

SB # 19-07

IN THE MATTER OF THE TAX LEVY : STATE BOARD OF EDUCATION
ALLOCATIONS FOR THE
MANCHESTER REGIONAL HIGH SCHOOL : DECISION
DISTRICT, PASSAIC COUNTY.

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This is an appeal of the July 9, 2007 decision of the Commissioner of Education concluding that the “Librera” formula is the appropriate cost allocation methodology to be utilized for the Manchester Regional School District for the 2006-2007 and 2007-2008 school years. In that decision, the Commissioner also established a repayment schedule for Haledon and Prospect Park to return funds to North Haledon based on the use of an incorrect cost allocation method in the 2006-2007 school year. Prospect Park filed an appeal of the Commissioner’s July 9, 2007 determinations, and a cross appeal was filed by Haledon.

The present dispute derives from an earlier appeal in which a petition was filed with the Commissioner of Education by the North Haledon School District seeking to withdraw from the Passaic County Manchester Regional High School District (hereinafter “Regional District”), which is comprised of Haledon, North Haledon and Prospect Park. The Commissioner referred the petition to a Board of Review, which granted North Haledon's petition and directed the Superintendent to fix a date and time for a special school election on the question of withdrawal. On June 13, 2003, the Appellate Division reversed the Board of Review’s decision to authorize a referendum to determine whether North Haledon should be permitted to withdraw from Regional District, In re North

Haledon School Dist., 363 N.J. Super. 130 (App. Div. 2003), a decision affirmed with modification by the New Jersey Supreme Court on August 11, 2004. The Supreme Court remanded the matter to the Commissioner of Education “to develop in consultation with the constituent municipalities, an equitable cost apportionment scheme for the Regional District.” In re Petition for Authorization, 181 N.J. 161, 186 (2004).

On remand, Commissioner of Education William Librera issued a determination on January 18, 2005 setting forth a cost allocation formula as directed by the New Jersey Supreme Court. Appeals of Commissioner Librera’s cost allocation formula were then filed with the State Board. In In The Matter Of The Petition For Authorization To Conduct A Referendum On The Withdrawal Of The North Haledon School District From The Passaic County Manchester Regional High School District, Passaic County, decided by the State Board of Education, February 1, 1996, the State Board determined that:

. . . in reviewing the record before us, we realize that we are not able to properly review the Commissioner’s determination because the record does not provide a sufficient explanation of the methodology used to develop the revised allocation that would enable us to judge whether the allocation fulfills the terms of the New Jersey Supreme Court’s remand.

Id. at 6.

The State Board remanded the matter to the Acting Commissioner of Education to conduct further proceedings as necessary to supplement the record to

facilitate an appropriate review of Commissioner Librera's determination. Id. at 7. That matter is still pending before the Commissioner of Education.

While the appeal in In The Matter Of The Petition For Authorization was pending on remand, cost allocations for the school district for 2006-2007 school year were issued by the Department of Education based on the 100% equalization valuation method, rather than the Librera method. See July 9, 2007 Letter Decision of Commissioner Lucille Davy, at 1. This error resulted in Haledon and Prospect Park funding less of the costs than they should have in the 2006-2007 school year, and in North Haledon funding more than its appropriate share of the costs. Cost allocations for the 2007-2008 school year were also originally determined based on the 100% equalization valuation method. Ibid. When the errors were detected, the cost allocations for the 2006-2007 and 2007-2008 school years were recalculated utilizing the Librera method and a four year repayment schedule was developed so that Haledon and Prospect Park could repay the amount of their underpayments while minimizing the fiscal impact that would occur if the amounts were repaid in a single year. Id. at 3.

On appeal, Haledon and Prospect Park argue that the State Board's February 1, 2006 decision in In The Matter Of The Petition For Authorization, supra set aside the Librera method for allocating costs and that the methodology for appropriating costs in the Manchester Regional School District for all subsequent school years reverted to the statutory methodology while that appeal remains pending. Prospect Park and Haledon also assert that the procedures

followed by the Commissioner in resolving the issue with respect to the cost allocation method to utilize for the 2006-2007 and 2007-2008 school years did not provide them all process that they were due.

Both North Haledon and the Commissioner of Education argue that the Librera method is the operative methodology to be utilized unless a new methodology is adopted by the State Board in In The Matter Of The Petition For Authorization, supra, as the State Board did not set aside the Librera methodology in its February 1, 2006 decision, nor was a stay of implementation of the Librera method sought or granted after the State Board issued its February 1, 2006 decision. North Haledon and the Commissioner also argue that Haledon and Prospect Park were afforded all process to which they were entitled when Commissioner Davy issued her July 9, 2007 determination correcting the cost allocation method utilized for the 2006-2007 and 2007-2008 school years and directing repayment over four years by Haledon and Prospect Park.

After a thorough of the record and arguments of the parties, the State Board affirms the decision of the Commissioner. Our February 1, 2006 decision in In The Matter Of The Petition For Authorization did not set aside the Librera method for allocating costs. Rather, that decision only determined that the record on appeal must be amplified to set forth the basis for Commissioner Librera's determination of the methodology for allocation costs among the constituent districts in the Manchester Regional School District. See State Board of Education's Decision of February 1, 2006, slip op. at 6-7. In so concluding, the State Board noted that, as argued by the Commissioner, a stay of the

implementation of the Librera method was neither sought by any of the parties nor granted by the State Board. Therefore, the Librera method remains in place in the Manchester Regional School District.

Equally unavailing is appellants' assertion that they were denied procedural due process by the Commissioner when she rendered her July 9, 2007 determination. The consultation with the parties that preceded the Commissioner's determination satisfied the requirements of procedural due process in these proceedings, as the July 9, 2007 letter corrected calculation errors, rather than setting forth a determination in an adjudicatory proceeding involving fact-finding and conclusions of law that would require a more formal opportunity for presentation of testimony and evidence by the parties. See Mathews v. Eldridge, 424 U.S. 319 (1976).

Accordingly, we affirm the determination of the Commissioner of Education that the Librera methodology remains in place in the Manchester Regional School District, and that Prospect Park and Haledon must repay the amounts they underpaid in the 2006-2007 school year in accordance with the schedule set forth in the Commissioner's July 9, 2007 determination.

Ronald K. Butcher abstained.

November 7, 2007

Date of mailing _____