

RESEARCH BRIEF

ARE SOUTH JERSEY SCHOOL DISTRICTS PREPARED FOR THE NEXT RECESSION?

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In April of 2020, WRI released a report written by Faculty Fellow Michael Hayes examining the 25 largest South Jersey school districts' financial status and vulnerability to financial recession. This follow up brief examines the financial status of all 179 school districts in southern New Jersey.

A significant reduction in state aid would be problematic for New Jersey school districts because many districts depend on federal and state revenues to fund schools. To help the state distribute cuts strategically, and to help school districts plan for the future, it is vital that state and local policymakers in South Jersey are aware of the most financially vulnerable school districts in the region.

The average South Jersey school district is financially vulnerable if there were significant reductions in state aid. For example, according to Table 1, for the average South Jersey school district, a 10% reduction in state aid would require the school district to raise local taxes by 15.5% to maintain current expenditures. Such a tax increase is unlikely; the more likely outcome would be substantial cuts to district budgets. Ideally, for financial security, we want the risk to be less than one third the average risk we currently see across the region. Table 2 shows there are large differences in risk exposure across South Jersey counties and school districts.

Table 1 also reports other important financial characteristics. For example, the average school district in southern New Jersey has a local tax burden of 6.14, which means that the average resident pays 6.14% of their annual income in local property taxes. Additionally, the average unemployment rate was less than 7% in 2017, but has increased substantially since the onset of COVID-19.

One bright spot for the average South Jersey school district is its financial liquidity level. Based on the data in Table 1, the average school district in the region has \$9.56 in short-term resources for every \$1 in short-term financial obligations. While there are substantial differences in current ratios across South Jersey school districts (as shown in Table 2), it appears that the average district has above adequate levels of short-term resources to pay for its short-term costs. Hopefully, this provides the average South Jersey district with a buffer from the negative budgetary impact of the current economic recession.

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Table 1. Averages of indicators for all schools in New Jersey

INDICATOR	AVERAGE	INTERPRETATION
Enrollment	1834	Number of students enrolled in the school district
Risk Exposure Factor	1.55	A 10% reduction in school aid would require a 15.5% increase in local property taxes.
Local Tax Burden	6.14	6.14% of personal income goes towards paying all property taxes.
Current Ratio	9.56	For every \$1 in short-term liabilities, the school district has \$9.56 in short-term assets.
Unemployment Rate	6.33	6.33% of residents were unemployed in 2016.

Notes: Risk Exposure Factor is the ratio of uncontrollable revenues (e.g., federal aid, state aid, miscellaneous revenues, etc.) and own-source revenues (e.g., local property taxes).

Table 2. Financial indicators for school districts in New Jersey organized by county

DISTRICT	COUNTY	ENROLLMENT	REF SCORE	TAX BURDEN	CURRENT RATIO	UNEMPLOYMENT
Egg Harbor Twp	Atlantic	7356	0.60	6.00	2.78	8.70
Atlantic City	Atlantic	6855	1.17	14.00	4.27	7.70
Pleasantville City	Atlantic	3501	6.85	4.00	0.85	11.60
Hammonton Town	Atlantic	3500	1.39	5.00	0.63	8.10
Galloway Twp	Atlantic	3302	0.81	5.00	9.88	6.60
Hamilton Twp	Atlantic	3164	1.16	5.00	14.08	8.60
Greater Egg Harbor Reg	Atlantic	3096	0.96		1.32	
Buena Regional	Atlantic	1647	1.36		3.63	
Mainland Regional	Atlantic	1226	0.45		28.42	
Northfield City	Atlantic	914	0.41	8.00	5.20	7.50
Somers Point City	Atlantic	882	0.55	7.00	6.79	9.00
Absecon City	Atlantic	859	0.15	6.00	3.49	8.90
Linwood City	Atlantic	807	0.15	10.00	23.70	5.80
Mullica Twp	Atlantic	697	1.71	5.00	23.20	9.20
Ventnor City	Atlantic	662	0.26	20.00	29.06	8.50
Brigantine City	Atlantic	559	0.10	6.00	20.23	6.20
Egg Harbor City	Atlantic	534	0.60	7.00	0.30	9.90
Folsom Boro	Atlantic	402	3.98	4.00	9.37	7.40
Margate City	Atlantic	350	0.01	20.00	69.79	6.50
Estell Manor City	Atlantic	181	0.94	5.00	6.97	7.70
Weymouth Twp	Atlantic	165	1.00	3.00	9.81	7.00
Port Republic City	Atlantic	101	0.78	6.00		8.30

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Lenape Regional	Burlington	6773	0.28	6.00	1.16	5.40
Pemberton Twp	Burlington	4730	5.91	2.00	1.28	6.50
Evesham Twp	Burlington	4410	0.27	6.00	1.18	3.60
Mount Laurel Twp	Burlington	4202	0.12	7.00	1.66	3.70
Moorestown Twp	Burlington	3976	0.14	9.00	1.01	3.30
Burlington Twp	Burlington	3697	0.49	5.00	0.71	5.20
Willingboro Twp	Burlington	3338	1.23	4.00	0.48	6.20
Delran Twp	Burlington	2965	0.43	5.00	1.77	3.90
Medford Twp	Burlington	2660	0.25	7.00	6.06	4.50
Cinnaminson Twp	Burlington	2558	0.32	6.00	4.20	3.80
Bordentown Regional	Burlington	2473	0.32		1.97	
Maple Shade Twp	Burlington	2192	0.41	4.00	1.39	4.40
Northern Burlington Reg	Burlington	2159	0.82		13.77	
Rancocas Valley Regional	Burlington	2047	0.95		13.43	
Burlington City	Burlington	1605	1.43	4.00	1.59	6.10
Florence Twp	Burlington	1542	0.56	4.00	5.02	4.50
Riverside Twp	Burlington	1371	1.59	3.00	1.81	4.50
Lumberton Twp	Burlington	1216	0.64	4.00	8.16	5.00
North Hanover Twp	Burlington	1117	17.01	2.00	13.77	7.10
Mount Holly Twp	Burlington	1062	1.30	3.00	5.12	7.00
Westampton	Burlington	997	0.39	5.00	38.51	4.20
Palmyra Dist	Burlington	925	0.84	4.00	9.93	4.50
Edgewater Park Twp	Burlington	901	0.72	3.00	9.79	5.00
Chesterfield Twp	Burlington	775	0.24	5.00	1.22	4.60
Shamong Twp	Burlington	742	0.48	5.00	24.50	4.90
Southampton Twp	Burlington	718	0.19	5.00	9.16	5.20
Tabernacle Twp	Burlington	696	0.69	5.00	12.19	4.70
Eastampton Twp	Burlington	586	0.86	4.00	2.76	4.10
Hainesport Twp	Burlington	572	0.17	5.00	5.73	5.20
Mansfield Twp	Burlington	536	0.09	6.00	10.13	4.30
Medford Lakes	Burlington	514	0.25	8.00	12.35	6.30
Delanco Twp	Burlington	405	0.42	5.00	5.12	4.20
Beverly City	Burlington	304	1.40	4.00		6.60
Riverton	Burlington	290	0.11	5.00	6.27	3.50
Springfield Twp	Burlington	225	0.35	6.00	3.22	3.80
New Hanover Twp	Burlington	173	1.84		0.53	7.60
Woodland Twp	Burlington	129	0.49	3.00	0.38	5.90

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Cherry Hill Twp	Camden	10794	0.14	8.00	4.81	3.70
Camden City	Camden	7379	45.44	1.00	0.95	10.10
Gloucester Twp	Camden	6218	1.11	6.00	2.95	5.00
Pennsauken Twp	Camden	4679	1.33	5.00	4.75	5.40
Winslow Twp	Camden	4547	0.93	3.00	1.30	6.10
Black Horse Pike Regional	Camden	3534	1.06	6.00	2.29	5.30
Voorhees Twp	Camden	3033	0.15	8.00	3.06	3.80
Lindenwold Boro	Camden	2763	2.45	7.00	0.71	6.90
Haddonfield	Camden	2739	0.07	12.00	2.79	3.50
Gloucester City	Camden	2151	4.91	4.00	6.97	6.90
Collingswood	Camden	2130	0.63	5.00	4.35	4.10
Haddon Twp	Camden	2035	0.14	7.00	3.13	3.40
Eastern Camden County	Camden	1955	0.40		2.63	
Pine Hill	Camden	1856	1.53	4.00	6.29	6.20
Audubon	Camden	1499	0.71	6.00	0.68	4.20
Haddon Heights	Camden	1471	0.14	7.00	2.46	3.30
Bellmawr Boro	Camden	1213	0.66	5.00		6.50
Sterling High School Dist	Camden	958	1.13		1.85	
Stratford boro	Camden	854	0.94	5.00	6.68	5.00
Waterford Twp	Camden	814	0.96	5.00	2.12	5.80
Berlin Boro	Camden	813	0.51	6.00	1.65	5.00
Runnemede	Camden	810	1.28	5.00	13.51	5.80
Berlin Twp	Camden	632	0.94	8.00	7.53	6.50
Barrington	Camden	588	0.32	6.00	6.20	4.20
Clementon School District	Camden	479	1.57	4.00	7.41	6.20
Merchantville Boro	Camden	425	0.69	5.00	14.14	6.00
Magnolia Boro	Camden	404	0.77	5.00	18.81	5.30
Mount Ephraim	Camden	402	0.65	5.00	9.67	5.50
Woodlynne Boro	Camden	380	3.14	3.00	11.89	6.40
Brooklawn	Camden	315	3.26	4.00	17.69	7.10
Lawnside Boro	Camden	311	0.87	6.00	7.29	7.90
Gibbsboro Dist	Camden	275	0.48	8.00	90.48	5.80
Oaklyn	Camden	233	0.52	6.00	4.08	4.90
Laurel Springs	Camden	186	0.80	6.00	11.58	5.40
Somerdale Boro	Camden	92	0.96	5.00	12.46	5.60

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Middle Twp	Cape May	2498	0.39	4.00	7.77	11.50
Ocean City	Cape May	2102	0.38	18.00	22.61	7.10
Lower Twp	Cape May	1647	0.59	5.00	6.75	10.10
Upper Twp	Cape May	1442	0.42	5.00	30.31	7.60
Lower Cape May Regional	Cape May	1300	0.47		6.75	
Wildwood	Cape May	892	0.53	16.00	5.77	13.60
Dennis Twp	Cape May	565	0.96	4.00	10.48	7.00
Wildwood Crest Boro	Cape May	261	0.13	16.00	31.00	13.60
Woodbine	Cape May	232	2.12	2.00	1.97	8.60
North Wildwood City	Cape May	221	0.10	15.00	51.33	16.90
Cape May City	Cape May	151	1.32	12.00	10.06	11.20
West Cape May	Cape May	98	0.58	10.00	12.79	9.20
Vineland City	Cumberland	9611	5.82	8.00	1.20	13.30
Bridgeton City	Cumberland	5982	24.46	2.00	1.24	8.80
Millville City	Cumberland	5408	5.58	5.00	1.44	8.80
Cumberland Regional	Cumberland	1043	1.42		38.78	
Upper Deerfield Twp	Cumberland	858	0.94	6.00	6.27	5.80
Fairfield Twp	Cumberland	556	4.53	5.00	0.79	9.20
Commercial Twp	Cumberland	534	6.12	3.00	1.61	12.40
Lawrence Twp	Cumberland	500	2.89	5.00	10.68	9.20
Hopewell Twp	Cumberland	500	1.15		10.24	4.95
Maurice River Twp	Cumberland	403	1.79	3.00	19.71	8.90
Deerfield Twp	Cumberland	307	1.10	5.00	7.18	6.20
Downe Twp	Cumberland	183	1.30	8.00	6.40	6.70

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Washington Twp	Gloucester	7124	0.60	6.00	2.01	4.30
Monroe Twp	Gloucester	5782	0.73	5.00	2.04	5.70
Deptford Twp	Gloucester	4168	0.86	6.00	0.88	5.10
West Deptford Twp	Gloucester	2892	0.42	6.00	1.24	4.80
Kingsway Regional	Gloucester	2723	0.63		2.35	
Clearview Regional	Gloucester	2280	0.76		4.56	
Glassboro	Gloucester	1969	1.22	4.00	3.35	5.40
Swedesboro-Woolwich	Gloucester	1633	0.78		5.85	
Delsea Regional H.S Dist.	Gloucester	1607	1.57		6.78	
Woodbury City	Gloucester	1523	0.97	1.00	2.37	5.10
Clayton boro	Gloucester	1450	1.47	4.00	0.77	7.90
Franklin Twp	Gloucester	1397	1.00	5.00	5.61	6.70
Harrison Twp	Gloucester	1382	0.50	6.00	4.33	3.80
East Greenwich Twp	Gloucester	1305	0.29	6.00	6.99	3.70
Pitman Boro	Gloucester	1262	1.23	5.00	5.60	4.50
Mantua Twp	Gloucester	1233	0.86	6.00	2.09	4.70
Paulsboro Boro	Gloucester	1171	4.91			
Gateway Regional	Gloucester	879	1.23		12.74	
Logan Twp	Gloucester	855	0.43	9.00	6.15	3.80
Greenwich Twp	Gloucester	405	0.13	10.00	8.94	5.90
Westville Boro	Gloucester	373	1.99	5.00	5.04	7.40
South Harrison Twp	Gloucester	357	0.47	7.00	2.20	4.50
Elk Twp	Gloucester	349	1.20	6.00	6.41	4.60
National Park Boro	Gloucester	270	1.54	4.00	1.84	7.00
Woodbury Heights	Gloucester	229	0.73	7.00	5.87	4.40
Wenonah Boro	Gloucester	175	0.47	8.00	15.98	4.60

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Toms River Regional	Ocean	15216	0.83	8.00	0.26	5.60
Brick Twp	Ocean	8450	0.35	6.00	1.23	5.20
Jackson Twp	Ocean	8146	0.57	5.00	0.70	4.80
Lacey Twp	Ocean	3959	0.45	6.00	0.40	5.10
Barnegat Twp	Ocean	3097	0.69		3.80	5.50
Manchester Twp	Ocean	2920	0.46		0.65	6.70
Southern Regional	Ocean	2837	0.26		9.03	
Point Pleasant Boro	Ocean	2766	0.11	13.00	17.99	4.20
Berkeley Twp	Ocean	2309	0.12	5.00	7.29	6.70
Central Regional	Ocean	2201	0.16		1.68	
Stafford Twp	Ocean	2200	0.36		21.67	5.90
Little Egg Harbor Twp	Ocean	1617	0.76	7.00	3.88	7.90
Pinelands Regional	Ocean	1523	0.62		9.02	
Plumsted Twp	Ocean	1297	1.05	5.00	1.35	5.10
Point Pleasant Beach	Ocean	745	0.11	13.00	17.99	4.20
Ocean Twp	Ocean	507	0.73	6.00	7.10	5.90
Lakehurst Dist	Ocean	366	6.16	3.00		6.90
Tuckerton Boro	Ocean	292	1.11	6.00	9.97	4.90
Long Beach Island	Ocean	222	0.15		4.60	
Seaside Heights	Ocean	219	0.38	12.00	3.46	1.80
Ocean Gate	Ocean	142	0.56	5.00	29.01	6.70
Eagleswood Twp	Ocean	128	0.35	7.00	5.22	6.50
Island Heights	Ocean	124	0.37	14.00	5.36	4.60
Beach Haven	Ocean	52	0.17			7.80
Penns Grv-Carney'S Pt Reg	Salem	2128	2.66		1.23	
Pittsgrove Twp	Salem	1705	1.64	5.00	1.05	5.80
Pennsville	Salem	1666	0.48	7.00	2.61	5.70
Woodstown-Pilesgrove	Salem	1464	0.60		9.34	
Salem City	Salem	1234	5.96	4.00	0.19	12.10
Alloway Twp	Salem	361	1.31	5.00	31.35	5.10
Upper Pittsgrove Twp	Salem	318	1.06	16.00	21.29	4.90
Quinton Twp	Salem	306	1.84	5.00		7.80
Lower Alloways Creek	Salem	163	0.56	4.00	81.40	7.20
Mannington Twp	Salem	157	0.44	7.00	17.98	5.70
Elsinboro Twp	Salem	116	1.10	1.00	84.64	7.80