in his analysis of this petition, we estimated the financial impact associated with granting the petition, by assuming the costs associated with providing the same educational opportunities offered at Pascack Hills and Pascack Valley as two separate regional high school districts. The table that follows provides a scenario of the financial impact, after taking into account additional costs that we believe would be incurred as a result of a withdrawal. It also presents the tax impact on an average home value under the current status quo scenario and after the addition of the estimated additional costs associated with a withdrawal.

To prepare this analysis, we extracted the following information from the District's June 30, 2012 CAFR and allocated total revenues and expenditures per the audit between the Hills and Valley High Schools as if they were to operate as separate high schools under a separate regional structure.

Information related to the allocation of the direct expenditures between the two high schools was provided by the Business Administrator of PVRHSD.

The difference between the revenues and expenditures presented for each high school represents excess revenue for Hills and a deficit of revenue for Valley (excess fund balance and other reserves outstanding at and prior to June 30, 2012 were not used in this calculation as we do not know the intended use of the funds for future purposes). The analysis presents the actual general fund and debt service fund revenues and expenditures for the 2012 FY as presented in the CAFR and any difference represents a potential tax levy increase or decrease needed to operate with a balanced budget for each of the newly established high schools. It also takes into account the estimated additional expenditures of \$6,470,150 identified in the previous section of this report that we believe would be necessary if the withdrawal were permitted and to still maintain the high quality level of education currently provided.

The calculation does not include the capital outlay and capital reserve funds expended for the renovations to Pascack Valley school classrooms (\$1,449,000) and the Applied Tech Wing Partial Building Demolition (\$188,000) as they are not recurring costs.

The financial analysis of this revised regional high school configuration, after taking into account the estimated additional costs needed to continue to operate the Pascack Hills and Pascack Valley High Schools separately at the same level of education currently provided, Pascack Hills would have an estimated tax levy reduction of \$92,645 and Pascack Valley would have an estimated tax levy increase of \$3,720,765. The following table presents the analysis:

Analysis of Estimated Revenues and Expenditures/Tax Levy Impact

| | <u>Total</u> | <u>Hills High School</u> | <u>Valley High School</u> |
|--------------------------------|--------------------|--------------------------|---------------------------|
| Revenues | \$44,491,475 | \$22,976,873 | \$21,514,602 |
| Expenditures | <u>41,649,445</u> | <u>19,649,153</u> | <u>22,000,292</u> |
| Difference | 2,842,030 | 3,327,720 | (485,690) |
| Est. add'l costs on withdrawal | <u>(6,470,150)</u> | <u>(3,235,075)</u> | <u>(3,235,075)</u> |
| (Add'l)/reduction in tax levy | | | |
| to balance budget | (3,628,120) | 92,645 | (3,720,765) |
| 2012 FY levy per budget | <u>42,708,473</u> | <u>22,211,608</u> | <u>20,496,865</u> |
| Revised 2012 required levy | <u>46,336,593</u> | <u>22,118,963</u> | <u>24,217,630</u> |

The table below presents the impact on the average valued home in each of the communities before and after withdrawal using the scenario presented previously. The prior to withdrawal column represents the tax impact on the average home using the tax levy in the 2012 FY budget adjusted for 2012 equalized values. The post withdrawal column represents the estimated new tax levy requirement necessary to operate separate regional school districts using 2012 equalized values.

| | <u>Prior to Withdrawal</u> | <u>Post Withdrawal</u> | <u>Difference</u> |
|----------------|----------------------------|------------------------|-------------------|
| Hillsdale | \$ 2,768 | \$ 3,270 | \$502 |
| River Vale | 3,045 | 3,598 | 553 |
| Montvale | 3,256 | 3,243 | (13) |
| Woodcliff Lake | 3,818 | 3,802 | (16) |

FINANCIAL IMPACT FINDINGS AND CONCLUSION

The financial analysis undertaken by the Study Team demonstrates that if the petition to withdraw is granted and two separate regional high school districts are created, the existing tax burden for an average homeowner in Hillsdale and River Vale will increase, while the tax burden for Montvale and Woodcliff Lake taxpayers would decrease by a nominal amount.

The financial analysis undertaken by the Study Team demonstrates that if the petition to withdraw is granted and two separate regional high school districts are created, there will be a loss of approximately

\$6.4 million in shared services costs, requiring the two regional high school districts to expend an additional \$3.2 million each to cover those costs.

The previous report failed to address the impact on the tax levy cap laws on the newly formed districts and the ability to maintain programs within the permitted caps and administrative requirements. See P.L. 2010, c. 44 (approved July 13, 2010). The applicable CAP laws limit the tax levy for school districts by restricting general fund budget increases to no more than 2% over the prior budget year, with exceptions only for enrollment increases, increases for certain normal and accrued liability for pension contributions in excess of 2%, certain healthcare increases, and amounts approved by a simple majority of voters voting at a special election. The process for obtaining waivers from the Commissioner for additional increases over the tax levy or spending limitations has been eliminated. *Please note, however,* the CAP law restrictions are not applicable to the debt service fund. There are no restrictions on a local school district's ability to raise funds for debt service, and nothing would limit the obligation of a school district to levy *ad valorem* taxes upon all taxable real property within the district to pay debt service on its bonds or notes.

The revised tax levy that would be required for the Pasack Valley High School would exceed the 2% tax levy cap. The current regional school district, if reconfigured as a district for students of River Vale and Hillsdale only, would have to obtain permission by the voters, through a referendum, to increase its tax levy in excess of the 2% cap or stand to lose programs.

The financial analysis also demonstrates that, if Woodcliff Lake and Montvale are permitted to withdraw from the existing regional high school district, the tax impact imposed upon residential tax payers in River Vale and Hillsdale is substantially greater than that of Woodcliff Lake and Montvale. The prior report relied upon by Woodcliff Lake and Montvale failed to address this issue. The data reviewed by the Study Team identified that both Woodcliff Lake and Montvale have a substantial greater percentage of commercial rateables than River Vale and Hillsdale. Thus, a more significant portion of the tax burden in Woodcliff Lake and Montvale is absorbed by the commercial entities as opposed to the residential taxpayers, as is apparent by the following table:

Percentage of Commercial Property

| | |
|----------------|--------|
| Hillsdale | 5.57% |
| Montvale | 24.74% |
| River Vale | 3.41% |
| Woodcliff Lake | 24.60% |

Note: The following table presents the approximate percentage of commercial versus non commercial property in the communities using 2012 assessed values. This information was extracted from Exhibit J-6 from the CAFR.

The tax savings for Woodcliff Lake and Montvale would be minimal if their petition to withdraw is granted because of the increased costs that would result in order to provide the same educational opportunities at Pascack Hills that are currently provided by PVRHSD. If reconfigured, the two new high school districts would lose the value associated with combined purchasing power, economies of scale and other benefits and programs that exist in a larger high school district.

CONCLUSION

The State has encouraged greater consolidation and shared services in education for decades. In 2007, legislation imposed the obligation upon the County Superintendent to evaluate school districts to promote administrative and operational efficiencies and cost savings, and identify those schools which would benefit from consolidation. N.J.S.A. 18A:7-8. The report of the Study Team demonstrates that the request of Woodcliff Lake and Montvale, to withdraw from one of the highest-performing school districts in the State of New Jersey, for purposes of tax relief for its residents, is incongruous and contrary to any and all shared services policies. Thus, this request should be denied immediately.

Indeed, this report demonstrates that PVRHSD is an example of the educational and financial benefits associated with a regional high school district. The Study Team was able to identify approximately \$6.2 million in savings associated with PVRHSD operating as a regional district. The Study Team also found numerous examples of how the regional framework benefits the educational mission of the district and its students. For instance, there are multiple opportunities for students from Pascack Hills to join the students at Pascack Valley for advanced elective courses. These opportunities may not be available if the regional school district is reconfigured and the two high schools have to operate on their own. As a high performing school district, it must continue to offer these exceptional academic opportunities to permit their students to continue with the district's mission of academic excellence. Thus, as presently configured, PVRHSD is a model of how a regional school district can reduce costs and still exceed in all assessments of student achievement.

However, if the school district is reconfigured as suggested by Woodcliff Lake and Montvale, both Pascack Valley High School and Pascack Hills High School would have to make substantial financial contributions in an attempt to replicate the services that they presently

share. Thus, Woodcliff Lake and Montvale will not realize a windfall of tax savings. To operate a separate regional school district, in the same manner in which the regional district operates presently, will require a substantial amount of financial investment to duplicate services. At a minimum, Woodcliff Lake and Montvale will now have to independently fund the costs associated with the hiring of a superintendent and related office staff; business administrator and related office staff; department coordinators and related staff; additional faculty; custodial supervisor; professionals for the Board of Education. River Vale and Hillsdale will be left to making similar financial contributions. Thus, the reconfiguration of the school district appears to be a wasteful use of public dollars.

To permit withdrawal would disrupt all the efforts made to articulate a comprehensive curriculum for all students within the constituent municipalities. The creation of a regional curriculum office at the high school, which works with the K-8 school districts, demonstrates how this district strives to improve and act as one unit. Further, all efforts that have been taken to build a quality special education program will be undermined by withdrawal of Montvale and Woodcliff Lake. The costs associated with trying to rebuild those programs in two separate school districts is a costly endeavor. One that would set back those efforts that have been made by the district to improve programs offered to students in the special services department. This report demonstrates that it is not in the educational interests of the students to abandon these efforts, especially since the financial savings that may be realized by Woodcliff Lake and Montvale is so nominal.

In light of the additional costs to replicate the high quality of education, it is likely that course offerings will suffer if the district is reconfigured. Indeed, Pascack Hills, on its own, would be a small high school, which would inherently limit its ability to provide the level of

education presently available as part of a regional school district with Pascack Valley. It would therefore lose all the benefits it receives (both financial and educational) as a member of a larger school district. It is likely that Pascack Hills, on its own, would be limited in rolling out novel educational initiatives, such as the eLearning initiative or virtual classroom, on its own. Further, the increased costs resulting from the breakup of this school district may also result in the reduction of staff and increased class size. The short-term, nominal tax savings that Montvale and Woodcliff Lake *may* realize if they are permitted to withdraw pales in comparison to the loss of educational options as a reconfigured district. The risk of diluting the educational value provided by PVRHSD by reconfiguring the district is too great when compared, again, to the nominal financial savings that may be realized by taxpayers in Montvale and Woodcliff Lake. Indeed, Montvale and Woodcliff Lake fail to consider the potential impact that withdrawal may have upon the reputation of the resulting school districts as reconfigured.

Further, this application overlooks the disruption this will have upon the school district staff. It will be a complex endeavor to reconfigure the staff of this school district, and perhaps, could result in the loss of positions. This is a costly and disruptive process, which should be avoided, if possible.

The financial argument proffered by Woodcliff Lake and Montvale in support of its request – focusing upon a per pupil calculation -- is too simplistic and incomplete for many reasons. First, that is not the most accurate manner in which to evaluate this issue. As noted, it fails to take into account the disproportionate financial impact that would be imposed upon the taxpayers of River Vale and Hillsdale in the event of the reconfiguration of the school district, which can only be described as unfair in light of the disparity. Further, as separate regional school districts, the budget for remaining regional school district would have CAP implications.

Thus, it is unclear whether, if this request is granted, River Vale and Hillsdale will be able to obtain the necessary approvals (from the State and voters) to increase the tax levy. If not, services provided by the school district will be limited, if not, eliminated.

This study also demonstrates that the actual tax levy per pupil rate incurred by the residential taxpayer in all four communities are relatively similar and not as disparate as Woodcliff Lake and Montvale suggest. Woodcliff Lake and Montvale have a much higher commercial rateable base than River Vale and Hillsdale. Thus, reconfiguration would result in a disparately greater tax burden upon the residential taxpayers of River Vale and Hillsdale, due to their smaller commercial taxpayer base.

As presented in previous sections of this report, there may be some minimal tax savings for Woodcliff Lake and Montvale if they withdraw from PVRHSD, but it is more likely that they will lose the educational benefits it receives as a member of a highly-effective regional high school district. Thus, based upon the data contained herein, it would be in the educational and financial interests of River Vale, Hillsdale, Montvale and Woodcliff Lake to continue to operate as a single regional high school district. This application should be denied and/or the advisability report prepared by the County Superintendent should advise against reconfiguration of the school district.

Performance Standards-Conclusion

In our opinion there are no programmatic, educational or economic reasons which would be advantageous to either school should the Regional be dissolved. In fact, it is our belief that dissolution would limit opportunities for students resulting in poorer performance.