

Another Way to Reduce Property Taxes

By Senator Bob Smith

Recently, the Property Tax Convention Task Force presented its report to the Governor and the Legislature regarding recommendations for a possible Constitutional Convention to overhaul New Jersey's property tax system. The report outlines parameters for selecting delegates to a convention, the scope of the delegates' work and a cost estimate of \$3.845 million. This report also focuses on the revenue side of taxation, rather than asking the question of whether we can improve the spending side of the property tax equation.

One method for reducing property taxes that has been successful in other states, including our neighbor Pennsylvania, is consolidating public school districts. New Jersey has 616 public school districts, which is more than one per municipality. As property tax rates and taxpayer anger across the Garden State rise each year, the only thing offered to property owners is a set of rebates that provide only temporary relief to the expense of property taxes. These rebates are a Band-Aid and do not even begin to address long-term solutions for stabilizing or reducing the cost of education.

The largest portion of the average New Jersey property tax bill is the local school district. New Jersey spent \$10,337 per pupil in the 1999-2000 school year, according to the latest data from the U.S. Department of Education's National Center for Education Statistics.¹ New Jersey spends more than one and a half times that of California, the largest state in the Union. We also spend more than our neighboring states of New York (\$9,846), Pennsylvania (\$7,772) and Delaware (\$8,310).

New Jersey's system of 616 independent school districts, each with its own administrative, transportation, labor, health care and insurance costs, is the most inefficient system in the country. According to the Education Commission of the States², 11 states – Alabama, Florida, Georgia, Kentucky, Louisiana, Maryland, Nevada, South Carolina, Tennessee, Utah, Virginia and West Virginia – have some form of county-based school systems, either apart from or in conjunction with additional school districts for their larger urban centers. Each of these states spends thousands of dollars less per student than we do here in New Jersey. They are able to spend less because their systems are more efficient in scope and structure, allowing them to do a better job of delivering educational services to students. I believe that maintaining our current system of 616 autonomous districts is inefficient and wasteful, and it only promotes duplication and inequality.

Consolidating New Jersey's school districts would put our public schools on a rational path to better management. Consolidation would dramatically reduce costs by eliminating duplication of

¹ "Current expenditure per pupil in fall enrollment in public elementary and secondary schools, by state: 1969-70 to 1999-2000." National Center for Education Statistics, U.S. Department of Education.
<http://nces.ed.gov/programs/digest/d02/tables/PDF/table169.pdf>

² Education Commission of the States. ECS StateNotes on School Districts and Campus Systems. "School Districts: County Boundaries." <http://www.ecs.org/clearinghouse/14/30/1430.htm>

services, including transportation, maintenance and purchasing. The savings from consolidated transportation services alone justifies regional or county-based school districts.

Formulas for state and federal aid to schools could be calculated and distributed on a more rational and equitable basis. In addition, it would be much easier to collect the data that is necessary for computing state and federal aid from a smaller number of school districts. Policy and management would be uniform. Teachers would have more job opportunities. By pooling all of the faculty and staff at all schools in a single county or regional district, the ever increasing costs of health insurance would be less because each consolidated district would be purchasing health care plans in bulk.

Another significant benefit of having county-wide or regional school districts would be specialty schools focused on the arts, technology, sciences and vocational training could be integrated into the county-based districts, thereby offering talented students more opportunities to pursue courses of study specific to their career goals and ambitions.

Because they would be spending less on overhead and administration, consolidated school districts will be able to put more money into the classroom, thereby increasing student performance. In order to be competitive in the global economy, New Jersey's students must have the best possible education we can provide. By concentrating spending in the classroom, we can accomplish that goal.

New Jersey's tendency to spin off special education, vocational-technical education and magnet schools into separate, autonomous school districts only increases per-student costs. A 1995 study by the Center for Government Services at Rutgers University estimated an annual savings of \$32 million in administrative costs and a potential future savings of more than \$200 million in annual costs if school districts are consolidated.³ This ten year old study suggests that real property tax relief and the improvement educational service delivery is possible.

Opponents of school district consolidation claim that fewer school districts will mean a loss of local control, which we all consider a basic element of our system of government. This claim could not be further from the truth. County boards of education can and should be elected bodies that are responsible to the voters, accessible to parents, educators and students, and representative of the broadest possible geography and demographics. Public oversight of education would not be diminished because uniform county policies and data would be easy to monitor. County-based school districts would enrich the democratic process because voters, parents, school officials and teachers would have to discuss needs in a broader sense. They would have to consider what is best for all students in the county, rather than just those within a specific, small area.

A thorough examination of our educational system in New Jersey and a serious consideration of consolidating our 616 public school districts is long overdue. We need to have this serious debate

³ Reock, Ernest C. Jr. "A Plan for School District Consolidation in New Jersey." Occasional Paper Series No. 4. Center for Government Services, Edward J. Bloustein School of Planning and Public Policy, Rutgers University. July 1995.

on the costs and delivery of education to our children, if there is ever to be a stabilization or reduction of property taxes.

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