
Subcommittee Meeting

of

JOINT COMMITTEE ON THE PUBLIC SCHOOLS

SUBCOMMITTEE ON INNOVATIVE PROGRAMS AND SCHOOL CHOICE

*"Discussion about Interdistrict Public School Choice,
charter schools, and other school choice initiatives"*

LOCATION: Dwight Morrow High School
Englewood, New Jersey

DATE: July 16, 2008
11:00 a.m.

MEMBERS OF SUBCOMMITTEE PRESENT:

Assemblywoman Joan M. Voss, Chair
Senator Ronald L. Rice, Co-Chair
Assemblywoman Mila M. Jasey



ALSO PRESENT

Senator Loretta Weinberg

Melanie Schulz, *Executive Director*
Sharon Benesta, *Chief of Staff*

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TABLE OF CONTENTS

	<u>Page</u>
Richard Segall, Ed.D. Interim Superintendent School Operations Englewood Public School District	3
Glenn Garrison President Board of Education Englewood Public School District	4
Rochelle Hendricks Assistant Commissioner Division of District and School Improvement New Jersey Department of Education	6
Jessani Gordon Executive Director New Jersey Charter Public Schools Association	24
Ilan Plawker Council President Borough of Englewood Cliffs, and Representing Senator Loretta Weinberg	41
Rex Shaw Director Teaneck Community Charter School	56
Richard Pressler Member Advisory Board Greater Brunswick Charter School	61
David Scheck President New Jersey Community Capital	71

TABLE OF CONTENTS (continued)

APPENDIX

	<u>Page</u>
Testimony submitted by Richard Segall, Ed.D.	1x
Testimony plus attachments submitted by Jessani Gordon	4x
Testimony submitted by Richard Pressler ,	13x
Testimony plus “New Jersey Charter Schools: A Report on Facilities Financing” submitted by David Scheck	17x
rs:1-78	

ASSEMBLYWOMAN JOAN M. VOSS (Chair): Good morning, everyone.

I'm so happy that so many people are here.

As many of you know, education is the prime motivation in my life. And we want to make sure that the State of New Jersey provides the very best education for all of our children.

And I'm very fortunate, with Senator Rice, to be able to go around and visit schools and see what's going on. And I'm so happy that so many of you are here today to enlighten us more about some of the things that are happening, in terms of education.

I would like to introduce our Senator, Loretta Weinberg, from District 37. She has been a great supporter of education. She's very involved. And I'm very happy to be in her district in this absolutely beautiful, beautiful school.

Senator.

SENATOR WEINBERG: Thank you very much, Assemblywoman Voss.

First of all, thank you for allowing me to welcome most of you -- a good majority of you to whom I don't have to extend a welcome, because you're in your home right now.

But as the State Senator for the 12 towns in eastern Bergen County-- We are now located in one of the towns that has both a charter school and a magnet school. And we also have a charter school in Teaneck. So two of the 12 towns that Assemblyman Johnson, Assemblywoman Huttle, and I represent have very, very successful -- in my humble opinion -- charter schools.

I have been an early supporter of charter schools. I think they are an experiment. I think they serve as the laboratories for the kinds of educational initiatives that we would like to see in other parts of our public school system. And they're very much part of the public school system, as you well know.

So I am delighted, Assemblywoman, that you brought this hearing here.

A formal welcome to Senator Rice and to Assemblywoman Jasey to Englewood, to District 37, to this beautiful and not always most-functional building. The older buildings are beautiful, and they're wonderful, and we all know they present their own unique problems in terms of the operation of the school system here. But this is not only a beautiful school, it has a beautiful group of leaders and a beautiful group of students. And the magnet school that operates here is a great success -- has had wonderful State support which we hope continues.

I have two introductions I'd like to make. First of all, Ilan Plawker, who is sitting in the first row, already taking notes, who represents -- really on a volunteer basis -- Assemblyman Johnson, Assemblywoman Huttle, and myself on many educational issues, and is what I call one of the education visionaries, or dreamers -- the kind of people we need around to get new ideas; and Michelle Seares, who is an intern in my office. We've got a great group of interns this Summer, and each of them get turns to come out on the road with me.

So although we can't stay for the hearing in its entirety, I'm delighted that you're here, and I appreciate all of your input into this

important issue. Because if we're not talking about our kids' futures, we're not talking about anything important.

Thank you very much.

ASSEMBLYWOMAN VOSS: Thank you, Senator.

There is a microphone on its way. We didn't realize that the air conditioning was going to be as loud as it is. And so if you are patient--

I would just like to introduce my Chief of Staff, Kate Brofman, who some of you have met this morning. And she runs my office like a clock. So if you need anything, don't hesitate to call, because I have two of the best people in the world working for me, one of whom is here today.

Dr. Segall, would you mind, without the microphone, to come up?

Dr. Segall is the Interim Superintendent of Englewood schools.

Thank you very much for allowing us to be here today.

RICHARD SEGALL, Ed.D.: Thank you very much, Dr. Voss.

And Senator Rice, welcome; Assemblywoman Jasey, and Senator Weinberg. You're always welcome at our campus.

On behalf of the Englewood public schools, and particularly the proud faculty of this facility, I welcome the Committee. I hope that during the day you'll be getting a perspective on how the legislation that you've been a part of has helped us create a program that we believe is a statewide model. And we'll talk about that a little bit later.

But right now, I want to say welcome, enjoy your time here. Afterwards, we'll be glad to give you insight into other aspects of how we're going about what we're doing. But we believe that it is a great opportunity to see how interdistrict school choice can reform not only a school, but a

school district. And we've got so much time that we'd -- or things that we'd like to brag about, but we'll hold it in respect for your time.

I'd like to introduce to you Mr. Glenn Garrison, who is the President of our Board of Education.

SENATOR WEINBERG: By the way, while Glenn is coming up, if I may, I'm an honorary graduate of Dwight Morrow High School. (laughter) It was the first honorary degree I have ever received in quite a-- It's not only the first, it's the only honorary degree I've ever received. So it's quite a cherished belonging.

ASSEMBLYWOMAN VOSS: I'm sure many more will come.

G L E N N G A R R I S O N: On behalf of the Board of Ed, welcome to the city of Englewood.

School choice has been a God send and a lifeline to our district that has not only helped the high school but, as Dr. Segall alluded to, we have felt it in every level of our school system. The middle school has turned around, elementary schools have turned around. Elementary school kids are talking about the academies. So it really has been an injection of life and a new found love for learning. It's cool to learn in Englewood now. And we trace a lot of this back to the school choice program.

So on behalf of the Board, thank you for coming here. It's an honor to have you. And if you need anything, please let me know.

A few more Board members will be joining me later on today (indiscernible) hearing, because they wanted to be here. So they'll be here shortly.

So thank you for coming, and welcome.

ASSEMBLYWOMAN VOSS: I'm so happy that we are here in Englewood because of the fact that most of our meetings are in South Jersey. And I'm sure that Senator Weinberg and I are very, very proud of what we do up here in North Jersey. And it's nice for people to come.

I wish the School Development Authority would come and see this magnificent school and try to incorporate some of the aspects of this wonderful ambiance. Because when you walk in here, you just know you're in an institution of higher learning. And it is conducive. Just as when children act the way of the clothes they wear, I think they also act the way of the atmosphere in which they're learning looks and feels.

And so I just think it's wonderful that so many of you have come today.

Thank you very much.

We're going to have some discussion about Interdistrict Public School Choice. And Rochelle Hendricks, who is the Assistant Commissioner, Division of District and School Improvement, is with us today.

Thank you so much.

SENATOR WEINBERG: And again, I keep interjecting, but Rochelle Hendricks has been a great supporter, with the Commissioner of Education, of what I call the *magnet school* or the Interdistrict School Choice program that you have here.

And we thank you for all the work you've done to help make this educational experiment no longer an experiment and a huge success.

Thank you.

A S S T. C O M M. R O C H E L L E H E N D R I C K S: I appreciate that, Senator. Thank you.

I'm going to ask if the Interim Superintendent for the Englewood School District would join me.

Can you hear me? It's not on. (referring to PA microphone)

SUPERINTENDENT SEGALL: That's just the recording.

ASSISTANT COMMISSIONER HENDRICKS: First of all, let me say good morning to everyone. And thank you for the opportunity to share with you.

It's my understanding from Ms. Schulz, from who I take direction very well, that I should be brief, and provide a general overview, and then allow Dr. Segall to provide sort of a contextual reality of the success of the program, and then to have a dialogue. Does that sound like a good plan? (affirmative response)

The law, of course, was implemented in January 2000, having been passed in 1999, implemented in 2000. As you know, it limited this pilot in a couple of ways: one, to 21 counties, one per county. It further limited the number of students that could enroll by saying to the sending district it could set a cap of 2 percent per grade of enrollment, and I believe it was 7 percent of total enrollment in the district. The other limitation was by grade levels. Grades 1 through 10 only were students that were eligible to leave the sending district to go to the choice district. Those were, at least, the fundamental ways in which there was sort of a control, if you would, put on the growth capacity of the program.

The other unique aspect of interdistrict choice is it had something called *impact aid* folded into it, which was a way of sort of

softening the transition, if you will, from the sending participating district as a way to provide an incentive for them to participate in the choice program as it was offered by the State.

In the first year of the program -- and that was 2000-2001 -- we had 96 students enrolled in 10 districts. The program was allowed to grow: in the first year of implementation 10, and then another five to 15, and then finally a max of 21. Today, we have 16 districts participating in the program in 16 counties. We have a total of 1,000 and, I believe exactly, 6 students. The reasons the program is at that size are for the reasons that I just described. It was limited in terms of growth. And then, as you know, the legislation expired, and it expired when we got to the number 16 and the total number of students, 1,006. So what we've been doing the last four years since that is maintaining the level of the program.

It is our sense that the program has been highly successful, even though small. When you talk to the districts that have been engaged in the program, the students, and the parents, it has met the primary need, which is provide choice to families. That's number one. Secondly, we see some real efficiencies as a result of the program's implementation.

In several of the districts -- one in particular, for example, they were able to lower the tax levy, which made a lot of people very happy. (laughter) In other cases, the redistricting allowed them to fill seats that had otherwise been empty; and for the sending districts, to relieve them of some overcrowding. So we see some real efficiencies there.

Just as important -- and for me, of course, most important -- is that the students who participated in the programs have felt they've had real opportunities to either meet students who are very different from

themselves, or to engage in academic programs that otherwise may not have been offered.

A couple of cases in point: Perhaps not by design, but certainly by result -- and, quite frankly, something that makes me very much a strong advocate for the continuation of the program -- is to see the impact that interdistrict choice has had on changing the complexion of some intractable problems in the State of New Jersey around zip code segregation, if you will. We see that in Kenilworth; we've seen it certainly in Englewood, which we hear a lot more about; we've seen it in Salem City; and a few others. The interesting thing there is, the students themselves have been the best ambassadors.

I should probably tell you something about percentages of students, just in case that's an area of concern. It's about 50 percent male and female -- pretty even split. It runs the course of all the DFG groups, serving probably more of the students in the lower-income spectrum, but across all DFG groups. Twenty-seven percent of the students are middle school students, about 27 percent are elementary, and 57 percent -- if my numbers are off a little bit -- the great majority are high school students in grades 9 through 12. About 54 percent are Caucasian students, and about even -- 13, 12, somewhere in that neighborhood -- are African-American and Hispanic students, and about 12 percent are Asian-American, and obviously a small percentage of people who do not identify or choose to classify themselves as others.

The Englewood experiment, as some would say -- and I would say -- model, I think demonstrates for many the potential of this program to improve quality education in a district, to break down the barriers and

history of desegregation that has been very difficult to make inroads in this district; and not in a mandated way, but in a voluntary way.

It has been a privilege to partner with the district, the Board, and members of our Legislature to advance the cause here in Englewood, but to do that in such a way that it becomes a model for the rest of the state and, quite frankly, the nation of what you can do when a partnership focuses on what's good for kids.

I think I've had enough to say. And I would like to hear from my colleague.

SUPERINTENDENT SEGALL: Thank you very much.

I want to also comment that Dr. Hendricks is an alumni of Dwight Morrow High School, also an honoree. (laughter) It's an elite group of five right now. And we hope to expand that population with the same quality of people.

We believe that the ethnic diversity on this campus and the radical improvement, as was mentioned, is a result of the current law. It's living proof that good things can happen through legislation and actually goes beyond what was the actual intent of the legislation.

As you're aware, Englewood schools have been a focus of State concern for over four decades. This period of time saw millions of dollars spent on litigation; thousands of hours spent on meetings trying to find a solution; and far too many hostile meetings that just aggravated the public, and drove everybody crazy, and further divided the county. In the end, after the bitter struggle, it went to the State Supreme Court. It came back with the decision to find a voluntary solution.

The core to that solution was the voluntary school choice program that enabled -- that was enabled by this legislation. Our action was necessary -- other action was necessary to implement this. And we want to thank the late Senator Byron Baer, Senator Weinberg, Assemblyperson Valerie Vainieri Huttle, and Assemblyman Gordon Johnson for the work that was done and that other support; and also acknowledge the role of the county government, and particularly the New Jersey Department of Education. But at the core of this voluntary solution was this legislation.

Everything, from our perspective, came together when that happened. In developing the voluntary solution to the minority student isolation problem on this campus -- required the creation of programs strong enough to generate appeal to parents in the environment of all those hostile meetings. So something radical had to be done to do that. And that required money. And it required the families to have a predictable flow of money so that if they came to our program, they'd know that program would be in existence not just for one year, but the full four years of their child's experience on a high school campus.

The Interdistrict Public School Choice legislation provided the answers to that. It provided the money to start the program and then to sustain it. And without it, it would not have happened. Because it is a tremendous risk on the part of the family to leave the comfort of the home district and to go into an environment that is visibly different. And Dwight Morrow's reputation at this time was not stellar in the least. It took people willing to take a risk. And Dr. John Grieco came forward, gave them reason to do that, and used the legislation to move it forward. He brought in a

large number of students, enough to create our first class. And then we could move forward from that. And that funding stream was critical to it.

Today, this campus has 254 (*sic*) choice students and a student body of just over a thousand. That is a very large percentage. And as a result, this campus that used to be 97 percent African-American and Hispanic is now down to 70 percent in those categories.

ASSEMBLYWOMAN JASEY: What was the number?

SUPERINTENDENT SEGALL: It's down to about 70 percent in those two categories.

So the isolation that the students had felt before has changed. And with that has changed what happens educationally on the campus. Today, we have an honors' program that is quite stronger than it was before the program started. The funding brought in the population that allowed us to develop a population that could sustain honors' classes, AP classes at the level they're supposed to be at, and then open them to everybody. And right now we have 160 students who are not a part of the academies at Englewood who are taking classes at that level in those programs. That opportunity did not exist before. We have more students taking AP classes, getting higher scores. Some of them are not part of the academies. And when you look at what has happened to the Englewood students by themselves, just taking that population, we have increased participation in honors' level programs, increased participation in AP classes, and increased participation in programs leading to college placement.

We are proud to say that at the end of this graduation we had, for the third year, 100 percent of our students walk across the stage and get

a high school diploma. And in their other hand, they have a college acceptance. That's a remarkable number.

ASSEMBLYWOMAN VOSS: One hundred percent?

SUPERINTENDENT SEGALL: One hundred percent of the students.

Now, we're not saying the 100 percent are going to go in without remediation. But the opportunity for college is now there, as part of the program, under High Schools That Work, where the recognition that no matter where you're going today, you need to have a college-level entry set of skills to even get good technical training. We want our kids there, and we want them to know that the community college is accessible to them, that there are other programs accessible to them. And having that college acceptance says to them, "There's somebody out there who is willing to work with you." That is a major change and is a startling result of what happened with the Interdistrict School Choice Program and the influx of students who brought with them different aspirations and different skills.

And I also point out the nature of the student's yearbook. *Redefined* is the title they assigned to it. They recognized that this campus has been redefined as a result of this program. They also recognize that the missteps we made at the beginning, trying to create a separate program, are being corrected in a way that feels good to them. So this is now a much more integrated campus than it was four years ago. And it's the staff and the students who are working to solve that problem.

And I believe, as Ms. Hendricks has said, we can become a national model with this. And the Interdistrict School Choice Program was the core of what made that happened. It challenged us to come up with a

program strong enough to appeal. It gave us a funding flow that was predictable so that we could make it happen. And it also enabled the sending districts to have a seamless relationship with us so we didn't have to struggle to get the kids. It was: the kids applied, there was a process, they got accepted, they came. And it was that simple. And it made the other superintendents very happy, because they didn't have to fight it. It made the parents feel they were part of a total system, not having to abandon their home system and pick up somewhere else. Our Board of Education has welcomed these children, has worked with them, takes pride in them, and counts them as their own. And we're very happy with where we've been.

We believe that the State has created a system that opens opportunity with the Interdistrict Public School Choice, that let's districts be creative in how they respond to it. We've had a particular direction and a particular need. It's opened our eyes to other things we can do. And we've had numerous conversations about that. But we believe it offers the same thing everywhere in the state -- so that people see opportunities to redefine the comprehensive high school, which has a very narrow focus in terms of what it does -- all things for all students, which basically amounts to nothing. And everybody just competes for the same colleges.

We have a program here that allows students to follow a direction, tailor their program, get their diploma, go off to the kind of post-secondary training and education that helps them move forward and gives them more opportunities for the 21st century.

We thank you very much.

And personally, as a person who has been through the Englewood struggle now for 23 years, and a resident of this community, I thank you for making my life a whole lot better. (laughter)

ASSEMBLYWOMAN VOSS: Thank you.

I just have a few questions.

How do the students find out about the choice program? I mean, do the guidance counselors in the other schools -- the sending districts-- How do they find out about the program?

SUPERINTENDENT SEGALL: We send members of our staff to the schools across the county -- the middle schools -- introduce the program to the guidance staff there, and then have meetings with students to introduce it, as they're doing their programs about where their kids are going to go to high school.

ASSEMBLYWOMAN VOSS: I worry about the fact that in Bergen County we have over 70 towns. And that's many, many-- And each county only has one choice school. So it must be quite a long list of young people who wish to come to the--

SUPERINTENDENT SEGALL: This year we had four times as many applicants as we had places, which is, again, a testament to what we've been able to create. It is a challenge to get out, get the faculty out, to hold the meetings so parents can come in and see the program. It's a lot of work.

ASSEMBLYWOMAN VOSS: I read the report that was put out in 2004. The children, are they chosen first-come, first-served -- I think I read that in the report -- or is there a testing procedure? How are the children who do get an opportunity to come get selected?

ASSISTANT COMMISSIONER HENDRICKS: It may vary.
In the case of Englewood--

SENATOR RICE: You need to speak up.

ASSEMBLYWOMAN VOSS: Use your school teacher voice.
(laughter)

ASSISTANT COMMISSIONER HENDRICKS: The selection process will depend on the number of seats available and the number of students that are interested in enrolling in a program. If there's a direct match, then there's no need to do any kind of selective process. If, in fact, there are more students interested than there are seats, then we advocate a lottery -- a public lottery.

ASSEMBLYWOMAN VOSS: I think I read that in the--

ASSISTANT COMMISSIONER HENDRICKS: So that's the first-come, first-served.

However, there is the option for admission criteria that a choice district may utilize. And that criteria must be consistent for both the students from the sending district and the students within the district.

And I think that may be something you could describe how it works here, in Englewood.

SUPERINTENDENT SEGALL: Okay.

Students, to get into the academies program, have to apply, both in-district and out-of-district. They go through a screening process that involves a commitment on the part of the student, which is determined by interview. We look at the record of the student to make sure that the student is capable of handling upper-level work, because it is an honors' program. There is a screening test, or a placement test, that is given in

mathematics, because of the core role mathematics plays in the program. The students are assessed on the portfolio that is presented, teachers' recommendations, recommendations from the guidance counselor in the home school, the performance on the report cards from the home district, and how well the student has done on the State assessments so that we're able to put together the program -- put the program in a way that the students actually can succeed in it. We don't want to bring students in who cannot perform. If they're seriously below grade level, it is not good for them, and it's not good for us. But it is a wide spectrum of students who do come in.

ASSEMBLYWOMAN VOSS: We're going to take a break for five minutes. I just have one more question.

If students live a distance away from the school, who provides the transportation for them?

SUPERINTENDENT SEGALL: We do.

ASSEMBLYWOMAN VOSS: Because that's always been a big concern with children making choices, in terms of attending schools other than the one in their district.

SUPERINTENDENT SEGALL: They are treated as our students, and we provide the transportation.

ASSEMBLYWOMAN VOSS: Yes.

SENATOR WEINBERG: I'm sorry, Madam Chairperson. I'm sorry for being so familiar.

I know you're going to take a break, and I'm going to have to leave. So I can talk in my-- I'm used to using my outside voice, since I live in Bergen County. (laughter)

But both Superintendent Segall and Assistant Commissioner Hendricks kind of make it sound like it was sort of easy. (laughter) Not exactly. And I just want to fill in a few of the blanks for those of you who might not know.

This was after years and years of litigation of sending districts -- districts who sent -- who were part of a sending agreement to Dwight Morrow High School, trying to get out of that sending agreement. And all that did was try to denigrate the education provided to the kids in Englewood and make a lot of lawyers a lot richer than they were before the litigation started. And it did nothing to help the kids who were part of that program -- part of those communities that were involved.

Dr. John Grieco, who Superintendent Segall referred to, was the county superintendent of schools -- the late Dr. John Grieco -- who was an absolute genius in many ways. And I never could figure out how he got the things done that he did get done. Unfortunately, I never learned all of his lessons before he left us much too early. But it was his foresight that helped create this school here. And there were some bumpy roads at the beginning -- understand how the schools became in -- how the academies and Dwight Morrow High School became integrated, one with the other. And I think that's something that people have to be aware of. There were kind of problems where there were separate proms and separate graduations for the two groups of students. That has, to a large extent, been overcome. And that is a direct result of the work of the Commissioner of Education and of the leaders of the Dwight Morrow High School, because they had to overcome a lot of prejudices and a lot of naysayers who are still out there, who only want to talk about what wasn't done rather than what was done.

So I just wanted to fill in some of those blanks. Superintendent, pardon me, you made it sound a little easier than it actually was. (laughter) And he did have a full head of black hair when he started, as a testament to what happened here.

But I can't-- There's a word in my religion called *kvell*, which those of you who live on the East Coast -- I'm assuming you know some of those words like *chutzpah* and *kvell*. I can't help but kvell about the Englewood school system. And I know you're going to hear about our Teaneck Charter School in a little while, because they're sitting back there -- another thing of which I am enormously proud.

So this town that is among the most diverse suburban communities in the State of New Jersey is a model. And all of you who participate in it can be so proud of the work you've done here. And the kids are a testament to that. So I just want to say that.

Thank you.

SENATOR RICE: I know the Senator is going to leave, so I need to be on the record.

I think the job -- and I can tell you're doing here -- a great job. I understand the history of Englewood. I understand the racial -- discriminatory and segregation fights. It goes back a ways before we even started talking about charter. And so I think that there needs to be something done, rather than force busing and other kinds of situations.

But this is bigger than Englewood, and it's bigger than a lot of districts. Charters in most of the country do not work, and we can document that for a lot of reasons. There are exceptions to the rules, and we can document that. And we need to pay attention to those exceptions.

But for the Senator, I just want to-- When we go to Trenton, we have to make some decisions -- some of this legislation expired in sunset -- as to what we're going to do. There's a lot of cleaning up needed in charter -- a lot of it -- that maybe my colleagues are not aware of. Because there are areas of the state where there are more charters than just a charter.

Some of this is based on the way we do applications. It's based on the intent. The intent here was a good one to address a real community problem -- not just education. But it was a combination of education, as well as segregation, where unlike other districts -- where the issue, the intent, may not be to address segregation -- it's to make money. And so we need to know that.

Also, there is confusion about charter, because there are those of us who don't believe in privatizing public education. And we know that the privatization people -- the *vouchers*, as we call them -- have been running behind charters, with the charter being the line to push them forward. And I keep telling charter representatives and lobbyists, "You need to isolate that and make it very clear who you are and what you represent." Because we have combination of both.

And so we need to say that. What I don't want to see is the experience of Englewood locked into something that has-- You're almost like unique, in terms of what you have and how you got here in the State of New Jersey. And I need to say that before the Senator leaves, because I don't want us down there fighting over what should happen with charter based on a district, per se. We need to pull the good from the bad and look at it that way.

I'll have more to say about charter as we go. But I knew that the Senator was leaving, so I needed to say that. Because most of the time we work together, and sometimes we draw lines because we don't communicate. But I'd rather communicate in the district so that I don't have to come back to this district -- as the Senator -- to have those discussions and debates.

But I want to salute you on what you're doing and how you're getting it done. And we're going to try to learn from those experiences, because I don't see Englewood, say, as Newark. But I see the experiment in Englewood just as we see affordable housing in our districts. Do you see what I'm saying? We say that there are certain districts that are wealthy, and all this other kind of stuff, that need to have affordable housing. And people say, "We don't want them there." I may see the Englewood experience as well -- they're going to be there. But I don't see that as a Newark, or Irvington, or some of the other experiences that we're having. And I want to be very clear on that. If not, I'll be more than -- not a leader and represent the people with honesty.

Thank you.

ASSEMBLYWOMAN VOSS: We're going to take a five-minute break, and we will come back and speak about charters.

(RECESS)

AFTER RECESS:

SENATOR RICE: Before we commence with the Chairwoman of the Subcommittee, I need to read into the record-- We had to have our reorganization meeting, which we had at the beginning of the year, which is required. At that point in time, we failed to elect the Co-Chair of the Joint Committee on the Public Schools. Since such time, we've had a conference call and meeting for that purpose, and that purpose only. And I just want to be on the record to announce that the Joint Committee has elected as Co-Chair of the Joint Committee Assemblywoman Joan Voss, who is here today. (applause) Education is her background.

Prior to Joan coming on board on the Joint Committee, we took the liberty of structuring ourselves into subcommittees. That was important for a number of reasons: to get a little work done, also to give us an opportunity to move up and down the state in smaller numbers to listen to individuals. And prior to Joan becoming -- Assemblywoman Voss becoming Co-Chair, I was basically the Chair. And I took the liberty of asking her to chair this particular committee. And this is an important subject. And so you can see she is busy as Co-Chair and Chair of subcommittees, education committees. But she and I -- we click well, along with Mila Jasey, the Assemblywoman, because we have no problem going up and down the state talking to people about problems in education. And that's a good thing, although we can agree to disagree. But we learn about being where we should be.

So I want to congratulate you, Co-Chair.

ASSEMBLYWOMAN VOSS: Thank you, Senator.

Senator, thank you very much.

Education, as I said, is my passion, and I have spent my life in it. And Senator Rice and I do agree on many, many things, and we work well together. And I'm so happy that Assemblywoman Jasey is here, because she has an extensive background on board of education situations and issues.

Assemblywoman, did you have any questions you'd like to ask?

ASSEMBLYWOMAN JASEY: I said no, but perhaps for the record I should thank the Assistant Commissioner, and the Interim Superintendent, and the principal?--

SUPERINTENDENT SEGALL: Assistant Superintendent.

ASSEMBLYWOMAN JASEY: --Assistant Superintendent for answering a number of questions that I do have about the model. And I was informed that there is a report coming out in September -- an updated report on what has happened here in Englewood. And I look forward to reading that. It's a really -- sounds like a really good model that we need to pay attention to. And I look forward to understanding more about it.

One question I didn't ask, and I don't know if it's going to be addressed in the report is -- has to do with staff development. I would be interested in knowing what kind of staff development was required in order to achieve the academies and the small learning communities that you told me about during the break. But I will wait.

Thank you.

ASSEMBLYWOMAN VOSS: Just one other thing. I hope that the children who are participating in the programs are very aware of the New Jersey STARS program, whereby if they graduate in the top 20 percent of their classes they can go to a community college for nothing.

And then we have New Jersey STARS II, which allows them to go on to a four-year college. So I hope that it's something that is made very -- that they are made very aware of, because it's a wonderful program.

Any other questions? (no response)

Thank you very much.

Does anybody have any questions or any suggestions of where do we go from here? Because certainly Englewood is definitely a great role model. But as Senator Rice pointed out, that is not necessarily going to be the situation in other counties. Do we have any suggestions as to what we can do in terms of assisting other schools to emulate Englewood?

ASSEMBLYWOMAN JASEY: One of the questions that I asked-- And I think one of the challenges for me is moving from being a board of ed member to an Assemblyperson. So I'm learning. And one of the things I understand is that I need to look at issues on more of a statewide level, policy level.

So one of the questions that I asked during the break, and something that I think we as legislators need to be following, and as members of the Assembly Education Committee, is the impact of the new funding formula on school districts, and whether that funding formula helps or hurts situations like this. It's possible that it may be helpful because of the recognition of students with greater need due to income, that before had not been recognized.

But I don't know. I think the jury is out on that. And so I think that's one of our responsibilities going forward -- is to see if this funding formula helps or hurts and, if it hurts, how we might make

recommendations. I know that special ed is an issue. But I don't pretend to know the details yet.

So I just want to remind the Committee that we need to keep track of that.

ASSEMBLYWOMAN VOSS: Yes. We also need to be able to make some decisions. Because since this program has sunset, in 2004, I understand that the funding is still in place, but we need to take some action. And one of the purposes of this meeting is to determine what action we are going to take.

Now we're going to have a discussion of charter school issues. I've met with several members of the charter school community in the past. And I will be very happy to hear your presentations.

And first we'll have Jessani Gordon, who is the Executive Director of the New Jersey Charter Public Schools Association.

JESSANI GORDON: Thank you very much.

Good afternoon, members of the Joint Committee's Subcommittee on Innovative Programs and School Choice.

Thank you for this opportunity to present testimony on behalf of charter public schools.

We have convened a three-person panel of presenters today to discuss the facilities needs of charter schools and propose solutions for your consideration.

My name is Jessani Gordon. I'm the Executive Director of the New Jersey Charter Public Schools Association. And I will speak to you about the need for facilities funding for charter schools; then Rick Pressler, a charter school leader, will present the story of his school's struggle to find

a permanent home; and finally, David Scheck, from New Jersey Community Capital, will present our proposed solution.

More than 17,000 school children have enrolled in charter schools across New Jersey, and many are among the highest achieving public schools in the state. These independently operated public schools give parents a voice and a choice in public education, and give students access to the quality education they are entitled to.

Despite their success, charter public schools are excluded from all forms of facilities funding, including per-pupil facilities aid and State bond matching funds. This restriction significantly hinders the ability of charter schools to secure safe and affordable facilities in which to operate. But the impact on the schools and the children they serve goes beyond the quality of the facility in which they operate.

With more than 11,000 school children on charter school waiting lists, the lack of facilities funding has limited the number of new charter schools that have opened and has limited the expansion and growth of existing schools, despite strong demand.

One of the primary reasons charter schools fail in New Jersey is their inability to secure appropriate facilities. According to the Charter School Resource Center at Rutgers University, 50 percent of all charter schools applicants who receive State approval are never able to open their doors, because they're unable to secure a facility.

And existing charter schools have a difficult time expanding their schools for the same reason, lack of appropriate and affordable space. Many existing schools spend large sums of money and staff time moving from facility to facility as their enrollments grow. The impact extends far

beyond the bottom line. Moving affects all areas of operations, including enrollment and academic achievement. Charter schools can lose a substantial portion of their enrollment from a move, and a drastic change in enrollment disrupts the education for all students and affects the school's performance on State-mandated tests.

The broader funding problem: Charter schools have suffered from chronic underfunding, and many are in financial trouble, even under the funding levels determined by the School Funding Reform Act of 2008. From their inception, charter schools were expected to do more with less operational funding. However, the amount of funds they actually receive is significantly less than originally intended.

Instead of receiving 90 percent of what traditional school districts spend -- which is what the original Charter School Funding Act of 1995 intended -- charter schools actually receive an average of 70 percent of what their district counterparts receive for operational funding. This is because even though the vast majority of charter schools are located in Abbott or SDA districts, they don't receive the State adjustment aid allocated to those districts.

The situation is compounded because charter schools receive no State aid for the cost of their facilities. Through New Jersey's school construction law, districts serving every public school student in this state -- rich and poor, north and south, urban, suburban, and rural, and vocational -- are eligible for State-subsidized school building aid, except for those serving charter school students. For charter schools, all lease, purchase, and renovation costs come out of general operating budgets to the detriment of each school's classroom needs, innovative programs, and supplemental

services. As a result, charter schools must spend 15 percent of their operating budget on their facilities costs. So in total, charter schools receive funding that is 55 to 60 percent of the funding that their neighboring district schools receive.

To make matters worse, there are Federal dollars available to charter schools that New Jersey charters cannot access. Our charter schools are missing out on millions of dollars for facilities through the State Facilities Incentive Grant Program, which provides matching funds to states that secure per-pupil facilities support for charter school students.

I'd just like to take a brief moment to give you a little national perspective. Currently, there are 40 states and the District of Columbia that have charter schools. They educate over 1.2 million children. The charter school movement has blossomed from one school in 1992 to over 4,000 schools in 2008. It's a huge and growing movement nationwide.

But despite this growth, parental demand for charter schools is nowhere near being met. Fifteen years into the movement, charter schools are still forced to operate with less money on a national basis than traditional public schools. On a national basis, charter schools, on average, are receiving about 78 percent of the funds that flow to the traditional schools. And one of the reasons for that is that they're not provided funding for their facilities.

The Federal government has stepped in to fill the funding void that charters face and has created some programs that provide invaluable financial assistance to states and their charter schools. David Scheck, from the New Jersey Community Capital, is going to speak about one of those programs. So I'm going to just skip a little bit.

So if New Jersey truly supports a quality charter school sector and wants to increase the number of high-quality public charter schools where they're most needed -- schools that will foster radically higher academic achievement for children who are still being left behind -- then the Legislature will help address some of the following needs with regard to their facilities.

Charter school facilities aid must address three separate needs for charter schools which are not unlike those that a typical homeowner has. The first need is a means for charter schools, whether they purchase, renovate, or simply rent facilities, to pay for their rent or mortgages from sources outside of their program budget. One of the solutions has been proposed legislatively: initially at \$1,500 per student per year, and more recently at \$1,800 per student per year by Assemblywoman Quigley and Assemblywoman Cruz-Perez. But this hasn't gone anywhere. This type of aid is consistent with the principle behind the School Funding Reform Act: the funding follows the child.

The second need is a means for charter schools that wish to purchase or renovate their facilities to obtain required facilities financing. Charter schools should be treated like all other public schools and should be eligible for State-subsidized school buildings through New Jersey's school construction law and receive a 40 to 100 percent match, or creative financing products and programs need to be developed to fill this need. New Jersey Community Capital, in partnership with the United States Department of Education, has stepped up to fill this funding gap.

The third need is a means for charter schools that wish to purchase or renovate facilities to accumulate a down payment. Currently,

down payments are either accumulated through amounts saved from operating budgets or through fundraising activities. Neither approach has been very successful for most charter schools.

Again, the U.S. DOE and New Jersey Community Capital have stepped up to help fill the funding gap. But they need additional financial support to appropriately leverage the Federal funding. We need the Legislature's support to help make this happen.

Charter schools are unique as public schools because they must deliver on their performance contract or face closure. The extraordinary results are happening without the benefit of equitable funding and without the benefit of school construction aid. But operating without those entitlements is draining. Not providing adequate funding is unfair to the children we serve.

Thank you very much for hearing my testimony today.

ASSEMBLYWOMAN VOSS: Thank you.

Anyone have any questions?

Yes, Assemblywoman.

ASSEMBLYWOMAN JASEY: I would be very interested in understanding what the impact of the new funding formula has been. It may be too early to tell, but that's something-- My understanding is that it should improve funding on some level, but it doesn't address the facilities issue. Is that what I'm hearing?

MS. GORDON: That's correct. Actually, the new school funding formula improved the funding for 70 percent of our charter schools. So they did see an increase. However, it did not decrease the disparity in the funding between what the charter school students receive and what the

students in the district schools receive. There is still a 30 percent disparity there.

ASSEMBLYWOMAN JASEY: Why would that be if the funding is based per child?

MS. GORDON: The reason for that is that in the new school funding formula, charter schools get 90 percent of the prior year -- or they get 90 percent of the prior year tax levy. They also get 90 percent of the State aid. But they don't get any of the adjustment aid. And many communities -- a lot of the districts are getting -- a significant portion of their educational funding is coming as adjustment aid.

ASSEMBLYWOMAN JASEY: I'm not understanding that exactly. If the funding is per child, depending on what the child's profile is -- economic, English-language learners, special ed, etc. -- how would that not have been improved under the funding formula?

MS. GORDON: Well, there are many districts that actually-- Through the new school funding formula, the local fair share was increased, because they hadn't been paying their local fair share.

ASSEMBLYWOMAN JASEY: Right.

MS. GORDON: So there was a shift in the amount of money that the State would pay under the new school funding formula. But rather than actually having the State pay less, they gave them -- they filled in that gap with adjustment aid. So in fact--

ASSEMBLYWOMAN JASEY: That would be the hold-harmless piece?

MS. GORDON: That's the hold-harmless piece, exactly. So in fact, the formula isn't really changing for those -- or the amount of funding that the district is getting isn't really changing.

What charter schools are getting is 90 percent of the equalization aid and 90 percent of the prior year tax levy. So they're not getting any of that adjustment aid that's being given to the district schools. So there's still a very big disparity between what the district schools are getting and what the charter schools are getting.

ASSEMBLYWOMAN JASEY: Okay.

MS. GORDON: And then in addition, there are 30 percent of our schools that actually did worse under the new school funding formula. But we were able to -- the Legislature was very helpful and recognized that that was an issue. And so through the budget process, they actually increased that so that charter schools were held harmless on a per-pupil basis so that they weren't hurt. They were actually held even with last year.

ASSEMBLYWOMAN JASEY: Thank you.

ASSEMBLYWOMAN VOSS: Senator, do you have any questions?

SENATOR RICE: Yes.

I think the public here needs to understand charter schools basically started in Milwaukee. And the lady who started it happened to be an African-American minority. And the idea was to come up with something in the public school system that may have been different and unique that, once proven, could be implemented within the system, not to go out and get a brand new building and have brand new schools throughout, but to implement programmatic--

Milton Friedman and the far right (indiscernible) started the 1950 voucher movement. They couldn't get it done after all those years, with a lot of litigation in court, a lot of fights from the unions and people in terms of privatizing public education. In 1950, when *Brown v. Board* came, the whole idea was to stop integration. And the only way you could do it -- because of *Brown v. Board* -- was to own everything so you can make decisions.

About 20 years ago, maybe a little less -- Milton Friedman just died in '95 -- (indiscernible) still alive. And the whole movement said, "Look, we're going state by state." And you mentioned Washington. That's one of the districts that were targeted. That's why they have so many charter schools. It was successful there with the movement.

And so they said, "We can change the strategy. Number one, we're too white, too wealthy. We have to find grassroots people. We will use this sexy word called *choice*, because if we have a choice between a white car and a red car -- everybody likes choice: dress, pants, etc." And so that became the buzz word. And I think the charter school people understand that.

The lady who started the movement in Milwaukee left the movement because she was disappointed (indiscernible) when she thought she was getting help.

And so all of a sudden the strategy changed because, rather than going state-by-state, they felt they could target states -- put certain people in states, like we have in New Jersey, to be our point person. That's why we call them Trojan Horses, they come in at night -- to rise in the political arena, which they would help them do; eventually get a seat in

Congress. Enough congressional seats across the country -- that's why McKinley lost down in Georgia -- were preemptive states.

Now, saying all of that, the statistics show across the nation -- and you could (indiscernible) statistic contradiction, because that's what the statistics do -- your model and your methodology -- that most charter schools do not work. And there are a lot of reasons for that. But there are charter schools within New Jersey and elsewhere that happen to work. And I've always said they're in place. We have to find a way to actually support those particular schools that are working.

But there are other problems in the Department of Education. They give out applications like water. You want to get a charter school, just go down and get an application, and put it in. Most of the schools never open up. But they have the school district ready to transition people because the parents have signed up. Only, in September they find out, "Well, you have to put 200 kids back in your district, because they couldn't get a permit for this. They don't have any money, don't have any reserve." So that's a whole other issue we have to address. And I'm raising that because I don't want people confused in the Legislature and the public about why there are these differences. And then the lobbyists and others come and say, "We're not the voucher people." "Well, if you're not the voucher people, you need to say that publicly and divorce yourselves from those relationships."

But the point is very simple: If, in fact, the elements of a charter school can heighten the test scores, and the learning skills, and the ability of students, it seems to me that what was intended in Milwaukee should be happening in New Jersey. Whatever works in a charter school

should be, to some degree, cookie cutter and you can put it in other schools, giving some adjustment. That was the whole notion.

The notion was not to go out and build new schools. If I'm going to put money into facilities-- I have enough problem putting money into facilities now with the way it's working with the court mandate. But if, in fact, I have something that works, and I know I need more facilities, then I'm going to build the facilities the same way I'm doing public school facilities now. That makes sense to me.

And so we have all these academies coming up in districts now. And maybe that's what they're starting to call interdistrict choice or some other kind of choice.

And so this charter to me-- I've always argued, "Look, the charter schools are fine. Just don't take public education funding. Find another funding mechanism." If the State wants to come up with funding and have two school systems, fine. We can debate that. But Chad School is a good example. Chad School was a very productive school over the years. It was not charter. And to be quite frank, it was founded by African-Americans going way back in the system when Newark really needed some direction. They could never get help from anyone, including the private foundations, basically. Why? Because of who they were, who they represented, and where it was situated. And there were other academies.

Catholic schools are closing. Catholic schools -- if I'm going to give out money, I don't need an experiment, I'll put the money into something that works. But we decided not to do that because of separation of church and all this. And we also decided not to do private schools that had nothing to do with religion because of that. So to me, a charter school

is nothing more than a private school sucking up public money under the legislation we passed.

And the reason I say that, Assemblywoman Chairperson, and to my colleagues, to others, is primarily because when we had schools that were functioning we would never pass legislation to fund them, regardless of how we cut (indiscernible), unless you become a charter.

The other reason I said that is because what happens is that the application-- I'll give you an example. In the city of Newark, United Hospital closed many years ago. We fought to keep it open -- big campus. The county executive cut a deal with the owners to bring in 300 mental health patients when they closed Greystone. The deal was cut. It was handled by the law firm of Brendan Byrne and that group there. That was the lawyers. All of a sudden, in the midst of all that negotiations -- which never happened by the way -- people from New York came in. One happened to be a family member of the former Governor. And they were selling it. They didn't know I was at the meeting -- because I got invited. They were selling the people and putting this charter school on the hospital campus. First they wouldn't tell them where the location was when they asked. They wouldn't tell them. And then when I brought it to their attention, they agreed. I said, "Aren't you aware that there are going to be 300 mental health patients on that campus? Why would you put our kids there?" "Well, we'll put a wall up."

Now, understand what that was about. New York -- a law firm representing the owners looking to do something with the empty facilities. They had nothing to do with education. And when they couldn't get the mental health people, all of a sudden--

Now, when I went to Superintendent Bolden and said, "If these people are legit, let's try to help them since they have people signing up. We need to find some space." She said, "Well, I'm helping charter schools. I just can't keep helping them. But I will help them since you called, and I'll give them space in the Robert Treat." Because Robert Treat was up. They said they didn't want it.

And so the point I'm making, by that example and others that never opened and caused us to have to readjust students, is that these are private schools, regardless of what you call them, by the mere fact that the people who are setting them up are not the State of New Jersey. They're individuals who think they can get wealthy. Some think they can teach. And they do a good job -- North Star, Steve Aduvato's group, etc. -- they do a good job. So there are success stories.

But I have a letter now some people want me to do. I know these people personally. I know they don't have \$0.10. I know they can't educate anybody. They couldn't even keep the jobs they had. But we'll give them an application. And now they want letters of recommendation from me and other people. They're going to buy this building -- and I know they'll never get this building. So there's a faulty process on the charter side that needs to be discussed.

And I understand your job and others are to sell charter schools. And we can talk about the success stories and how we help those that are in place in New Jersey. But just before they give out applications -- cannot continue.

And so as we move through the process, Madam Chairwoman, we have to make a decision about interdistrict choice, and we're going to do

that. But if charter is a part of choice, then we have to have some real serious discussions before we do anything. Because we have to isolate things and take them in their proper perspective. And I told the State that, and I've been saying it for years. I want to be on record with that.

I'll ask questions as we go along. But I want everybody to know the history of the movement, how charter was supposed to be, and how they've shown us and others -- just kind of got everybody (indiscernible) Milwaukee, bringing this stuff into this State -- is all messed up now.

ASSEMBLYWOMAN VOSS: Thank you, Senator.

I have a few questions, because having all of my--

I'll use my school teacher voice.

All of my experience has been in public schools. And I really would like to be more enlightened about how charter-- Do charter schools have, like, a particular curriculum focus? I know I asked several of you when we were speaking. Do the children in the charter schools have to take the standard tests that we -- the HSPT, the PSAT, so on, and so forth? And the answer was, yes.

And so my question, first of all is: When one starts a charter school, does the charter school have a particular focus? For example, an academy, or the vocational schools, or the technical schools have a particular focus. Can you enlighten me about the charter schools?

MS. GORDON: Well, there's a charter school application process that is very rigorous. And part of that process is that the founding group needs to be very clear about what their mission is, what their goals and objectives are, how they will achieve them, and how they're going to

measure their progress. And so every school does have a very clear mission as to what it's trying to accomplish. There are some schools that focus on-- In New Jersey, there is a school that focuses on the classics, and so their curriculum is very intensive in terms of Latin and Greek. There's another school that has an arts focus. But the majority of our schools are inner-city schools. Eighty percent of them are serving Abbott children. And so in many of those schools really the focus is helping the kids to learn and giving them the sense that they can achieve, setting high expectations, making sure that they're making progress towards those expectations. And the results that we've seen are that those students are far exceeding all of the traditional district schools in terms of the State assessments. We track all of that information. I have reports on how they're doing relative to the State assessment scores, relative to their districts. So we're comparing within the same district. And I can show you that charter schools have exceeded, on average, the district schools in every district in which they operate.

And I'd also like to address a couple of the points that Senator Rice raised. There are a lot of studies out there about charter schools conducted by different people with different agendas. But if you look at all of the research that has been done, they have found that charter schools have been highly successful at achieving higher academic performance than the district schools. And that's born out by the fact that there are millions of parents on waiting lists to get into those schools. And as I mentioned, in New Jersey, there are almost as many parents on waiting lists as there are students in those schools. So the parents are seeing the value of these schools.

And if I could just revisit some of the other points that were made. The characterization of why charter schools got started is something I've never heard before. It's really a social justice movement with the idea being that the traditional public education isn't working in many communities. So let's look at a totally different model, and let's see if something very different from what exists can work. And so charter schools were set up as individual schools where innovation is allowed to flourish because they're independent from the school board. And so they can have a different sort of curriculum, they can have teachers who are more empowered to actually take what they believe in and what they're able to do, and really bear that out in the classroom.

So I've never heard that characterization of charter schools as being about trying to take private schools and calling them *choice*.

And if you look at the enabling legislation in New Jersey, the reason why they were started was really for -- to empower parents so that parents could make the decision. If a parent is in a community where the schools are failing, they would love to have that opportunity to go, possibly, to the Catholic school. But if they don't have the finances to do that, that really forces them to stay in a failing district school. So charter schools are providing--

They are public. They have-- Anybody who wants to go can go to a charter school. They have blind lotteries. The only problem is that if the demand exceeds the available seats, then they have to -- then students can't always go to the school of their choice, which is why we're really working hard, as an Association and as a movement, to make it easier for

more schools to open and for the existing schools -- especially those that are successful -- to expand so that they can actually meet the demand.

ASSEMBLYWOMAN VOSS: I was very happy to--

I'm sorry, just let me, before I lose my train of thought--

I was very happy to hear that many of the charter schools are in Abbott districts, because these children definitely need assistance. But one of the things that concerns me -- and I'm echoing what Senator Rice says -- is that the whole function of the public school system was to be a microcosm of our society. And one of the things that worries me -- and perhaps the charter schools don't fall into this -- but I'm lobbied constantly by people who are looking for a voucher program. And the thing is that if-- My concern is that if you are going to subsidize children to go to parochial school, or yeshivas, or Christian daycare, and stuff like that, we're now depriving them of seeing other people who make up our society. This is a big concern to me, because I've spent a great deal of my life fighting against prejudice. And if you have never been in a school with somebody who comes from a different ethnic background, a different religious background -- where, all of a sudden, you see that we're really all the same. But if you're in a cloistered environment where you're only with people of your religion, or ethnicity, and stuff, I think that's counterproductive to our American dream of free public education. So that's a concern I have.

And in the charter schools, if they are there to remediate some of the-- I mean, I know there are a lot of problems in education. Believe me, I'm very cognizant of that. And we really need to do some revamping of our whole structure of education. But it's very important for me to understand that charter schools are inclusive of everybody who wants to

come and that they're all not a particular group. And that, as I said, is a major concern.

I'm sorry.

C O U N C I L M A N I L A N P L A W K E R: I just have a -- and I'm speaking for myself, because I haven't reviewed anything that I'm going to say with Senator Weinberg, and I don't want to get into trouble. (laughter)

But the fact of the matter is, most of the problems you pointed out have to do with paying for physical facilities. And I appreciate the separation of programs, because I come out of the New York school system. I'm probably the oldest person in this room. And I remember very clearly that within the public schools we had separate programs where teachers were allowed to flourish, and be creative, and so on. And I'm a product of Stuyvesant High School myself, which is one of the ultimate magnet programs in New York.

How much thought has been given to actually establishing a separate but equal, if you will -- and I hate to bring that up, but -- as I have here on this campus, within the structure of a public school? In other words, you've got a facility, you've got heat, windows, air -- well, not too much air conditioning -- but overall administration, you've got custodial help, and all of that already being paid for. Now, where there are opportunities and space, why not have that separate program? Is that a union thing? Is that-- I mean, I'd like to know.

MS. GORDON: No, that's an excellent point. And actually, we are -- we would love to be able -- charter schools would love to be able to coexist in buildings that are owned by the district. And actually, in many

states they do that. In New York City they do that, and it's worked very well.

We have found, for example, in Newark, there are a lot of -- there's overcapacity at the district level. And there have been discussions in Newark, with the district, to allow the charter schools to actually locate in those spaces. So that is definitely an avenue that we would love to explore. But I would say that there is a lot of political resistance to that. And it's something that we really need to focus on as well.

COUNCILMAN PLAWKER: Well, if the issue is the public school as it stands being shown up by a charter school excelling, that's both a social and a political issue. But if, in fact, we're under one roof, as they are here -- it's a separate program and administrated separately. And this is off the top of my head. I'm just thinking that that's an avenue that should be explored, as you say you are.

MS. GORDON: Yes.

COUNCILMAN PLAWKER: I certainly think Dr. Segall would agree with me: bring all the chickens home.

My three boys graduated from this school right here. And there's another whole reason as to what happened here, beyond race and all of those issues. It had to do with tax dollars. The fact of the matter is that Englewood Cliffs, where I was board president, has a huge tax base. And the political strength here in Englewood wanted that. So that's where all of this started in this building, rather than being a racial issue. Because the majority of -- then, 90-some-odd percent of the kids from Englewood Cliffs attended Dwight Morrow High School, as my three sons did. So that wasn't merely the issue.

But it all seems to boil down to money. You can't get funding for the separate buildings. They couldn't get the tax base up there. Dr. Segall remembers and can verify what I'm saying is true. So I think that if we start talking about academic achievement and goal orientation, where it occurs, I don't think, is as important as having it happen. So where there is room-- Maybe it ought to be in a public facility. Where there isn't, then certainly you could have magnet-oriented schools outside.

But draining dollars from the public system seems to be the problem. There aren't that many dollars available. And I think that's going to be an ongoing fight.

MS. GORDON: Right. Well, charter schools are public schools. And the students who attend charter schools receive much less, as I mentioned -- on average, 30 percent less than what the students who are attending district schools are receiving. And they have been excluded from the programs that -- for facilities -- that have been available to all other types of traditional district schools.

COUNCILMAN PLAWKER: Well, that's the point. If it's paying for facilities -- and I'm talking about a physical plant, which is already being paid for and not being utilized, then that becomes the problem. When there's overcrowding, obviously, you need more facilities.

MS. GORDON: I agree that that's a good, possible solution for some schools.

ASSEMBLYWOMAN VOSS: Assemblywoman.

ASSEMBLYWOMAN JASEY: Yes. A couple of comments, and then a couple of questions.

First, a comment on the-- I think it's really important to keep repeating that charter schools are public schools. They are not private schools. I think the water gets very muddy because of all the competing groups out there, and certainly groups that have been lobbying legislators pretty heavily. And I think that for -- as a legislator, the choice there is pretty clear, because there should not be a commingling of public and private funds, in my mind.

Private and parochial schools are over here, public schools are over there, and I don't think I could ever, on a policy level, mix those causes. So let me go on record saying that.

Secondly, as far as my understanding goes, one of the purposes of having charter schools was to encourage innovation, to encourage new approaches and strategies to meet the needs, particularly of students whose needs were not being met. And I think that perhaps one of the -- I hate to say *failing* -- but one of the things that hasn't happened, at least to my understanding, is a sharing of what's happening in those charter schools that is working with the traditional public schools. Am I correct? I mean, that's an area that really needs work.

MS. GORDON: I agree. By and large, there really hasn't been a lot of cross-pollination there. It does exist in some communities. We hear success stories in Morristown with the charter school there, working closely with the district school and sharing some programs. They have an environmental focus at that charter school. And so they have reached out, and they have done some joint programs.

I do also know that in Red Bank, where there is a charter school, there was a lot of resistance to that charter school coming into the

community. But as a result of that school coming into that community, the traditional district schools' test scores and performance has increased tremendously. So there have been some ways that the districts and the charter schools have been sharing, and also sort of that competitiveness that's--

ASSEMBLYWOMAN JASEY: Can I assume that part of the problem is that there is not an established, statewide mechanism for doing this -- for having this sharing and articulation between charter and traditional public schools? I mean, because it seems to me that's an area that could be addressed and perhaps needs to be addressed through the DOE. That's just-- I'm throwing that out as an idea as I'm thinking about this.

And then I had another-- Oh, the other question I had: In charter schools, the teachers-- Who are the teachers? Let me ask you that.

MS. GORDON: They're no different in terms of their certification.

ASSEMBLYWOMAN JASEY: Right. They're certified, public school teachers.

MS. GORDON: Right.

ASSEMBLYWOMAN JASEY: But they're in an environment that's a little less restrictive, perhaps, in terms of the length of the day or approaches that are used. But the core curriculum standards and requirements are the same.

MS. GORDON: Absolutely.

ASSEMBLYWOMAN JASEY: Okay. I wanted to clarify that for the record. Because I think that--

And I appreciate the fact that you pointed out that the majority of charter schools are in SDA or formerly Abbott districts.

So I think that one of the things that we as a Committee, perhaps, need to be looking at is what exactly is happening. I understand the facilities issue. That's another -- that's a separate issue. But in terms of what is happening in those schools, why is there greater parent satisfaction? That may have entirely to do with the fact that the parent was able to chose to go there.

But what's happening in those classrooms, what's happening with students, and how do we extrapolate strategies and successes that are happening there and apply them to all of our public schools? And how do we, perhaps, help manage more of a collaboration between the teaching staff and the administration in charter schools and those in the traditional public schools?

MS. GORDON: Right. That's a really good point.

Almost every charter school-- Most charter schools are very proud of what they're doing. And because they are doing something that's different, they have open-door policies. And they're very eager to welcome people into the schools to see what it is that they're doing. And I know a number of schools that have thousands of visitors every year. We have North Star, in Newark, that has people from all over the nation coming to visit that school to look at what it is they're doing. They don't often get people from New Jersey visiting, but they get people from outside of New Jersey, district schools as well. And we're-- Some of the people who are involved in charter schools and work at charter schools are also national speakers, and they give presentations and workshops nationally and even at

the state level. And through the Department of Education, they fund the dissemination grant program with the idea being that the best practices should be shared not only within the charter school community, but beyond that community. And I know that some of the programs that have been shared are -- have been made available and open to the traditional district schools as well, through some of the publicity mechanisms and tools that are in place at the Department of Education. We just don't see a lot of that happening.

If you don't mind, I just wanted to go back to the point that Assemblywoman Voss made about charter schools having a representative population of the community in which they're located. Charter schools are required to do that. They are required to actually go out and recruit -- *recruit* is probably not the best word -- but to publicize the programs that they have so that they are attracting a representative population from that community. And in many places, the charter schools are really trying to get at those families where the students have not done well in the district schools and are having -- have fallen through the cracks. And we're finding that, in many cases, those are the students who are coming to the charter schools. They're students who just, for a variety of reasons, haven't done well, haven't been successful at the district school. And so they're coming to the charter school.

Another point I wanted to make is that charter schools really do sort of spring up from the community in many cases. We have just a couple of schools that are what we call *charter management organizations*. But the vast majority of our schools really spring up from the community, out of community demand. And through the application process, they really need

to prove that there is demand in that community for that school. And if there is not, then they can't survive, and they don't survive.

ASSEMBLYWOMAN JASEY: Can I have one follow-up question?

ASSEMBLYWOMAN VOSS: Yes.

ASSEMBLYWOMAN JASEY: Speaking of springing up from the community and demand, do you have any knowledge of same-sex schools springing up in New Jersey? I know in New York they're beginning to appear, but I'm just-- As a point of personal curiosity, I'm wondering if that issue has come up in New Jersey yet?

MS. GORDON: No. I know that there were several applicants this past round for single-sex schools, but the statute says you cannot discriminate on any basis whatsoever. So even if a school is specifically an arts-focused school, students can come in with actually no arts background or even any arts interest. And that's just because they're public schools. That's the way the statute was written, which isn't to say that in some other states there aren't those single-sex schools. And so I think they've been able to make some legal exception on that basis. But in New Jersey, that's not the case.

ASSEMBLYWOMAN VOSS: Just to interject a couple of things.

ASSEMBLYWOMAN JASEY: Thank you.

ASSEMBLYWOMAN VOSS: There's been a lot of research recently about how both boys and girls are doing much better academically in all girl or boy--

MS. GORDON: Single-sex.

ASSEMBLYWOMAN VOSS: Because there's been so much research on the fact that teachers, very often, in a co-educational situation will always defer to boys as opposed to girls.

Just one other thing I wanted to mention is that I like the idea of the charter schools being incorporated into the public schools. But as all of you know -- and I mean, especially after hearing districts 37 and 38 -- our schools are bursting at the seams. And I know in several of the towns, they're speaking about putting referendums up for school construction or expansion. So although I think that's really a great idea, and I think that it would be good-- Because I know the biggest problem that we face is the facility situation. And this would ensure the continuance of a charter school if it were part of a public school facility.

But as I said, that is a major thing. And I think all of us -- I don't know if it's all over New Jersey, but I know up in northern New Jersey the schools are just bursting at the seams.

ASSEMBLYWOMAN VOSS: Councilman.

COUNCILMAN PLAWKER: You mentioned that someone with no interest in an art program could, in fact, go to an art-- So what would be the motivation, other than escaping, so to speak? And it seems to me that there ought to be a goal orientation to a student -- for a student to go to a particular school rather than the parents saying, "You know, I'd rather have you out of there and go there," which I think would be obviated by incorporation in one facility, if that's possible.

In this area we are, in many cases, out of space. So adding on to a building, or separate building, or whatever it happens to be-- But to cut into that area -- we're saying, "Okay. You can come to the school. It

doesn't matter what you really like." Doesn't that cause a problem within the school?

MS. GORDON: It can cause a problem, but the law is written such that they cannot discriminate on any basis.

COUNCILMAN PLAWKER: Forget the law. We're going to change the law.

MS. GORDON: So it's really the school's responsibility then to be very clear about the kind of program, and the kind of focus that the school has, and the kinds of expectations that the school has so that the parent and the student can make the decision about whether that's the appropriate -- the best place for that student.

And in some cases, the student might go there and not have any arts orientation, but then end up really flourishing in that environment.

COUNCILMAN PLAWKER: Well, arts I can see growth into. But if you take a math and science magnet type of school, or physics, or whatever it happens to be, suddenly the light bulb is not going to come on. And you've got a student out of water, because his parents wanted him to go elsewhere. So you eliminate the benefits of this separate program. I mean, there has to be a reason for these charter schools -- is to make these minds grow at the pace that makes sense.

MS. GORDON: Well, every school is required to really work on -- to try to meet the needs of the individual students. They can have a general program with emphasis on a specific area. But if there are students who are not doing well in those areas, it's really the responsibility of the school to work with that child to help them to succeed. That's the nature of the beast.

ASSEMBLYWOMAN VOSS: Senator.

SENATOR RICE: Yes. I need to keep some things in the record for objectivity, and clarity, and debates, if you will, as it relates to charter schools.

Number one, many of us do not see them under the definition of public schools. What we see them as are private schools or school institutions receiving public money. If you want to use that as the definition of public schools, that's fine. The reality is, they are quasi. They are quasi. Let me tell you something. The Newark school system does not set up charter schools within its borders -- a program under "charter schools."

And we talk about charter schools within the system. I know in Newark the teachers have already talked about the things they can do under what you call "charter school models" themselves without having to go out to some private entity, profit or nonprofit, and just pump a lot more money.

The test scores, when you talk about attraction-- First of all, in the urban districts, that's the place that this movement markets first. It doesn't mean that everybody in the wealthy districts are doing very well. It's an easy market, because it's easy to play on the people's mindset when you have overcrowded populations of schools and test scores are down for a lot of reasons.

Since we pump money and parity into the districts, we don't argue student parity dollars anymore, because the court mandated, we gave them, and we see the improvement in test scores. If you look at the test scores of these students coming from (indiscernible), etc., and lay them

across charter schools -- tell the State to give them to you -- you're going to see we did better.

But the other side of that is, okay, we're bringing test scores up in schools that were built in the 1800s, because we got parity dollars to deal with the internal piece. Imagine what would happen if those same students were in a modern facility that we're fighting for -- how many more we could bring.

Let's talk about, for debate and for the record-- As we move in the future on this, let's talk about separate programs. Separate programs and separate schools can be problematic. I went to South Side High School in Newark, the same school people say you can't learn in because the asbestos is still there. It was there when I was there. The difference is, we have parental involvement, teachers are committed, and students have to learn what (indiscernible) could not, we folks in education.

But what's my point? My point is that Ronald Marshall, who is Dr. Marshall -- today a dentist -- and the rest of my friends -- we were pretty good, academically, regardless of whatever crazy stuff we did. But what happened was, they started a program in the school -- several programs -- (indiscernible) like this. They didn't say, "We're going to send you to Science High or create some new school and take the competition out." They said, "When you go to school tomorrow, you will be in Mr. Neumeyer's (phonetic spelling) class. And that's college English." So what happened was -- I'm going to use Ronald Marshall for the record as an example -- my friend. What happened was, that cycle -- not competing, playing around -- he didn't compete. Eddy (phonetic spelling), God bless him, and the rest of us wound up in Mr. Neumeyer's and Marshall did not.

He tightened up the next semester, because he didn't want to be divorced from us, because we were always together. All these separate schools create problems because many times you take the competition out.

And let me give you some more experiences. There are people who applied for schools that they wanted to go to that other students are going to, including some charters, that they couldn't get in. And they were doing okay academically, but they had to stay in their school. And psychologically they thought there was something wrong with them. "What's wrong with me?"

And so we do damage by not doing facilities. If I'm going to add facilities-- If we're overcrowded, and you tell me that charters work because of classroom space size, then I will say I don't disagree. I've always argued "classroom space size," just like I order span of command and organization charts.

Then let me put my money -- and taking the public schools, and building some additional facilities or lease some additional space, and let us do our jobs. Because we know we can do it, and it's proven. So I wanted to raise that for the record.

The other thing I wanted to raise was, you talk about the parents. Let me tell you how the charter schools work from my experience. And I'm not just talking Newark, because I have a lot of experience with this stuff. It's the marketing. A lot of money is put into marketing those community people where the schools are overcrowded and saying, "We will give you a choice, and we will make it better for you." And then when you go to the schools, they tell you, "You will make the PTA meeting or I can put your child out." You go to the other schools -- say Bergen Street -- the

principal, the superintendent -- you know this -- you can't say, "I'm going to put your child out because you didn't make PTA, or you didn't do whatever we want you to do." That's the difference. And this is a mindset -- the way it's being marketed.

We actually closed schools. Vailsburg High School was a model school. When it went down, we sent the kids back to West Side in the district where they used to go. "Well, I'm not sending my kids there." "Why not?" "Bad school, the area is bad." "The area isn't bad. Where are you going to send them?" "I'd rather send my kids to Arts High." Well, Arts High was a much older school. And the community -- getting to it was worse than where they were going. But it was the mentality of that school versus the West Side, which we got back up to where it's supposed to be.

A lot of money by charter advocates and organizations, including the Manhattan Institute and all the rest of those people over in New York that come here and lobby us in our communities -- I'm talking the grassroots communities. I don't know what happens in, say, Mahwah or some place. But I'm telling you, we get marketed to death. We get in these little, small community groups. They give presentations. They beat up on the local public school system like crazy. They talk about corruption and whatever they can find to demise the mindset of the public and make it negative, to get them to sign petitions for charter schools. It's done.

And if we're going to be honest about it, for the record, you know that in many cases -- unlike other locations. And so I want to at least keep this open for debate. And that's the problem I'm having, as we look at this Interdistrict, and we look at choice. How are we going to define *choice*? And then show us what options are going to be available to us for what

reasons. That becomes very important. But no one in this state, including my colleagues, can tell me about charter, marketing, lobbyists, the schemes, the money. But no one is going to tell me that some charter schools don't work, subjectively. I happen to have a couple in my district that happen to work. No one is going to tell me about the person who wants them in Puerto Rico -- after raising all these moneys, and the kids have to come back to our schools. I don't know what happened to the money.

So there are experiences that are real. And that's why I stay on top of this. Because I know if I don't stay on top of it, if something wonderful was to happen, say, in Englewood or Red Bank -- that don't have the kind of numbers of schools I have and number of applications coming in, -- and the people I know who are applying for them are not capable -- then it means we would have big problems in Newark, Jersey City, and all those other places.

So I just want to keep that open for debate, for the record, as we move forward in this choice.

MS. GORDON: Well, I'd just like to allow Ken, from the Department of Education, perhaps, to address the point about whether a charter school can turn students out when they're not cutting the -- making the grade. Because there are a lot of regulations that govern how a charter school behaves.

ASSEMBLYWOMAN VOSS: We're going to take a little break, because I'm sure everybody is ready to pass out from hunger. So there are sandwiches and things over there. And we will resume in about 10 or 15 minutes at most.

(RECESS)

AFTER RECESS:

ASSEMBLYWOMAN VOSS: Ladies and gentlemen, I know this meeting has run a lot longer than we anticipated, and so we need to get started. And hopefully within, like, 40 minutes or so we'll be able to end this particular meeting.

And so I'm going to ask Rex Shaw -- because I know you have to leave -- to come up. And as I said, let's try and get out of the meeting in the next 35 minutes or so.

Thank you.

REX SHAW: My name is Rex Shaw. I'm the Director of the Teaneck Charter School. I've been there nine years. I came to Teaneck Charter School by way of 15 years in Newark as both a teacher and the director of child guidance for five years, and then in private industry for 15 years.

I was happy to hear Senator Rice talk about the right to question privatization. One of our problems in the charter movement is the lack of understanding of what a charter school is, both by the Legislature and the community at large. And part of that problem is that the Legislature that is now seated -- few of them were there when the charter movement began. And we've done a poor job of educating you. We'd like to invite you in to see what we're about.

We have to remember that charter schools would not exist were it not for the failure of the public schools. In 1975, the United States was number one in literacy and number one in math education in the world.

Last year we ranked 24th and 20th, behind states like Estonia and Finland. So it was the failure of our public system that brought the charter schools to bear. Money is not the issue. Bricks and mortar are not the issue. Commitment to education and leadership, both at the legislative level and at the district level, are the solutions.

We cannot put a child out of charter school. It's a public school. Due process rights protect them like they would anywhere else.

There are things that we need to clarify. The Legislature empowered this movement and then left it adrift. We've had no significant oversight. When Senator Rice talks about the large corporations coming in, the Legislature has the power to stop that. The charter school, as it is listed, has broken faith with us. A 90 percent commitment, when I came into the business, now means a 72 percent commitment.

My scores from year one have outscored my district in a suburban district. What we've taken as our commitment is that we can show disparity between minorities, majorities, special education children, and remove them, and we have. In five years, my minority population is scoring at the same basis that my majority population is. My special ed kids are all passing the S-test. That comes from hard work by my teachers using different methodology and committing ourselves to education in the broader sense of the word.

Replication was the goal of the Legislature. Replication is what should happen. The lack of support and the passive support by the Department of Education -- no offense, Rochelle -- by the Department of Education, and its lack of taking to the public and publicizing the good things about charters -- what could be replicated -- has been the problem.

The lack of cooperation between the larger district where we reside and the charter has been the problem. When I was there two years, I went to our superintendent and said, "Use us, make us your lab school. Come in here. We'll train our teachers, you train your teachers." I could not get a meeting with the superintendent of schools. He would not meet with us. So the concept of sharing becomes very, very difficult when you're not welcome in the office.

Talking about facilities: We had a facility. The Longfellow School, which was closed and boarded up in Teaneck -- we bid on it. We outbid them, and they turned us down. It was bought by a private concern. We sued, and we lost. We were then sued by the district under the mandates regulations. And only by good fortune did the Department of Education step in to assist us, or we would have been out completely.

When we talk about the money coming from the districts, it's not the fact. The money follows the students. In the Teaneck district, the budget for Teaneck is \$93 million next year. My budget is based on a percentage of \$78 million, because any money over the cap is not included. So my percentage of district is now 70 percent -- or 72 percent since the restoration. I've gone from 90 to 72. I pay \$700,000 a year on 14,000 square feet because I cannot get in a facility. That is not unusual for charter schools.

All charter schools in the State of New Jersey -- when you talk about private schools -- must follow State standards. The children are tested, our curriculum is built around the State standards, our plans are around the State standards. All teachers must be certified. We must have phys-ed, we must have nurses, we must have everything that a standard

school has. We are public schools. We do things differently -- that we are succeeding. No one has come and said, "Wow, look at that. Let's replicated it. Let's change that."

Part of the problem in the movement is, no one has looked at the research. The successful models across the nation are the "500 schools." Students with less than 500 children -- the neighborhood school concept has been what's most successful and where every school is headed now. And that's why charter schools began, because we could reestablish that. If you go into Newark -- and I can tell you schools, I can tell you a charter school that's four blocks from another school with children in both schools -- sisters in both schools -- one kid performing, one not. I can show you disparity within that district, within my district. But charter schools have met a need, will continue to meet a need, and need to be recognized.

We go back to the research, and we talk about the new at-risk program that was authorized by the Legislature based on poverty, based on income. If you go to Google and type in *at-risk*, you will find that that is not the definition of *at-risk* in 2008. That is the definition of *at-risk* in 1972. Poverty does not equate with not learning, yet thousands of dollars -- millions of dollars have been given to the district with no paradigm, no assessment model, and no requirement. Because the folks that put it together did not do the research or were not given the research.

This is typical of the State of New Jersey and how we've begun. From the beginning of 1968, when I first started in the district of Newark -- had tons of money flowing into the district; millions and millions of dollars that were wasted. So a district that had 82,000 children now has less than 40,000 children. Today, we've seen no real progress in many quarters.

We've seen some progress in others, but no real progress across the board. And I don't site Newark-- I talk about our urban environments in this state -- the most urbanized state in the nation -- where we graduate, annually, children that cannot get into the workforce with the skills that we are giving them.

Our vocational education programs have been upgraded. Yes, compete to get in -- not providing skills for those youngsters that were not competitive.

We've had a continuation of this battering of the education system that once was a model. I welcome the Legislature to come and look at us as a lab school. I will show you our innovations, I will show you what we've done, I will share with you our cost savings and our dollars. I'm educating children on a lot less than the people in my district.

Cooperation is the key. I have an excellent relationship with our superintendent as it is now, once the old guard left. It is important that that be fostered. But it needs to be fostered, both at the State level and the community level. The State has a need to provide that leadership from the Department of Education to bring people together, to bring these forces together to educate children. And we need to stop pitting urban education against suburban education, whether it is charter school versus public, or urban versus suburban. We need to stop that. We are educating children. We need reform across the state that has equity as it's primary cause. And we need to study what has worked, why it has worked, where it has worked, and replicate it, and stop fighting with each other.

Thank you.

ASSEMBLYWOMAN VOSS: Thank you.

ASSEMBLYWOMAN JASEY: What's the name of your school?

MR. SHAW: Teaneck Community Charter School.

ASSEMBLYWOMAN JASEY: Teaneck Community.

Thank you.

ASSEMBLYWOMAN VOSS: Okay. David Scheck, would you--

Rick Pressler, who is the lead person for the Greater Brunswick Charter School.

Thank you.

RICHARD PRESSLER: Yes, thank you.

Thank you to the Committee members for having me here today and for the opportunity to speak.

My name is Rick Pressler. I'm a founder, the former executive director of the Greater Brunswick Charter School in New Brunswick. I'm currently a member of the Advisory Board.

I'm here to talk primarily about the issue of facilities. And I will be very brief and get through that quickly. And certainly if there are questions about any of the other matters, I'm happy to speak to that as well. But I'm going to limit my comments to the issue of facilities, in the interest of time.

I should mention that Greater Brunswick was founded in 1998. We began with 88 students. We had the endorsement of both our local board of education and our mayor. And this was instrumental in our coming into being. We are a regional school. And while there were some differences of opinion among our various districts as to the need for a

charter school, we have persisted over these 10 years. We have increased to 270 students. And we have about 70 percent of our kids coming from New Brunswick, which is an Abbott district. The other 30 percent are from about a dozen other districts. And we do have a student population that is very representative of Middlesex County, which is a very diverse place. And what the old timers in New Brunswick have told me is that we are the first fully integrated school in downtown New Brunswick in 35 years. And it's something that our kids really benefit from.

What I'd like to offer today is the perspective as one who has been a long-time operator of a charter school. I've been involved in the movement since 1996, when the Act was first enacted. And I'm going to talk a little bit about how the facility issue has affected us and some of the impacts of all of that.

There are many challenges in creating any good school, whether it's a charter school or any other type of public school. And some of them are just inherent in any good education program. But as the result of the lack of support for charter school facilities, we've faced a number of challenges that have had an enormous impact.

For example, in our first six years, we moved four times. So you can imagine moving a public school four times over six years. Not only is there the financial expense of moving, and storage, and everything else, and getting set up in the new place; but there's also the human expense on the education program, the families that couldn't move with us, the teachers who had to reestablish their classrooms multiple times. This had an enormous impact on our program. But to the credit of our teachers, many of those original teachers are still with us. Many of those original

families stuck with us. And they did it because they felt that the mission of the school, which focused on differentiated instruction, personalized education plans, attuning the school to the learning style and to the interest of the students-- They felt that that mission was worthwhile, and they stuck with us. However, it's been at a cost. A lot of money, a lot of time, and a lot of resources that might have gone into building the education program were diverted to moving the school four times in six years.

In fact, our facility issues were so difficult that in 2002 we faced closure. And this was in spite of having been renewed by the Department of Education and in spite of having a growing enrollment. And it was because our landlord had told us that they had found someone who could pay more for the space. So we were stuck in a space with a lease that had expired, and a local school district with much deeper pockets was going to rent it. And if it had not been for the good will of our local school district and the intervention of our mayor, we would have been out of business.

As it was, we had to pay double the rent the following year as we waited for something else to happen. We were fortunate that we were able to come up with a solution. And I was going to talk a little bit about that. Because while I would like to say that our school survived in spite of all of this because we were smarter than everybody else, the fact of the matter is, we were lucky. And there were really three elements to our good fortune, some of which were related to perseverance, but which nonetheless are of great concern to me.

When we talk about disseminating and replicating schools-- When I look at how we survived and how we solved our facilities issue, I don't know that under the current circumstances anybody could replicate

that. So are we to wait for other schools to get lucky, or do we need to have public policy that would be helpful?

So there were three elements to our good fortune. Number one was that, back around 2000-2001, the Department of Education had applied for and received some Federal facilities grant money -- I think it was about \$17 million or so -- which was used for public schools in general. But for once, charter schools were not excluded. We weren't explicitly included, but we weren't excluded. And so we were able to apply for and get a \$500,000 grant that in essence became a down payment for a new building for us. It also became a lure for others, as we'll see.

The second good luck we had was that we received a sales call from a private, for-profit developer who had this crazy idea that they could make money building schools for charter schools. They've since learned their lesson about that. (laughter) But at this point they still had this misconception. To their credit, when they realized that the bottom line wasn't there, they didn't abandon our project. They stuck with it, they completed the school, and we were able to move in.

But the third piece that's really key today is that in our search for financing, we came across New Jersey Community Capital. Back then, they were the New Jersey Community Loan Fund -- same organization. We were able to convince them, or perhaps they were able to convince themselves, that we were a worthy risk, that they should invest in us, they should provide us financing to buy our own building so that we wouldn't be kicked out by landlords who wanted to raise the rent, so that we could establish our program and focus on the real issues of education and the real

issues of accountability and evaluation, rather than simply becoming experts at moving.

And so they came through. They also pulled in other resources -- and this is very important. They had a relationship with the Minneapolis-based Community Redevelopment Fund, CRF. And they were able to leverage their assets with other assets to provide us with over \$2.5 million of financing so that we could buy a building.

So the bottom line is, in August 2004, we moved into our own building. And I remember walking into that building, after working on this project for years and years -- this was eight years of my life in this school -- and feeling an incredible sense of depression. Because rather than this being a culminating event of some sort, all this did was allow us to get on with the work that we really wanted to do. So eight years into this project, we finally had a home. We could focus 100 percent of our energies on educating the kids.

Charter school facilities, we know, persist with other schools throughout the state -- with charter schools throughout the state. I don't know where their next \$500,000 grant is going to come from. I don't know how we're going to increase the level of support from the nonprofit loan funds or from other entities that can support schools. I don't know who is going to build those schools and whether they will be as fortunate as we were in their choice of developers.

So what we have to do is look at the public policy and look at some solutions that we can replicate and that will persist over time. There are really two ways we can support charter school facilities. I mean, there's the free money. There's money that is set aside for public education to

build facilities. I do agree that where there is surplus space we need to make the best use of that. This money needs to be used efficiently. In New Brunswick, we have overcrowding. The students are actually in temporary spaces waiting for new schools to be built. And that could be years down the line. So the capacity that we provide is actually capacity that doesn't exist in the system at this point. So free money is wonderful. And charter schools continue to be excluded from that.

In the absence from that, the Legislature -- we need to support organizations like New Jersey Community Capital. What they're able to do is take money that they receive and leverage it with other assets. And this amplifies the effect that those moneys can have. So a dollar given to a nonprofit loan fund like NJCC is worth many, many more dollars to charter schools throughout the state. They pull in dollars from other organizations, they can use it for loan guarantees. They have a lot of techniques that they can use to extract every ounce of value out of the facilities dollars that we give them.

The other great thing about these third parties is that they are governed by the same constraints that any bank is governed by. They have to be responsible, they have to use the money judiciously. Any money that they invest in charter schools -- as much as we have to protect the public interest in terms of making sure the money is well spent, that it's a growing concern that could actually be viable -- they have their own internal requirements that they get the money back. And so here's another layer of guarantee, another layer of risk mitigation that we benefit from when we use money in this way.

So there are two ways that we can help charter schools with facilities. If we don't want to give them money, let's make sure that there's financing available through responsible organizations so that charter schools can access that money and count on them to provide another layer of risk management, as far as where that money is going to go.

New Jersey needs effective, stable schools. None of us who have been in the charter school movement for all these years believe that failing schools should be allowed to continue. We want all the schools to succeed. We want the effective ones to be replicated. We need to develop a public policy that supports the efforts of charter schools to secure facilities throughout the state. It's the most significant action that the State can take right now to make sure that charter schools are successful.

I guess I'm asking you to please provide us with those resources. We want to ensure that the thousands of students in charter schools have the opportunity to attend them.

Thanks.

ASSEMBLYWOMAN VOSS: Thank you.

SENATOR RICE: I had some questions.

ASSEMBLYWOMAN VOSS: Senator, you have some questions.

SENATOR RICE: First of all, the facilities issue continues to come up, and then the failing school issue continues to come up. Are you saying that we should just, based on someone's whims-- And some of these tests, by the way, produce results that are always going to look the same because of the way we're testing.

But in any event, are you saying we should just continue to do charter schools, and charter schools, and charter schools and eventually just diminish or demise the public education system as we know it? Is that what you're really saying?

MR. PRESSLER: Well, I guess I really see charter schools as just another element of the public school system. We're governed by all the same rules and regulations. We have even more accountability. We can be shut down by the Department of Education if we don't perform. So I don't really see them as being adversarial.

I understand that many of the traditional school districts believe that charter schools exist at the expense of their programs. And I believe that the way the funding mechanism has been set up does create a sense -- an adversarial sense. But we couldn't be more public. We are a completely transparent organization started by local families with the support of our local community. So I'm hoping that all families -- and especially families in the Abbott districts like New Brunswick -- will have some choices. And whether they are magnet schools, or schools within the schools, or special academies, or charter schools, I know that I, and I know that many people in our community, see those as complementary.

SENATOR RICE: All right, let me ask you a question. You know, this facility thing-- I have recreational programs and nonprofit groups that have academic components. And I have senior citizen programs. And they are bouncing around from place to place. They really need permanent facilities to be functional. We're not going to give them those kinds of dollars. They go to nonprofits, they go to your foundations,

they go etc. And so I suspect that's where most of your moneys are coming from, except for what we give.

But my question to you is -- as it relates to your institution. Let me ask you a question. If we change the law and say, "Okay, we're going to take-- We're not doing any more charter schools, but we're going to go and look at the North Stars, and Teanecks, and New Brunswicks, and the Steve Adubatos over there who are doing a good job, and we're going to take all these schools-- We're no longer going to give you money to run it, but we will hire all your personnel. You'll come to work for us at the State under our supervision, but your programs will remain the same within our facilities," what would you say to that?

MR. PRESSLER: Well, I guess if the goal is to try to replicate the successful practices, we need to have good mechanisms for doing that. I don't know if that would be the best way to do it. There was the dissemination grant program which attempted to do that.

I guess we feel like what we do is already very closely watched by the State of New Jersey.

SENATOR RICE: Excuse me. I don't mean to cut you off, because I know we want to get out of here.

I'm not talking about watching. I'm saying I want to hire you.

What's your job? Are you director?

MR. PRESSLER: I was the executive director, yes.

SENATOR RICE: Okay. "I want to hire you. I want you to bring your staff in. We're putting you on the city of Newark payroll. We'll put you in this facility and you run the same programs you have. This is my superintendent, these are my board members, etc. So we're not going to

disturb what you're doing, we're going to regulate you and oversee you. This way I don't have to worry about funding all these entities. You now work for us." What's your problem with that?

MR. PRESSLER: Well, I guess my question would be: Do we now get 100 percent funding?

SENATOR RICE: Yes, you work for us. You're going to get what you need for that program.

MR. PRESSLER: I think that what you're suggesting is a very different model of how charter schools can exist perhaps very happily within the local school district. And to me, that's a wonderful goal. To say that instead of this adversarial relationship that sometimes exists -- and I'm very glad to hear from Rex and others that it doesn't always exist. But if we could find a way to make peace between the charters and their resident districts so that they cooperate with each other and share their expertise, that would be wonderful. If we could find a way to get equitable funding for charter schools where they could run their programs with 100 percent funding, that would be wonderful too. So I think there's a lot of merit to that.

SENATOR RICE: All right. Thanks.

We'll look into that sharing. We're looking at saying, "No more charter schools. You come work for us." (laughter)

MR. PRESSLER: Thank you.

ASSEMBLYWOMAN VOSS: Anyone else have any questions?
(no response)

Thank you very much.

MR. PRESSLER: Thank you very much.

ASSEMBLYWOMAN VOSS: And last, but by no means, least, David Scheck, former president of New Jersey Community Capital.

DAVID SCHECK: Can I try to use my teacher's voice?

ASSEMBLYWOMAN VOSS: Absolutely.

MR. SCHECK: Great. Thanks. (laughter)

Madam Chair, members of the Subcommittee, Ms. Schulz, thank you very much.

I'm David Scheck. For the past seven years, I've been the President of New Jersey Community Capital.

New Jersey Community Capital is a community development financial institution primarily serving the State of New Jersey. Think of us as a public purpose investment company: low financial returns, extraordinary social returns.

We appreciate the opportunity to discuss our involvement in charter school facility financing. In particular, I would like to discuss with you our desire to leverage an \$8.15 million grant we secured from the U.S. Department of Education a few years ago.

By way of background, New Jersey Community Capital facilitates the flow of money and knowledge to create wealth and well-being in underserved communities. Socially motivated individuals, foundations, religious organizations, corporations, and units of government invest low-cost capital with us. And we use our expertise to redeploy that capital to certain industries unable to secure loans and investments from traditional financial institutions.

Since our founding in 1987, when we had \$125,000 whopping of capital undermanagement, we've committed financing for over 625

projects, totaling over \$200 million. Based on our outstanding track record, we closed our most recent fiscal year with over \$125 million of capital under management.

Over our 20-year existence, we've written off 1.3 percent of our loans that we ever made. We focused on three key industries often seen as industries that don't access capital from conventional sources well: affordable housing, early education, and most recently charter schools.

With regard to public charter school facility financing, our phones started to ring early this decade. It was that guy over there who was the first call we took. We learned that charter schools do not generally meet a commercial lender's underwriting standards. It could be lack of equity to make a down payment, a lack of operating history -- i.e. start up schools -- or simply the fact that an organization that has a five-year charter has an awful hard time getting a 25-year mortgage.

New Jersey Community Capital provided nearly \$2.7 million in its first financing to a charter school to Greater Brunswick in 2004. Since then, we have become, by far, the state's leading and most respected provider of capital to charter schools.

I'd like to give you one more brief example. In 1997, North Star Academy was chartered to serve 300 middle school students. It was one of the first schools chartered by the New Jersey Department of Education. In 2005, they approached us, and we provided them with \$4.85 million of debt and equity financing to purchase a facility. It allowed the school to reduce their occupancy costs significantly and devote additional resources to education.

North Star expects substantial future growth, and its charter now provides for it to serve 2,000 students. To aid this growth, this past January we provided an additional \$4.7 million of debt financing to allow North Star to acquire the building that houses its high school, which is immediately adjacent to the middle school that I previously referenced.

As an aside, but a critical aside, every student who started 10th grade at North Star has graduated from high school. And every student who has graduated from high school has been accepted into a post-secondary educational institution.

For a more comprehensive review of charter schools, particularly on facility financing issues, I intend to respectfully submit for the record a comprehensive report on charter schools prepared by the Bloustein School of Planning and Public Policy at Rutgers University, which was published this past Spring.

New Jersey Community Capital initiated the idea for this study, and various charter school operators, public and private financing sources, and charter school experts from New Jersey and beyond were involved in providing input for the report. In addition, the Bloustein School relied on the expertise of the New Jersey Office of Management and Budget and the New Jersey Department of Education in compiling the report.

In 1995, the New Jersey Legislature took an innovative and bold step when it approved the Charter School Program Act, authorizing public charter schools to operate in the state. As Ms. Gordon noted in her testimony, 13 years later, the 56 public charter schools currently operating now serve over 17,000 students. This history of continued growth and increasing attendance tells us that there's real demand for school choice in

the market. And with that demand, there is a corresponding need for facility financing.

Currently, public charter schools located in Newark, Camden, New Brunswick, Hoboken, Trenton, Lake Como, and Teaneck are in discussions with New Jersey Community Capital regarding over \$85 million of immediate needs for facility financing. This facility financing ranges from such things that are as simple as security deposits for lease space, to leasehold improvement loans, to letters of credit to backstop municipal bonding, to acquisition and construction loans, and to permanent mortgages.

This demand also points out a major flaw in the Charter School Act: the prohibition on charter schools using public funds to construct facilities -- except for Federal funds. The simple truth is that New Jersey's public charter schools are at a huge financial disadvantage compared to their traditional public school counterparts, which secure public funding through the School Development Authority and its predecessor entity.

Because of this competitive disadvantage, and based on New Jersey Community Capital's enviable track record of lending to this industry, we were able to secure an \$8.15 million grant from the U.S. Department of Education in 2007. Over the past two years, we've been involved in discussions with the New Jersey Department of Education, the New Jersey Economic Development Authority, and others in State government with an idea to leverage this award with \$30 million of State funds to begin to meet the estimated \$1 billion financing need for charter school facilities. We estimate that \$30 million of State resources, combined with New Jersey Community Capital's Federal award and the support that

we receive from our investors, would leverage at least \$200 million of private financing for public charter schools.

As proposed, the State resources would be provided to New Jersey Community Capital, and we would provide them to public charter schools for a variety of facility financing needs, including loans, equity guarantees, and other financial instruments.

New Jersey Community Capital is required to follow strict guidelines imposed by the U.S. Department of Education relating to the use of the \$8.15 million Federal award. Our 20 years as a trusted custodian of public and private sector resources, coupled with our immaculate record-keeping and unblemished audits, gave the U.S. Department of Education the confidence it needed to award us our largest ever grant.

The U.S. Department of Education recently issued a third-party prepared report evaluating the organizations that received Federal credit enhancement awards between 2002 and 2004. The report found the program extremely beneficial because of the program's flexibility and because resources are generally entrusted to socially responsible lenders similar to New Jersey Community Capital.

On behalf of the wonderful public schools that we value as clients, we respectfully request that the Subcommittee seriously consider providing State resources to aid us to leverage our Federal award.

Thank you very much for your consideration.

ASSEMBLYWOMAN VOSS: Thank you.

We need you in Trenton. (laughter)

COUNCILMAN PLAWKER: The return on investment, basically -- if you have investors -- is based on the differential between your

grants and what you give out, because there's no earning base in the charter school? There's no tuition or anything like that.

MR. SCHECK: Right.

COUNCILMAN PLAWKER: So you get administrative fees plus, I guess, paid for management of these funds -- just so I understand how the business works.

MR. SCHECK: I think the simplest way to think of us -- and don't take this to the FDIC -- but the simplest way to think of us is we're a nonprofit bank. So we have grant dollars, and we borrow money from--

COUNCILMAN PLAWKER: Okay. I just wanted to know.

MR. SCHECK: And we make a nominal spread, and they even hate paying the spread.

ASSEMBLYWOMAN VOSS: Senator.

SENATOR RICE: Yes.

Could you send to the Committee a list of your board members and their affiliates?

MR. SCHECK: Absolutely.

SENATOR RICE: Also, is there any relationship with your organization and Bill Gates, or the E3, or the Manhattan Institute, or the BAEO?

MR. SCHECK: Unfortunately, we don't have a relationship with any of those. But I will send you a--

SENATOR RICE: What about the Atlanta Foundation?

MR. SCHECK: I'm sorry?

SENATOR RICE: What about the Atlanta Foundation.

MR. SCHECK: No.

SENATOR RICE: Okay. Why don't you send us the list of your board members and affiliates?

MR. SCHECK: I'll get you a list of the board members, and I'll get you a list of our -- all of our grant support that we've received over the past two or three fiscal years.

SENATOR RICE: That would be very helpful for us to look at.

Also, through the Chair--

Actually, to the staff--

No, to the Department. (laughter) Could you send us-- You always give us a list of--

This is government for you. They give us a list of people who receive money, people who receive programs. But they never tell us where they're located. So would you send the addresses of all of these charter locations so some of us can pop in on our own volition?

ASSISTANT COMMISSIONER HENDRICKS:
(indiscernible) (speaking from audience)

SENATOR RICE: I beg your pardon?

ASSISTANT COMMISSIONER HENDRICKS:
(indiscernible) (speaking from audience)

SENATOR RICE: Right now, I'm concerned about charter schools' locations.

ASSISTANT COMMISSIONER HENDRICKS: Charter, not Interdistrict Choice. That's what I was asking.

SENATOR RICE: Right. In Union, and Warren, and all these different places.

Thank you.

ASSEMBLYWOMAN VOSS: Does anyone have any questions? (no response)

I want to thank everybody for coming, because you certainly have given us a great deal of food for thought.

I want to thank Melanie Schulz for all that she does and for guiding me through my first meeting here.

I want to thank Sharon Benesta for all that she does.

And you can thank these two ladies for the little repass we all had before we all passed out from hunger. (laughter)

And I also want to thank Becky Sapp, who has put up with all of our rhetoric for the day. Thank you so much for all that you do.

And I guess that's a wrap. I don't need a motion.

Thank you very much.

SENATOR RICE: We have to thank-- We didn't get to the Zone, so we have to thank the Zone for inviting us.

ASSEMBLYWOMAN VOSS: And would you also sign in on the sign-in sheet on your way out?

And thank you again, all, for coming.

(MEETING CONCLUDED)