
Committee Meeting

of

JOINT LEGISLATIVE COMMITTEE ON GOVERNMENT CONSOLIDATION AND SHARED SERVICES

Assembly Bill No. 4, Senate Bill No. 42; Assembly Bill No. 8, Senate Bill No. 49; Assembly Bill No. 9, Senate Bill No. 46; Assembly Bill No. 10, Senate Bill No. 47; Assembly Bill No. 11, Senate Bill No. 2374; Assembly Bill No. 12, Senate Bill No. 45; Assembly Bill No. 13, Senate Bill No. 48; Assembly Bill No. 14, Senate Bill No. 39; Assembly Bill No. 15, Senate Bill No. 38; Assembly Concurrent Resolution No. 5, Senate Concurrent Resolution No. 123

LOCATION: Committee Room 11
State House Annex
Trenton, New Jersey

DATE: December 7, 2006
12:00 p.m.

MEMBERS OF JOINT COMMITTEE PRESENT:

Senator Bob Smith, Co-Chair
Assemblyman John S. Wisniewski, Co-Chair
Senator Ellen Karcher
Senator Joseph M. Kyrillos Jr.
Assemblyman Robert M. Gordon
Assemblyman Joseph R. Malone III



ALSO PRESENT:

Joseph J. Blaney
Brian J. McCord
Office of Legislative Services
Committee Aides

Patrick Gillespie
Senate Majority
Hannah Shostack
Kate McDonnell
Assembly Majority
Committee Aides

Rosemary Pramuk
Nicole DeCostello
Senate Republican
Thea M. Sheridan
Assembly Republican
Committee Aides

Meeting Recorded and Transcribed by
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TABLE OF CONTENTS

	<u>Page</u>
Barbara Keshishian Vice President New Jersey Education Association	7
Frank E. Hicks Government Relations Coordinator New Jersey Association of School Business Officials	10
Judy Savage Executive Director New Jersey Council of County Vocational-Technical Schools	11
Melanie Willoughby Senior Vice President New Jersey Business & Industry Association	13
Michael Vrancik Director Governmental Relations New Jersey School Boards Association	13
Eva M. Nagy President Franklin Township Board of Education, and Vice President Legislation and Resolutions New Jersey School Boards Association	19
Jackie Gibson Private Citizen	23
Anne Newman Private Citizen	28
Paul Arilotta Interim Superintendent Ridgewood Public Schools	32

TABLE OF CONTENTS (continued)

	<u>Page</u>
Timothy O'Halloran Chair Legislative Committee New Jersey Principals and Supervisors Association, and Principal Somerville High School	34
Sean Hadley, Esq. Assistant Director Government Relations New Jersey Principals and Supervisors Association	37
Carl Peter Klapper Private Citizen	38
Patricia Walsh Member Legislative Committee New Jersey School Boards Association	42
Daniel Kaslow Member Citizens Budget Advisory Committee Maplewood	45
Magregoir Simeon Representing New Jersey State Association of Fire Districts	54
Richard M. Braslow, Esq. Representing New Jersey State Association of Fire Districts	54
Wayne Dibofsky Associate Director Government Relations New Jersey Education Association	57

TABLE OF CONTENTS (continued)

	<u>Page</u>
Gerard M. Thiers Executive Director ASAH	60
Lynne Strickland Executive Director Garden State Coalition	61
David Pettit President Board of Education Montgomery Township	62
Richard Snyder Executive Director Dollar\$ & Sense	65
Gregory Fehrenbach Advisor and Consultant Interlocal Services New Jersey State League of Municipalities	68
William G. Dressel Jr. Executive Director New Jersey State League of Municipalities	68
David Smith Princeton Public Affairs Group Representing Municipal Assessors Association of New Jersey	74
John Budzash Representing Hands Across New Jersey	87
APPENDIX:	
Testimony submitted by Barbara Keshishian	1x

TABLE OF CONTENTS (continued)

APPENDIX (continued):

	<u>Page</u>
Testimony submitted by Frank E. Hicks	5x
Testimony submitted by Melanie Willoughby	8x
Testimony submitted by Anne Newman	10x
Testimony submitted by Sean Hadley, Esq.	14x
Public Comments submitted by Daniel Kaslow	16x
Testimony submitted by Gerard M. Thiers	25x
Testimony submitted by Richard Snyder	26x
Testimony submitted by William G. Dressel Jr.	34x
Testimony submitted by Daniel Fishbein, Ed.D. Superintendent of Schools Glen Ridge Public Schools	43x

TABLE OF CONTENTS (continued)

APPENDIX (continued):

	<u>Page</u>
Testimony submitted by Frances Embree Wong Private Citizen	45x
Testimony submitted by Julie V. Raskin Private Citizen	46x
Testimony submitted by Amy Owens Private Citizen	48x
rs: 1-47	
lb: 48-93	

ASSEMBLYMAN JOHN S. WISNIEWSKI (Co-Chair):

Good afternoon, everyone.

Welcome to yet another installment of the Joint Legislative Committee on Government Consolidation and Shared Services.

I'm Assemblyman John Wisniewski. I'm chairing this with Senator Bob Smith.

And before we start our business today, I would like to remind everyone that today is December 7, and that 61 years ago -- 65 years ago, the United States was attacked at Pearl Harbor. And the generation of men and women who fought in that conflict are people that we owe an enormous amount of gratitude to. And I would ask everyone in the room today for a moment of silence in memory of their sacrifice and contribution to our nation. (pause)

Thank you.

How I intend to proceed with Senator Smith and the members of the Committee is, we have an agenda of bills. And I'm going to ask those individuals who are interested in providing us with their input and comment on that legislation to sign up. If you have, we have your slips here. Some of you who have signed up did not indicate a particular bill. So as I call each bill, if we don't have you here, just indicate and raise your hand, and we will call upon you to speak.

The first piece of legislation that we will address is Assembly Bill 13 and Senate Bill 48, which eliminate various inactive commissions, committees, councils, and boards.

Is there anyone here who has signed up or wishes to testify on that bill? (no response)

Any members of the Committee wish to discuss that piece of legislation?

Senator Smith.

SENATOR BOB SMITH (Co-Chair): Just one quick comment, Chairman.

I think we have in excess of 70-some State boards, commissions, etc. that are being eliminated by this legislation. My understanding is that there will be at least one or two minor corrections to the bill. One being the New Jersey Child Care Advisory Council, which will not be eliminated. That is an excellent group that works very hard.

And, secondly--

MR. GILLESPIE (Committee Aide): Yes, the Advisory Council on Youth Camp Safety, which has been defunct, would be eliminated.

SENATOR SMITH: And added to the elimination list is the Advisory Council on Youth Camp Safety, which has not been active in years.

And those are my only comments, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Thank you, Senator Smith.

Any other members of the Committee? (no response)

Other than that, are the members of the Committee in general agreement on the form and content of this piece of legislation? (affirmative responses)

SENATOR SMITH: Mr. Chairman, one other thought, just by way of process. On the Senate side, the bills have "Smith" listed as the sponsor. That was only so we could get the bills in the pipeline. I'd like to ask Senator Kyrillos and Senator Karcher if they feel comfortable in also

becoming prime sponsors to that bill. And we'll add those names to the bill.

Senator Karcher is good.

Senator Kyrillos?

SENATOR KYRILLOS: I believe so, Senator.

Let me just look at what we're discussing.

And I appreciate that courtesy.

ASSEMBLYMAN WISNIEWSKI: Thank you, Senator.

And I know Assemblyman Malone has already signed on to this piece of legislation.

That being said, we'll wait to hear from Senator Kyrillos.

The next piece -- the next two pieces of legislation that I'd like to have the Committee and members address is Assembly Bill 12 and Senate Bill 45, which establish the Division of Risk Management, in the Department of Treasury; reorganizes the Office of Information Technology; and consolidates the enhanced 9-1-1 Public Safety Answering Points.

Is there anyone who signed up to testify about these bills? (no response)

Members of the Committee, any comment or discussion on this package of legislation?

Senator.

SENATOR SMITH: Mr. Chairman, just by way of some background for the people who may be listening at home: As we took testimony during our prior 13 meetings of this Committee, we had significant testimony that our municipalities and counties were saving significant money on their insurance costs by the formation of joint

insurance funds. There were, however, in the prior legislation, some limitations on the types of insurance that could be self-insured. This opens up that opportunity further. It additionally provides for other improvements to the 9-1-1 system in this state. I think it precludes the use of sworn officers as dispatchers.

MR. GILLESPIE: Unless they're coming back from a disability.

SENATOR SMITH: Right, unless they're coming back from a disability.

It makes a number of improvements that, hopefully, will help the cost of municipal government.

And again, Mr. Chairman, I'd like to offer to Senator Karcher and Senator Kyrillos the ability to co-prime sponsor that bill. And they've indicated they'd like to be co-primes on it.

SENATOR KYRILLOS: And the previous bill, as well.

SENATOR SMITH: As well, great.

ASSEMBLYMAN WISNIEWSKI: Okay. So both Senators will be co-primes on both of those pieces of legislation. I know that Assemblyman Gordon is already on.

And Assemblyman Malone?

ASSEMBLYMAN GORDON: If I could add a comment.

ASSEMBLYMAN WISNIEWSKI: Assemblyman Gordon.

ASSEMBLYMAN GORDON: Just another comment about this. One of the things that we learned during the course of our hearings was that the accident rate among municipalities in New Jersey is-- The number I recall is 45 percent less than in State government. And that was attributed to the programs of risk management that have been put in place

by the joint insurance funds. And what this bill will also attempt to do is create a coordinated, uniform system of risk management, directed from the Department of Treasury, that would apply uniformly across State government, with the goal of improving the safety of our employees, and reducing the workman's compensation costs and related expenses.

ASSEMBLYMAN WISNIEWSKI: Thank you, Assemblyman.

Seeing no further comment or discussion on this bill, next we have Assembly Bill 11 and Senate Bill 2374, which permit the appointment of joint municipal court judges by agreement of the affected municipalities. That should be considered in conjunction with ACR-5 and SCR-123, which amend the New Jersey Constitution to allow such municipal court judges to be appointed by the localities involved. Under the current Constitution, the Governor appoints any judge whose jurisdiction exceeds one municipality, which creates a significant impediment on creating shared or joint municipal courts. This would remove that impediment.

I would follow Senator Smith's suggestion earlier, and hope that all the members of the Committee will join on as co-prime sponsors of this legislation.

Does anybody have any comments? (no response)

Has anyone here signed up to testify -- wishing to testify on this bill? (no response)

Okay.

Moving along, next we have Assembly Bill 10 and Senate Bill 47, which clarify the authority of the New Jersey Department of Transportation to enter into interlocal agreements with county and municipal governments.

Has anyone here signed up to talk about this bill? (no response)

Any members of the Committee have any questions or comments on this legislation? (no response)

If you recall during the testimony we received, one of the issues that was raised was about encouraging the ability for governments to share, through interlocal agreements. Counties and municipalities can do that with each other; and they can do that very freely now. However, the State cannot do it, going down to counties and municipalities. This would allow that to happen.

I want to make sure that everyone understands that the legislation deals with routine maintenance of State facilities, not resurfacing, not creating and building new bridges. It's about routine maintenance. There are certain times when counties have the ability to provide services that the State may not. And there are certain services the State has that may be of benefit to the counties. And this is a way for them to share that does not currently exist under law.

I would invite all the members of the Committee, again, to be co-prime sponsors of that.

Assemblyman Malone, Senator Karcher, Senator Kyrillos?
(affirmative responses)

Thank you.

Next will be Assembly Bill 9 and Senate Bill 46, which will authorize individual boards of education to self-insure for certain insurance purposes, and removes current prohibitions on doing that.

Is there anyone here in the audience who has signed up to testify on this piece of legislation? (no response)

Seeing none, I would invite the members of the Committee to sign on as co-prime sponsors. On the Senate side, Senator Kyrillos and Senator Karcher. Assemblyman Malone.

ASSEMBLYMAN MALONE: What number was that?

ASSEMBLYMAN WISNIEWSKI: This is Assembly Bill 9, the second page of the agenda.

ASSEMBLYMAN MALONE: I do have some reservations.

ASSEMBLYMAN WISNIEWSKI: You do. So you do not want to go on as--

ASSEMBLYMAN MALONE: No.

ASSEMBLYMAN WISNIEWSKI: Okay.

Next we're going to move to Assembly Bill 8 and Senate Bill 49, which establish a pilot program in the Department of Education for the organization of a county-administrated school district.

SENATOR SMITH: There we have some testimony.

ASSEMBLYMAN WISNIEWSKI: I think we may have some testimony on that.

I would ask Barbara Keshishian, from the New Jersey Education Association, to please come up and present her remarks; as well as Frank Hicks, from the New Jersey Association of School Business Officials.

Barbara, if you wanted to begin.

BARBARA KESHISHIAN: Okay. Thank you very much.

And good afternoon, ladies and gentlemen. Thank you for this opportunity to address you today.

Just so that you are aware, I am addressing A-4 and A-8, which correspond to the parallel Senate Bills S-42 and S-49.

Are we okay with that? (no response)

Yes?

ASSEMBLYMAN WISNIEWSKI: I'm sorry. I was discussing something with Senator Smith.

You're discussing Assembly Bill 8 and S-49.

MS. KESHISHIAN: I'm discussing A-4 and A-8, and also -- which would correspond to the parallel Senate Bills S-42 and S-49.

ASSEMBLYMAN WISNIEWSKI: No, let's just stick with A-8 and S-49 at the moment.

SENATOR SMITH: Can I just chime in?

ASSEMBLYMAN WISNIEWSKI: Sure.

SENATOR SMITH: The reason for it-- This is the pilot county district bill that we're talking about. One of the things that's been unfortunate, in terms of the citizens of our state, is that sometimes the newspapers, when they talk about the two bills, confuse them. And this continues with that same confusion. You really want to keep them separate. One is a county pilot program, the other is the super superintendent bill. So if you'd-- This is the county pilot, as I understand.

ASSEMBLYMAN WISNIEWSKI: Right. This is the county pilot bill, not the enhanced superintendent bill.

MS. KESHISHIAN: Okay.

As for A-8, which would establish a pilot program for the organization of New Jersey's first ever countywide school district, let me say this: This legislation would allow such a pilot to be imposed on an entire county by a simple vote of its freeholders and the approval of the county

superintendent. This totally disenfranchises local voters and local boards of education.

Before any county goes down that road, it should be required to convene representatives of the entire educational community -- board members, administrators, parents, teachers, and staff -- and solicit their views before proceeding. That should be followed by mandatory public hearings and by elections in each local community to determine whether that district wishes to participate in the pilot program. To do anything less would be a gross disservice to the tax-paying public, to the entire education community, and to public education in general.

You'll have to bear with me just for moment, because I thought I was testifying on both bills together, so some of my comments intertwine. So you will just have to give me a moment here.

SENATOR SMITH: Try to keep them separate.

MS. KESHISHIAN: I will do my best.

SENATOR SMITH: We're trying to reduce the confusion that's out there, not increase it.

MS. KESHISHIAN: I will do my best.

NJEA, and every other education groups that we have spoken to, harbors deep doubts about the wisdom of a strategy that would expand the county bureaucracy in order to cut property taxes. The very notion of allowing one, all-powerful administrator the power to dictate school spending in every district in a county is a violation of home rule. It usurps the legitimate authority of local school districts to make their own decisions.

While there are elements of the legislation that are well-conceived, NJEA believes it is, in fact, a smoke screen; a smoke screen to hide the Legislature's unwillingness to honestly address the State's failure to pay its fair share of educational costs.

And that concludes my testimony on A-8.

SENATOR SMITH: Thank you.

MS. KESHISHIAN: Thank you.

SENATOR SMITH: Mr. Hicks.

F R A N K E. H I C K S: Thank you, Chairman Smith and members of the community.

The New Jersey Association of School Business Officials opposes A-8, and S-49, in its current form.

New Jersey ASBO does not oppose the concept of a pilot school district program, nor the stated goal of such a program -- which is to evaluate the administrative and educational effectiveness of the county school district model in New Jersey.

However, New Jersey ASBO strongly opposes the elimination of local boards of education -- most of which would probably be elected -- and the elimination of the local superintendent, and all other local district-level administrators and supervisory personnel for this position, upon the establishment of the pilot county district. To require local administrative personnel to forfeit their livelihoods and benefits for an experimental program, which may or may not prove successful or beneficial, is totally unacceptable. You would be completely dismantling the administrative structure of these school districts; unless the Legislature does not mean

what it says in the goal, and has predetermined, without the benefit of the pilot taking place, that it will be deemed successful.

New Jersey ASBO strongly urges the Legislature not to proceed with this legislation. You will disrupt, if not ruin, the careers of many long-time professional school district employees. I would also like to point out that, in many cases, these employees may very well have bumping rights that could go down the line and affect many levels of employees in those school districts.

To ask them to give this up on behalf of an experiment, I think, is unprecedented. We would also agree that there needs to be more authorization to proceed with this, other than the county superintendent of schools and the board of chosen freeholders.

So, again, we would urge you not to proceed with this in its current format.

Thank you.

SENATOR SMITH: Thank you.

Unfortunately, some of the slips that were used to sign up don't indicate what bill you wish to speak about. So let me--

Are there any questions for this panel? (no response)

If not, let me thank you for your participation.

Is there anyone who wishes to speak on A-8. Raise your hand.
This is the pilot program -- A-8, S-49.

The lady in the back, and then we'll have Ms. Willoughby.

J U D Y S A V A G E: Thank you very much, Mr. Chairman and members of the Committee.

My name is Judy Savage. I'm the Executive Director of the New Jersey Council of County Vocational-Technical Schools. I appreciate the opportunity to make a few brief comments about A-8 and S-49.

The New Jersey Council of County Vocational-Technical Schools commends you for the hard work that you've done to promote school consolidation and shared services. In fact, the 21 county vocational-technical schools are among the original shared service providers in our state. We already have a countywide delivery structure, which is a very cost-effective mechanism to provide specialized career and technical education services to students throughout the state.

While we support efforts to promote more shared services in our state, we are very concerned about how a proposed countywide pilot school district would affect career and technical education programs. We believe that including the county vocational school in a countywide K-12 school district would have a detrimental effect on our programs and our students.

The county vocational schools are market-driven schools of choice, and they're widely recognized as some of the most innovative and successful schools in the state. This is largely due to strong leadership and a clear focus on the mission of career and technical education. Subsuming these specialized schools in a large, K-12 bureaucracy will dampen their entrepreneurial spirit, and relegate career and technical education to a middle-management function.

When career and technical education become one need among many to be addressed in a countywide school district, we're concerned that program quality will suffer, and the ability to respond to emerging economic

needs will be watered down. Students and the employers who hire them will pay the price.

So on behalf of New Jersey's 21 county vocational schools, and their 27,000 secondary students and 56,000 adult students, we urge you to remove the county vocational school from the pilot to examine the viability of a countywide school district.

Thank you very much.

SENATOR SMITH: Thank you for your comments.

Ms. Willoughby.

MELANIE WILLOUGHBY: Mr. Chairman, members of the Committee, my name is Melanie Willoughby. I'm the Senior Vice President for the New Jersey Business & Industry Association. And we commend the Committee on your hard work. We support this bill.

We feel that it's very important for the entire state, not just one county, to eliminate redundancies and enhance already-existing best practices by bringing them to more schools and students. We think that this bill will be an excellent first step forward, and believe that this pilot is absolutely necessary to prove, once and for all, that this can be done.

Thank you.

SENATOR SMITH: Thank you.

Anyone else on A-8, S-49? (affirmative response)

Yes, sir.

MICHAEL VRANCIK: Thank you, Senator.

My name is Mike Vrancik. I work for the New Jersey School Boards Association.

I just want to go on record as saying that we've got a lot of concerns about this legislation, in particular-- Although this approach is laudable, and it makes some sense to study this, I think the way the bill is crafted creates a scenario where irreparable damage is done to the existing districts. And if the pilot doesn't work, we're concerned that you can't go back to the scenario that was set up before.

That's pretty much our concern. Thanks for the opportunity to speak.

SENATOR SMITH: Thank you.

Anyone else on A-8, S-49? (no response)

Just putting the bill in the bigger picture, if I might, for the Committee and for the people listening at home. When the Committee started out, we started out with comparing the State of New Jersey and other states in the United States of America. What we found was that, unlike the rest of the country, we have an increasing number of school districts -- not a decreasing, like the rest of America.

And as a matter of fact, we're at 618 school districts -- or 616 -- of which about 18 are nonoperating. All the rest of them have school superintendents with very significant salaries. All of the rest of them have business administrators with very significant salaries. All of the rest of them have attorneys providing legal services -- and I have nothing against attorneys, God bless them. All of them have transportation systems, all of them have purchasing systems, all of them have curriculum development systems.

New Jersey has, in my opinion -- and we've expressed this before -- the most wasteful and inefficient system for the delivery of

educational services; which is not to say that there's any legislator who wants to see anything but the best possible education for the children of the State of New Jersey. But there is a better way to deliver those services.

When we compared with the state of Maryland, we found that Maryland -- with county-based districts -- provides the same services, administratively, at roughly one-quarter of the cost. In New Jersey, we could save somewhere in excess of \$400 million if the same model is applied.

That being said, we went all over the State of New Jersey. We conducted 13 hearings. And at those hearings, we had moms and dads coming up and saying, "We like our local school system. We like -- and we're willing to pay higher taxes for it." Now they, of course, are not all the citizens and voters that have a say in this. But they also said, "Prove it." They said, "Show to us that a county-based administrative school district will work in New Jersey before you go ahead with--" what they characterized as a radical change.

So we went back to the drawing board, and we said, "Let's prove it. Let's try a five-year experiment in one county district to see if, in fact, there will be significant savings and, hopefully, better delivery of educational services to the children of that particular county district." And I would respectfully differ with the people who said this is not consensual. In order to make this process move forward, the board of chosen freeholders, who are the people who are elected by the majority of people in that county on an annual basis, have to put their political lives on the line in order to say this is something that they should go forward-- They also have to develop a plan to show where the savings might be. And at the end

of the process, the citizens of New Jersey will be able to see whether this model is actually a better model for our state.

So we've dramatically changed where we started from. And we did that in response to the testimony not of interest groups, but more of the moms and dads who are concerned about their children's education. We want to do this the right way. We're talking about doing it incrementally -- evolutionary not revolutionary.

That being said, are there any members of the Committee who have any comments on A-8, S-49?

Yes, sir, Assemblyman.

ASSEMBLYMAN MALONE: Thank you very much, Mr. Chairman. I sincerely respect your passion and your concern for this issue.

There are some issues I have, currently, with this bill. I will not be supporting it today.

But I just want to congratulate you. You have been tireless in your efforts on this piece of legislation and the concept. But I need to do a little more research and understanding before I can agree with this.

Thank you very much, Mr. Chairman.

SENATOR SMITH: Are there any other comments? (no response)

We have co-prime sponsorships available at no charge.
(laughter)

SENATOR KYRILLOS: This is for the--

SENATOR SMITH: This is for the pilot program.

SENATOR KARCHER: The pilot program.

SENATOR SMITH: The pilot program.

SENATOR KYRILLOS: I'm happy to sponsor with you, Senator.

I don't favor it, statewide. I think there are other things that we ought to be doing instead of it. But, look, we want to test it out. Maybe it makes sense. And so it's a pilot program. We ought to try it in one situation. And so I'm happy to be on it with you.

SENATOR SMITH: Thank you, Senator Kyrillos.

Senator Karcher indicated she'd be happy to be co-prime sponsor, as well.

I believe Assemblyman--

ASSEMBLYMAN GORDON: I'm already on the bill.

SENATOR SMITH: You're already -- Assemblyman Gordon is already on the bill. So there is support.

Just in the spirit of bipartisan cooperation, is there anything in particular you'd like us to look at?

ASSEMBLYMAN MALONE: Number one, I just think that we need to--

SENATOR SMITH: Microphone.

ASSEMBLYMAN MALONE: And I didn't want to get into a long--

But, number one, the point about once you get into it-- If you decide five years down the road you want to get out of it, the chaos -- the reverse chaos would be catastrophic. I think there are issues-- If this bill were a vote of the residents in the county -- like they would have a referendum in the county to maybe go forward with a county system, where

the voters in the entire county get to vote on that -- that might be another thing that might interest me.

And I'll be more than glad to discuss it with you or others between now and if it comes up on Monday, as to what we're doing. But I just think there are some serious concerns. If it does fail, how do you pick up the pieces in five years? I don't know that answer. And I think that's a serious concern that I would have. If it falls apart, then you've got to rebuild the structure.

And the chaos that we had in some of the urban areas may be repeated in a countywide system. So I need to see how people get out of it, how you would rebuild, and just what would be the consequences of making this decision.

And the vote-- I think it can't just be a vote of the freeholders. I think it has to be-- Something like this has to be a vote of the residents in each county that may want to do a pilot program.

SENATOR SMITH: Thank you for your comments.

Our next bill will be A-4, by Roberts; and S-42, Smith. These are the CORE proposals. And I think this is the one for which most of the people signed up. So I'm just going to hear-- Even though there's not a bill number, I assume this is the one people came for.

Eva Nagy and Mike Vrancik, New Jersey School Boards Association.

ASSEMBLYMAN MALONE: Mr. Chairman, can I--

SENATOR SMITH: Yes, sir.

ASSEMBLYMAN MALONE: I have to leave shortly to go to a meeting.

I just want to tell you, this piece of legislation -- if it had been left in the formats it was prior-- I supported much of this. I can't support the November issue.

SENATOR SMITH: For school board elections?

ASSEMBLYMAN MALONE: I would rather -- if we're going to have elections -- that they would be in May. And this is something that I felt for a while. And I think I mentioned it to you.

The other two concepts in here I tend to agree with. And I just wish they had left this as separate bills.

So I will be back as quickly as I can.

SENATOR SMITH: Great. We appreciate your comments.

ASSEMBLYMAN MALONE: Thank you very much.

SENATOR SMITH: Ms. Nagy.

E V A M. N A G Y: Thank you very much.

I'm Eva Nagy, President of the Franklin Township Board of Education, in Somerset County; and Vice President for Legislation and Resolution with the New Jersey School Boards Association. I am testifying today on behalf of the New Jersey School Boards Association, a nonpartisan federation representing public school districts in the state.

And part of-- And I'd like to go on record -- it's not part of the written testimony -- but as board members, we are not paid. We do not get benefits. Our sole interest and our advocacy is for the education of all children in the most fiscally responsible manner.

New Jersey School Boards Association has a long-standing history supporting efforts to lower property taxes. The legislation before us today -- Assembly Bill 4, and its Senate counterpart, S-42 -- contain a

number of proposals that citizens can support. We support efforts to remove impediments that local governments face when they want to share services and consolidate. We also believe that citizens could benefit from the user-friendly budgets called for in A-4.

And we support the proposal to eliminate school-budget votes when those proposals are under the State spending cap. Few states put their school budgets out for a public vote the way New Jersey does. And many of those states have school-budget votes only when the budget exceeds certain caps.

However, this legislation also contains some provisions that raise serious concerns. One is moving the school board elections to November. We share legislators' desire to increase voter turnout. However, moving nonpartisan school board member elections to partisan November election dates has no bearing on property tax rates. Instead, it would increase the risk that school board candidates align with party slates, in spite of our best intentions to prevent it.

Research shows that political parties currently play an insignificant role in school boards. A New Jersey Election Law Enforcement Commission report found that school board candidates, statewide, receive only 5 percent of their campaign contributions from political parties. By comparison, local municipal candidates received an average of 76 percent of their campaign contributions from political parties. It would be folly to believe that political parties wouldn't play a greater role in school elections if we moved them to November.

State law allows nonpartisan municipal elections to be held in the springtime. There's a reason for this: to keep them free from partisan

politics. School board elections should receive that same safeguard. Our children's education should never become a partisan issue.

We saw this same concept echoed in a 1958 ruling by Judge Frederick Hall, a State Supreme Court Justice. Some of today's most prominent law professors at Rutgers University proudly identify themselves as Frederick W. Hall Scholars.

Facing the question of placing a school deconsolidation question on the November ballot, Justice Hall -- who was then a Superior Court Justice -- rejected the idea of mixing school, with the November, elections. He ruled, and I quote, that "separation of school district from governing body has, for one of its principal objects, the very sound policy of keeping partisan politics out of the administration of local public education, as far as possible." Judge Hall added that, "The elections of board members shall be on the basis of educational issues and not partisan considerations."

Justice Hall knew that more -- knew this more than anyone else. He was not only a State Supreme Court Justice, but he was also a school board member from Somerset County.

This separation of school and political parties was a sound policy when the State's first school election laws were created a hundred years ago; and it was a sound policy when Justice Hall gave his decision nearly 50 years ago. And it must remain a sound policy today.

An alternative would be to consolidate the school board elections with the nonpartisan municipal elections and fire districts, all during one day in the Spring. This would attract greater voter participation and still address the concerns of these races getting tangled up with partisan politics.

On another issue, we're raising serious concerns with the proposals to create the so-called *super county superintendents*. Think about it: Executive county superintendents, appointed by the Governor, beholden to no voter, with near-dictatorial power over local school district budgets, and with control over purchasing and aspects of human resources. This will do nothing to reform property taxes. Instead, it would create a bloated county-level bureaucracy, increase costs by wiping out savings achieved by individual local school districts, and distance education policy from parents and the voters.

Meanwhile, classroom programming would fall victim to a structure that would give the super county superintendent veto power over communities' abilities to voluntarily increase educational expenditures through above-cap ballot questions.

NJSBA is the only agency that tracks these additional ballot questions. Over the past five years, 88 percent of school districts kept their budgets under the State-imposed spending cap. Only about one-tenth of the school districts asked voters to exceed the cap. And when boards asked for additional funding, our research has found that the most common request was for classroom teachers and aides. Many ballots made it clear that the school board was simply fighting to retain existing staff and existing programs. And when the boards did ask for additional funding, it was the local voters' decision, not the State's.

The bottom line: This bill will do nothing to rein in property taxes. It could result in cost increases. It will hurt education.

Unfortunately, A-4, and many other special-session proposals, detract from the real cause of high property taxes: inadequate aid to

education. Since 2002, the State has short-changed communities more than \$700 million in school aid. Local property taxes filled the gaps. And this only worsened New Jersey's chronic overuse of property taxes to pay for schools.

The National Education Association's statistics placed New Jersey State government's share of public school expenses at 38 percent of total educational costs. The average state in the nation pays half the costs of its public schools. Despite these facts, school boards, not State officials, have been painted as the villains in the State House property tax drama.

Legislators have a difficult task. We understand that. Citizens want you to rein in property taxes, but they also expect you to be champions of education.

I do thank the Committee for this opportunity to testify today. And I hope you are able to keep the focus on the real root of our property tax problem, while creating a system that protects, not scapegoats, public education.

Thank you very much.

SENATOR SMITH: Thank you, Ms. Nagy.

Mr. Vrancik.

MR. VRANCIK: I'm just here to answer any questions.

SENATOR SMITH: You're the man that accompanied Eva Nagy. I understand.

Okay, let me ask our Metuchen parents to come forward: Jackie Liebson (*sic*) and Anne--

JACKIE GIBSON: Gibson.

SENATOR SMITH: Oh, Gibson. I'm sorry; handwriting issue.

And Anne Newman--

And let me-- And, also, let me just thank the two of you, for sure -- and maybe the third lady, as well. You ladies have been the most intense participants in this process. You've been here more than the lobbyists. (laughter) And I appreciate your public participation.

Go right ahead.

MS. GIBSON: Thank you.

Hi, I'm Jackie Gibson. I'm a resident of Metuchen, New Jersey. I'm a member of the local PTO, a member of a Metuchen education advocacy group called Citizens for Quality Education. I'm also a parent and a voter.

I'd like to thank the members of the Joint Legislative Committee on Government Consolidation and Shared Services for the time that you all put into researching the property tax relief issue, and for all the evenings the members have had to spend driving long distances to attend hearings so that citizens would be able to contribute their opinions to the process.

After all the time members of the Committee have put into research, writing the Committee's November 15 Report, and drafting legislation based on the Report's recommendations, I hope our State Legislature will allow time for public dialogue about the recommendations of this and the other Joint Legislative Committees before passing any of the Committee recommendations into law.

Last night, I attended a symposium about current legislative issues that could affect Metuchen's schools. The meeting was co-sponsored by the Metuchen Board of Education and Parent Teacher Organization.

Over 400 people attended. Our local representatives -- Senator Barbara Buono, Assemblyman Peter Barnes, and Assemblyman Patrick Diegnan -- were present to speak on the issues.

Several people mentioned the need for more time for the public to evaluate the current proposals before making legislative changes that could dramatically change our school district. The Joint Legislative Committee Reports were only released on November 15, 2006, shortly before Thanksgiving. Many legislative bills were introduced on December 4, in the thick of the Hanukkah and Christmas shopping seasons. The public is hearing that there may be votes on some of this legislation as soon as December 11. Some of these bills are 86 pages long. The public needs more time to read the information and digest what it really means.

I am relieved that the idea of forcing consolidation of school districts seems to have been set aside, except for the one pilot. However, I am concerned that some of the bills introduced on December 4 -- such as S-42, which could allow for executive superintendents of schools; and S-39, which I guess is not being discussed here today, but kind of fits in a little bit -- do propose consolidating power over local districts at the county level. The worry is that taking control of some functions from the municipal to the county level is a form of consolidation.

After all of the work that has already gone into this process, I hope our State legislators will take the time necessary to allow the public to learn about the proposals being considered, and to have meaningful participation in the decision-making process. A job that has already had this much time go into it is worth finishing up well.

I thank you for your consideration.

I also would like to politely say that I understood the summary of the results from studying Maryland school districts a little differently, from my reading of Page 82 of the Government Consolidation and Shared Services Report. In that Report, it says, “The Joint Committee recognizes that most of the detailed expenditure data do not show much difference between the two states, Maryland and New Jersey. The Joint Committee did recognize that within the category of support services and general administration, New Jersey’s spending was at a higher level than Maryland.

Given that the bulk of a homeowner’s property tax bill is generally comprised of the schools’ portion, the Joint Committee reasoned that attempting to identify savings in this area should be a primary focus of its efforts.

It is also worth noting that on every academic indicator shown, New Jersey ranks higher than Maryland. New Jersey has smaller class sizes, and is comparatively wealthier than Maryland, as well. Whether the administrative structure of the district bears any impact on academic achievement in light of all the foregoing factors is unknown.

I guess I just read it to say that Maryland was not spending significantly less than New Jersey, but that the academic achievements in Maryland are significantly less. So I have to say that, even on a pilot level, I would be hesitant to experiment with one of our counties. And I just wanted to respond to that, because you said it a few moments ago.

I do think that one part of Bill S-42 -- where user-friendly budgets-- I could get behind that. And I think that that would really reduce the need for a county superintendent, because you would have the

public then able to perform more of the function of identifying expenditures that they felt were wasteful, and helping to curtail them.

Thank you for your consideration.

ASSEMBLYMAN WISNIEWSKI: Thank you very much.

SENATOR KYRILLOS: Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Yes, Senator.

SENATOR KYRILLOS: I just wanted to pivot off this witnesses' comments, and just take a minute to add my thoughts about the process. Because I think that this representative from Metuchen is right, that this is not the best way to be taking the public's pulse on important legislation, taking their feedback on what might not be involved in this package of bills, what's missing.

On the one hand, we want a process that understands and recognizes the drama of the times that we're living through, and the fact that the people demand us to make some pretty significant changes. But on the other hand, we've been at this, now, for three months or more. There, to me, is not a reason why we shouldn't give the people some opportunity to speak about the specific legislation -- not in general terms, but the specific bills that we'll be voting on -- and leaving very little distance between today and votes that are already scheduled for Monday. I'm not sure why this Committee wouldn't take votes, or other Standing Committees.

But be that as it may, I felt it significant enough to raise. And I'm not sure that the two Chairs -- may not agree with what I'm saying, with what you're saying. I think they've done a very, very solid job putting

a spotlight on issues that have been ignored for many, many years. And I've said so in the past. And they know that I sincerely believe that.

But I think that my concerns are reflective of many people throughout the state, not just members of the Legislature. And they apply to not just this Committee, but all of these Committees, some of which -- maybe all of which are meeting, or attempting to meet, today. And it is not the kind of process that, in the best of worlds, we would have hoped for.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you, Senator.

A N N E N E W M A N: I'd like to thank you for letting us go early. We have school buses to meet.

My name is--

ASSEMBLYMAN WISNIEWSKI: Is your read light on?
(referring to PA microphone)

MS. NEWMAN: Pardon me?

ASSEMBLYMAN WISNIEWSKI: Is your red light on?

MS. NEWMAN: No. There it is.

I'd like to thank the members for letting us go early so we could get home and meet the school buses.

Honorable Senators, Assemblymen, Assemblywomen, and staff, I'd like to thank you for all the time, deliberation, and hard work you have put into your proposals to consolidate services, cut spending, and reform our State's property tax systems.

I'm addressing Bill A-4 and its counterpart, S-42.

My name is Anne Newman, and I'm a Metuchen resident, taxpayer, and parent of children in the 8th and 3rd grades. I moved 10

years ago from the big borough of Brooklyn to the tiny borough of Metuchen so I could give my children the benefits of growing up in a small town -- the community, trust, and responsibility for each other that small-town life nurtures. What I didn't anticipate was how New Jersey's system of home rule and school financing would give me the opportunity to participate in democracy at its most fundamental level: taxation with representation. It's a basic right that I fear we will lose if this Committee votes out A-4 and S-42, and they eventually become law.

Metuchen is a town where the bulk of our property taxes fund nearly all of our kids' education. Only a sliver is funded by the State. And it is a town where our elected school officials shine a bright light on how they are spending our hard-earned money. Each year -- and this is a model, perhaps, for open budget deliberations -- six months before we go to the polls and vote on the school budget, the Metuchen School Board gives us a calendar of its scheduled budget deliberations.

Last night, for example, I went to our school Web site and found out what's on the agenda for the eight budget sessions scheduled before I go into the voting booth on April 17. With one child in accelerated classes and one receiving special services, I want to show up or watch on TV the budget proposals for curriculum and special ed set for debate on March 13. And I can assure you that citizens will show up for those deliberations. And they will debate, ad nauseam, the finer details of these budget proposals. The debates will be televised live for any Metuchen taxpayer to watch. And I can assure you that people will, indeed, get up off their couches if they don't like what they see, get in their cars, and drive over to the meeting to harangue the board, or ask an administrator a question, or

just put their two cents in if they feel inspired. Now, that's participatory democracy at its best.

But what's wrong with this picture today? I'm standing before a legislative Committee whose members I did not elect, who provided me with two days notice to debate a proposed bill that could, at its worst, tear out from under me and our close-knit town the democratic rights that we have come to hold so dear. I ask you to please borrow a page from Metuchen, extend your debate, and give us, the taxpayers, more time to study and comment on these complex proposals.

Last night, after getting off the train from work at 10:00 p.m., I finally had a chance to look at A54 online. I appreciate your effort to create efficiencies, keep an eye on fraud and waste, and save us taxpayers money. I honestly don't understand how the creation of an executive county superintendent in each county, appointed by the Governor, will save me money. While I'm hopeful that the Wall Street experience of our Governor and his inner circle will bring some fiscal discipline to the State, I don't see how creating another layer of bureaucracy will do that.

What I do see is yet another opportunity for political patronage; more confusion about who's in charge; less accountability to me the taxpayer; and the risk that the quality education our well-run, open, and democratic school district provides will be compromised. How much will it cost me to create this new office?

Let me just finish by saying that, last night, with more than 400 people who showed up-- Senator Buono, who is here with us, Assemblyman Pat Diegnan, and Assemblyman Barnes were-- I don't think they were able to provide the answers to the questions that we're asking you today, about

what exactly it will cost to create this new office; what kind of opportunity I would have to go before the new superintendent to argue in favor of our budget and schools; and will this superintendent care about education or just the bottom line?

I did run into Assemblyman Barnes in the elevator. He asked me to pass on to you that they do not support any of the proposals that are before you right now.

I urge you to please give us more answers; give us more time to fully understand how your plans will affect us at the local level; and please ensure that you will not erode local control over our schools that we, in Metuchen, consider to be our fundamental right.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you very much.

Do you have something to add?

UNIDENTIFIED SPEAKER: Just that I'm from Metuchen, and I-- I'm a mom from Metuchen with five children in the school district. And I am just a little upset about the pace that this is going. I'm very research-oriented, and I would very much like to research what is going on. Because I just found out about this, and I'm a little perturbed about that.

But thank you for the time that you are putting into it.

ASSEMBLYMAN WISNIEWSKI: Thank you.

MS. GIBSON: One more thing: As I'm sitting here, it occurs to me that if you really want to see the public involved, instead of just having user-friendly budgets -- which is a really good part of S-42 -- you could require, every year, an annual user-friendly report on how last year's money actually got spent.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you. Thank you very much.

I would next like to call Paul Arilotta, the Ridgewood Board of Education; Tim O'Halloran and Sean Hadley, from the New Jersey Principals and Supervisors Association.

Paul, I guess you were up first, so--

P A U L A R I L O T T A: Thank you very much, Senator Smith and Committee members.

My name is Paul Arilotta. I'm the Interim Superintendent of Ridgewood Public Schools, Ridgewood, New Jersey, in Bergen County.

I feel very privileged to address this Committee. And I thank you very much, as a resident of New Jersey, for making every attempt to help all taxpayers.

I have an experience that I'd like to share with you regarding consolidation of school districts. And I'd like to tell you that I have a little bit of concern as to whether or not you would realize the tax savings in that kind of consolidation that you think you might.

In the mid-1980s, I served as the superintendent of schools in Hasbrouck Heights, New Jersey, which was bordered on the south by Woodbridge, New Jersey -- two of probably the most compatible communities and school districts you'd ever want to see. My colleague and I, Dr. Bob Smith -- the superintendent in Woodbridge at the time -- got together, informally, to discuss the possibility of consolidating the two districts and, therefore, making a district of about 2,500. Where

Woodbridge was serving about 1,100 children, we, in Hasbrouck Heights, were serving approximately 1,400.

Those early meetings were followed by small committees of each board of education -- board president and several other board members -- regarding this possibility. And we studied it to find out that, as we moved forward, one of the first problems that we encountered was the fact that the two school districts had different contracts, both for teachers, custodians, and secretaries. We also found that we would have to adopt the higher contract in each of those -- for each of those constituents. And we would have to hold on to the most senior people in both of the communities on those higher contracts. So, in fact, we found that that would increase our costs going forward.

In the second case, in trying to accommodate middle-school children in a high school venue -- that is, the high school in Woodbridge would have become the middle school -- we would have to do some retrofitting of that facility to ensure that it would be appropriate and amenable to middle-school children. And that was a significant cost that we didn't consider.

The cost of realigning curriculum and coursework, which was hidden, would really result in new technology in both schools, new books, supplies, materials as we tried to equalize the courses and programs. We also found that the two school districts working together would require an additional child study team to serve a school district now of 2,500 children. And in the final analysis, I think what really the deal breaker was, was that the residents of Woodbridge would pay significantly higher taxes for what

they deemed to be the same service, essentially. So the property tax burden actually increased on the population of the Woodbridge residents.

So we found, after we did this analysis, that the savings that we sought -- and even the savings that we would attain with an administration in one school district representing the superintendent and the business office-- Even with those reductions, the additional services and the additional responsibilities that we would incur would actually outweigh the costs that we would -- that we thought we would save. So I think there may be some hidden costs that you should consider as you look at consolidation of school districts.

Thank you very much.

ASSEMBLYMAN WISNIEWSKI: Thank you very much.

TIMOTHY O'HALLORAN: Good afternoon.

My name is Tim O'Halloran, and I am the Chair of the New Jersey Principals and Supervisors Association's Legislative Committee. But, more proudly, I am also the Principal of Somerville High School, and have worked in New Jersey education for 28 years.

At NJPSA, we represent the building-level managers who are the instructional leaders of our local schools. Our members are responsible for the delivery of educational programs and services, school safety and discipline, staff hiring and evaluation, testing, accountability, and other day-to-day school operations.

Just in the last few days, A-4, S-42 was introduced, and today we are examining this bill and a host of others. S-42 is scheduled for a vote on Monday. To me, this does not seem to be an inviting, careful deliberation of an issue as crucial as our system of public education. If not

done correctly, these bills could hurt our educational system -- a system that New Jersey's education professionals have made one of the very best in the entire country.

On October 18, one of NJPSA's representatives came before this Committee and expressed concerns about the expanded role of the county superintendent and the process of regionalizing school districts. In our testimony, we cited problems with politicizing the county superintendent office, arbitrarily vetoing whole school budgets or pieces of budgets, and failing to consider educational quality when recommending whether to regionalize school districts. I am here today to reiterate our points, and I'll keep my remarks to our concerns.

Let me first talk about process. Under the bill, a maze of government surrounds the county superintendent. First, the Governor -- not the Commissioner of Education -- makes the appointment with the advice and consent of the Senate. Then the Commissioner reviews the county superintendent's performance. If there is an issue of withholding compensation, the State Board of Education -- yet another government entity -- can hear appeals. If that isn't enough, the county board of chosen freeholders provides his or her office space. It is hard to find efficiency among all this government. We should keep this simple by having the Commissioner appoint, review, and evaluate the county superintendent.

On the subject of the new tools given to the county superintendent, it is just not clear if they will do anything more than disrupt the operation of local schools, while possibly hurting educational quality. The bill provides that the county superintendent may have a line-item veto over portions of a school budget if it contains so-called "excessive,

noninstructional expenses” or “inefficiencies in administrative operations.” These terms are not defined. Does it mean that the county superintendent can cut school nurses or other health services? What about student support services, guidance counselors, food services, or transportation? These questions are not answered, and we should have these answers before moving forward. We need to protect, not diminish, the current educational services that parents, students, and communities expect.

Furthermore, these new powers open a host of questions regarding the impact on collective bargaining. It must clearly state in the legislation that these new powers do not infringe upon negotiations or the results of the collective bargaining process. NJPSA proposes language stating that “nothing herein shall be construed to be inconsistent with the provisions of N.J.S.A. 34:13A.” And this should be inserted right at the beginning of the executive county superintendent section, in proposed N.J.S.A. 18A:7-1(b). This will clarify that collective bargaining rights are not being curtailed.

There also is an issue of capacity. The bills would add more duties on the county superintendent’s plate. It is unlikely that the county superintendent will be able to perform these functions without hiring additional staff. These new costs must be considered. Are we simply creating a new, expensive, and remote layer of bureaucracy?

On the topic of regionalization, the county superintendent is required to submit a plan to regionalize school districts and submit the plan for voter approval. While NJPSA appreciates the inclusion of local voters in the process, NJPSA believes that the county superintendent must consider

uniform and specific statewide educational criteria before recommending regionalization.

These criteria should include an assessment of the educational impact of regionalizing. Would students be forced to sit on the bus for extended periods of time? Would class size be increased? Would educational programs and services be affected? Would there actually be any savings? These factors need to be examined carefully before offering a proposal to consolidate. As it stands now, the bill provides no guidance to the county superintendent for making these proposals. Educators should be involved in the establishment of such criteria before any review of regionalization occurs.

In conclusion, these are large issues with many unanswered questions. NJPSA hopes you will consider our suggestions, but also that you will take time to reflect on the gravity of what is being proposed.

I thank you for your time.

ASSEMBLYMAN WISNIEWSKI: Thank you very much.

And Sean.

S E A N H A D L E Y, ESQ.: I'm just here for support.

ASSEMBLYMAN WISNIEWSKI: Thank you very much for your testimony.

MR. ARILOTTA: Thank you.

MR. O'HALLORAN: Thank you.

ASSEMBLYMAN WISNIEWSKI: We appreciate it very much.

We have several individuals who have signed up representing private citizens. And I think it's important to hear from them. So I'd like

to call up Daniel Kaslow, Carl Peter Klapper, and Patricia Walsh, if they are here.

Mr. Klapper, good afternoon.

CARL PETER KLAPPER: Good afternoon.

First of all, my name is Carl Peter Klapper. I'm--

ASSEMBLYMAN WISNIEWSKI: Could you make sure the red light is lit on the microphone? (referring to PA microphone) Press the button.

MR. KLAPPER: Okay. Do I have to press something?

ASSEMBLYMAN WISNIEWSKI: Press the button. There you go. Leave it on red. Red means go.

MR. KLAPPER: Red means go.

I'm Carl Peter Klapper. I'm a resident of Edison. I'm a divorced father. And my children go to the district where their mother resides, which is Metuchen. And I have three children, at each level: one at the elementary school, Campbell; and Edgar; and Metuchen High School as well.

First of all, I'd like to thank Chairmen Wisniewski and Smith, and the Committee members, and the staff for all the work that they've put into this. I realize that it's a very laudable and pertinent goal at the moment to try to reduce the expenditures with view to dealing with the property tax issue.

However, I'd like to address this bill in three areas. First, is the effectiveness of it. Second, is in terms of the impetus for it. And lastly, in terms of the limits of what the cost savings should accomplish, and where they might interfere with the goals that we should have.

First of all, the effectiveness-- My experience, particularly with respect to having another administrative position, executive position, or enhancing roles of that-- Some years back, I was an industry economist for the Federal Energy Regulatory Commission. And in my government work, I found that the titles that would accrue after the Department of Energy was founded and various staff came in would reach proportions that W.S. Gilbert would have been proud of.

We had an assistant to the deputy, assistant under secretary of energy, and worse. But what it comes down to is that when the power is enhanced, or a new position is put into place, usually there is a need to have more executive staff -- more administrative staff to assist. And so I would respectfully submit that probably the only thing super that will come out of a super superintendent will be a super abundance of subordinate positions.

Secondly, with respect to the impetus for this -- and particularly the property tax -- which everybody I've heard mention today and in the past -- cited it as being a very difficult problem. And, yes, it is a knot. And I would suggest that it's a Gordian knot, that it's a knot that will not be solved by trying to untangle it, but by cutting it.

The fundamental problem with property tax as a form of school funding is that the beneficiaries -- or, rather, the representatives of the beneficiaries of the school services are not the same population as the taxpayers. And this is what we've been experiencing in New Jersey, as of late -- is that the increase in the property taxes has pitted one portion -- one population of New Jersey against another. And those that play the dual role -- both being a parent and a taxpayer, with respect to the property tax -- are placed in a difficult situation. They realize that they'd like to have the

taxes come down. But on the other hand, they want to have good schools for their kids.

I would point out that the method of school funding that is used in every other form of education, aside from K-12 public education, is a tuition endowment system. This is used not only in the private schools, in the colleges, but even in our own State University of Rutgers. Whether you explore that particular way of restructuring how revenue is collected or not, I think you definitely need to look at what -- some alternatives that would be more aligned with the interests of the parents and of their children.

Lastly, I'd like to talk to the issue of what sort of limits will exist, in terms of the cost savings. Because even aside from a change in the method of revenue collection, there is still the issue of trying to limit costs. I was just -- need to place some parameters upon that. I think we need to place some parameters around that.

And I'd like to address the issue of what we really feel is the important and fundamental part of public schooling that we want preserved. And I would submit that it is not simply that it is publicly controlled, because publicly controlled could be at numerous levels. I would say that, instead -- that it is because it is community-based. That, at the level of the students, their classmates are their playmates; they're the people that they do things after school with. Summer vacation -- they play with them. They grow up together with them. Some people meet and date -- that were in their same community school -- and marry, and have kids of their own. And those kids go to that same community school.

And we saw example, and example, and example of that at the Metuchen meeting. People had mentioned how they had grown up with the school. It was the fact that it was a community school -- community-based -- that was the crucial aspect of it. I would say that that's a crucial part of education; not merely with respect to our public schools -- K-12 schools -- but also with respect to private schools, to colleges and universities -- in terms of, a college community is one significant part of that association that extends beyond graduation, and on as alumni meet after graduation to further enhance that college community and that education.

And with respect to that, I think it was recognized quite memorably by Duke Wellington, noting that the Battle of Waterloo was won on the playing fields of Eton -- not in the classroom, necessarily, but in that community of Eton was where they learned the values that were most important, the skills that were most important for their lives.

ASSEMBLYMAN WISNIEWSKI: Mr. Klapper.

MR. KLAPPER: Yes.

ASSEMBLYMAN WISNIEWSKI: We have a lot of people who are signed up to testify.

MR. KLAPPER: Okay. Sorry.

ASSEMBLYMAN WISNIEWSKI: So if you could bring it to a head.

MR. KLAPPER: Just to finish up that last point, I think that the cost savings should bear in mind that, at no point should the community basis of education be violated or restricted. And, really, at any cost, we need to preserve community-based schools.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you, Mr. Klapper.
I'll take the prerogative of the Chair, and I'll go ladies first now.
Patricia Walsh, from Middletown.

PATRICIA WALSH: Okay.

Good afternoon, Chairman Smith, Chairman Wisniewski, and members of the Committee.

My name is Pat Walsh, and I'm a member of the Legislative Committee of the New Jersey School Boards Association.

I don't represent a special interest group. The only special interest group that I represent is the students of our school district. And I am the parent of two of those students. I come here today to speak on behalf of all our students, the school children that we are required to provide a thorough and efficient education to.

I respectfully request that you give careful consideration to the real impact of the legislation you are proposing. What may look good on paper, and be a sincere effort on your part to offer greater transparency to school operations, could have unintended consequences that would gravely impact the education we are constitutionally required and federally mandated to provide to our students.

I specifically refer to the part of the bill -- Section 47. It's a new section. "Whenever the board of education of a school district proposes a resolution or other action that will establish or modify the salaries, benefits, or other compensation of any individual employee or group of its employees, that measure shall only be taken after the board first holds a public meeting, where the proposed action shall be introduced and discussed by the board. Notice of the date, time, and place, and purpose of

that public meeting, and of the time and place at which a copy of the proposed measure, together with the employee compensation disclosure form required to be prepared, pursuant to this section, shall be available to each person requesting it, at no charge, during the week preceding the public meeting. The public meeting shall be advertised in a newspaper having substantial circulation in the district at least 10 days prior to the meeting date.”

While I support and concur with your efforts to have school district operations, with regard to hiring and compensation of employees, more available to the public, the framing of your effort could have a direct impact on our students. I can describe this to you in a real situation.

We had a teacher who provided speech and language therapy to special education students, who was forced to leave because of a personal illness. These services are provided to our special education students, are governed by their individual IEPs, overseen by the DOE, and federally mandated. Any delay in providing these services carries with it the following impacts. The teachers who provide these highly skilled services are often difficult to locate and hired without the restrictions imposed by this legislation. The delay in the hiring of personnel who service our special education students is especially critical and could put the district in violation of Federal mandates and individual IEPs. The district can face, in certain situations, fines imposed and funding withheld for these violations. Parents can take action against the district for any delay in delivery of services. The delay in providing services can be the basis of an effort to place the student in out-of-district schools, resulting in even higher costs to provide the education these children require. Most importantly, the special

students I am advocating for are impacted by the delay in services, losing ground in their education. Each and every day matters to these students.

In addition to these real implications, there are increased costs for providing some of the other measures in this legislation, which boil down to a real fixed cost that increases the cost of education. They include: Publication of notices in the newspaper are extremely costly and would certainly add to a school district's overall costs of providing education, instead of lowering it, which has been the intention of the Legislature and the Governor. There are most certainly -- would be additional cost of personnel, who must attend and set up for multiple public meetings. Taping is required, minutes must be produced for every meeting. These additional personnel costs will, again, increase the cost of education.

In order to ensure that adequate personnel are available to provide for the educational needs of our students, boards may have to increase the number of meetings they hold to fulfill their duty to provide a thorough and efficient education to all students. An increase in meetings has a direct financial impact on school districts.

The documented rush to move all of these bills from the 4th, to hearings today, until Monday's vote is reminiscent to me of the rush to go to war in Iraq -- without careful consideration given to how we would end that conflict.

To conclude my testimony today, I simply ask that you carefully consider the practical implications of this legislation. I support increased public awareness of school district operations, and believe that it will encourage greater understanding of what is needed to provide a quality education to New Jersey students. I also request that you consider the

practical and real financial and educational implications this legislation has on providing for all our students, especially our special students.

Thank you for this opportunity to testify today.

ASSEMBLYMAN WISNIEWSKI: Thank you. We appreciate your testimony, and taking the time to come down and join us.

Finally, Mr. Kaslow.

DANIEL KASLOW: Thank you.

Mr. Chairman, members of the Committee, and staff, I would like to also thank you for allowing me to appear before you this morning.

I come to you as a--

My name is Dan Kaslow, and I come to you as a private citizen from Maplewood, in Essex County.

I also come to you with some measure of understanding and knowledge about shared services. I am currently a member of a task force that has been set up by our county executive to examine all aspects of government operations. And as part of that work, I contacted each of the 22 business administrators in our county. And we compiled information on every single shared service that exists in the county. This undertaking was, I believe, the only one of its kind undertaken by any county.

I am also a member of the Citizens Budget Advisory Committee of Maplewood. And in that capacity, I have been involved in examining -- also examining aspects of government, including many of our shared service arrangements, as well.

I think that I have -- from this experience, I have become a great proponent of shared services. My town of Maplewood has over 15 agreements. I live in a county that has been proactive in looking for

opportunities, then has opportunities -- has developed opportunities with both Maplewood and other towns, both collectively and individually. And the school board in our town recently participated in a county school board association meeting to focus on shared services.

So these are things that-- I think that there are some great strengths with shared services. And, certainly, I think many of the efforts by this Committee are certainly commendable. In particular, I'd like to reinforce what many have said about the development of a user-friendly budget, having spent literally endless hours trying to fathom the intricacies of both the county and the town budget. I only empathize with someone who is trying to translate those numbers into anything that even approximates some format that can be used for management and financial analytic purposes.

With all that said, however, I am troubled by one particular, actually very minute aspect of this bill. It is the continued focus by this Committee -- which is similar to that of many other public officials -- to continually focus on the cost; the connection between saving -- lowering property taxes and shared services. I have examined, both, the Maplewood budget carefully, based on my conversations and knowledge of, literally, the hundred or so different shared services. I can tell you that they certainly-- Shared services certainly can provide some financial benefits to a town. In some cases, the financial benefits can be important and even significant. But at no point do they ever reach the level that they actually can contribute to reducing our property taxes. And I think the focus of this Committee and others has done a disservice to efforts to further promote

shared services, both in the -- both at the municipal level and the county municipal level, and every other level.

In the material I have prepared for you -- and I'm focusing just on the key points of my remarks -- I've given you the analysis of Maplewood. The analysis that I've shown takes a typical year, 2006; comes up with a very unlikely scenario, that we could save 10 percent of our budget, or roughly \$3 million. The net result is that we would save \$143 -- that the average taxpayer would save \$143.

Now, given the fact that at that level of reduction of services -- that would be fairly dramatic -- I think that I can safely say that very few members of my community would be willing to gain the savings that would be generated from that level of reduction.

I think that shared services is a valuable tool, and it must be viewed as one of the options in a group of many that town administrators can utilize in their efforts to contain municipal costs. But I think that it is far more important for this Committee to be a strong promoter of the nonfinancial, more qualitative aspects of shared services that are equally as beneficial and much more dominant. As I mentioned in talking with Essex County community -- the administrators, the problem they face is that people's expectations and condition are such that they expect, when they hear *shared services*, they expect to see money savings. And that just simply has not been borne out by the facts of shared services. I think that what they need to understand is that there are benefits in terms of expanded services; expanded, broader delivery; better quality; better use of personnel; better deployment of personnel; more optimum use of equipment -- a whole

litany of benefits that people -- a little harder to get your hands on, a little harder to promote.

I think if this Committee does nothing more than instills in -- the notion in many of our citizens, the fact that shared services can produce many valuable benefits, even when they are not of any substantial financial nature, they will do much to: one, create a higher level of citizen trust in government, and belief that our municipal officials and other elected officials are actually taking steps to contain the cost of government. And then I think that by creating this trust, it is probably the greatest accomplishment this Committee can achieve. But it will only be done when we begin to recognize that shared services should not continually be associated solely with financial benefits. Only then will we be able to move forward, address many of the -- one of the major obstacles that towns face in further expanding their utilization of shared services, and build on this effort.

So I thank you for your time.

ASSEMBLYMAN WISNIEWSKI: Thank you very much for your testimony, and taking the time to come down and share it with us.

ASSEMBLYMAN MALONE: Mr. Chairman?

ASSEMBLYMAN WISNIEWSKI: Assemblyman Malone has a question.

ASSEMBLYMAN MALONE: Yes. Just two points today.

Ms. Walsh, I heard what you said.

ASSEMBLYMAN WISNIEWSKI: Use your mike, Joe.

ASSEMBLYMAN MALONE: Sure.

I heard what you said, and I-- The need, as you are well aware, of real significant public involvement in contracts, I think, is a result of the SCI report. And that was something that I think was an eye-opener to everyone, and I think it is going to cause-- I may not agree with this bill in totality, but I think some absolute need is there to make sure that there is absolute public scrutiny to some of the contracts that are given to individuals.

MS. WALSH: Assemblyman, I concur. And I understand the content of the SCI report was, we believe, particularly directed at superintendents.

ASSEMBLYMAN MALONE: Correct.

MS. WALSH: However, the contents of this bill covers all employees, no matter what.

ASSEMBLYMAN MALONE: I understand that, but I think the impetus for that section -- and again, I don't agree with the whole bill -- but the impetus for that section was really generated out of the SCI report, and just the lack of control over those contracts. And I think it sort of filtered out to everyone because of that issue.

To Mr. Kaslow, I may tend to agree with you that the shared services are not the end-all and cure-all for lowering property taxes, but it sure has an impact, in the 24 years that I served in local office, to stabilizing taxes and giving people the opportunity-- It's not going to be saving you 20 percent on your tax bill to have shared services. But I can assure you in the items that I have worked on, it surely has stabilized the costs from rising. And I think that's a major part of what we're also here trying to do.

MR. KASLOW: With all due respect, the fact that property taxes-- Municipal operations only accounted for, roughly -- at least in the case of Maplewood, and this approximates most towns -- about 25 percent of your total property taxes. Even stabilizing -- when you have education and county, to a far lesser degree; but when you have -- just stabilizing will not reduce taxes. And I think that was, in fact, the point that I'm trying to make: that even at a level of reduction of municipal services, which is very, very difficult to undertake, that would be offset by the continued -- by the increases in other areas. And I think, so, while the component of property taxes attributed to municipal operations may be somewhat stabilized, the overall level of property taxes will not go down. And I think that's where the public is misinformed and where this Committee can do much to help with the education process. Because I think that is what has been lacking up to this point.

ASSEMBLYMAN MALONE: I think we have -- and I don't think anybody has said that shared services was going to generate huge savings. I know, in my own case of regionalizing various aspects between the municipalities the schools, it has stabilized costs. It has not reduced them significantly over the years, but I can tell you it has stabilized those costs. And I think that is an important component in trying to reduce property taxes. The major component, as we all know, is the school funding formula. That will be the real crux of all of what we've done this Summer.

So thank you very much.

And thank you, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Assemblyman Gordon.

ASSEMBLYMAN GORDON: Thank you, Mr. Chairman.

I just wanted to comment on Mr. Kaslow's remarks. Those of us who are familiar with the mathematics of municipal budgets understand what you're talking about -- that you can make a very significant cut in spending, but it doesn't translate into anything more than a modest impact on the individual tax bill. However, as I've been saying throughout this process, shared services make sense for the qualitative reasons you stated very well.

I would take issue with one point. I think, when numerous municipalities can get together and prospectively plan their capital purchases, you can see substantial reductions in capital outlays and an end of the great duplication of capital equipment that we have in this state. And I think that is an important reason for pursuing shared services. But your point about the short-term savings, I think, are well-taken.

MR. KASLOW: I certainly would agree with you. But I think even when you look at some of-- For example, our town currently is in the process of looking for a new piece of fire equipment. The cost is \$140,000. Now, it's significant. But we have a \$30 million budget. And so it's an -- it takes quite a lot. And even the comment about containing costs, I find that to reach even that level-- I think-- We certainly agree, and I certainly share your viewpoint. I think it's -- the point relates more to the public misperception by hearing announcements that shared services is the cure-all. And even though it certainly is clear that that is not the belief of this particular Committee, I think in reading through many of the introductions -- the whereases of your -- that go into many of the bills that are being considered through the Committee's Report, that tends to be the theme

that comes out. Shared services -- and much as you might say you do not support that, it would be a way that people might logically interpret it.

And I think that has been-- And when I talk to people, "Oh, shared services, that will save us money. Why can't we do this?" And, "There's a measure of redundancy of services, and there's a measure of this, and that, and the other thing that we can get benefits from." When you actually take the time to go specifically and look at the costs of municipal government, you really find-- And actually, I've talked a bit to that issue in the testimony. I'm hard-pressed to find where the significant cuts are, but certainly there are in capital costs. I would certainly argue that that is a meaningful place to ensure that regionalization, or at least a multi-town operations, are joined.

ASSEMBLYMAN WISNIEWSKI: Thank you for your comments and testimony -- appreciate it very much.

MR. KASLOW: Thank you very much.

ASSEMBLYMAN WISNIEWSKI: Thank you.

Next, I'd like to call up, for presenting the New Jersey Business & Industry Association, Melanie Willoughby; and also, with New Jersey Fire Districts, Richard Braslow and Margarie (*sic*) Simeon.

SENATOR SMITH: Magregoir.

ASSEMBLYMAN WISNIEWSKI: I need new glasses. I'm sorry. Magregoir. (laughter) It was close.

I'll let Senator Smith read the names from now on. (laughter)

Melanie, please start.

MS. WILLOUGHBY: Thank you, Mr. Chairman.

On behalf of the New Jersey Business & Industry Association and our over 23,000 businesses, both large and small, taxpayers and parents among them, we are here to support Assembly Bill 4 and its Senate companion. We feel that it is very, very important for New Jersey to be moving in the direction of consolidating their many layers of government; and also making a move in order to ensure that we are trying to stabilize our property taxes, as well as trying to have long-term reform that is going to ensure that we are going to actually be able to lower them.

We are not under the illusion that any of the bills here today are going to automatically be the magic bullet that is going to be able to reduce our property taxes within a year, or even two or three. But certainly, New Jersey needs to be moving in another direction; and continuing the way that we are today -- as you all know, through the deliberations that you've gone through -- you know that that's not the direction we need to continue moving in any longer.

We think that A-4 and S-42 really embody many of the things -- concepts that the Committee has been discussing, and that it really simplifies and enhances the currently convoluted and ineffectual patchwork of laws that govern shared services and consolidation, presently. Though really, in the first part is a great complement to other legislation today that promotes regionalization. The measures in the bill, specifically that we support, are smoothing over Civil Service differences, providing property tax credits to those negatively impacted by consolidation, offering grants to study regionalization, empowering the public to promote consolidation and shared services, better recording what regionalization agreements exist, having the ability to maintain local flexibility in newly consolidated

governments, allowing school districts to share insurance, maintaining existing contracts until new negotiations, and allowing staff reductions.

All of this, we feel, helps to facilitate regionalization. And we understand that New Jersey is a home-rule state, and that that has been a reason that many have indicated why we need to not move forward. But I would have to say that, as a state in which we also have a tremendous burden of high taxes, in which we have a tremendous burden of low and slow economic growth, in which we have to ensure that our citizens have a good quality education, but also have a job, I think we really need to ensure that we move in this direction. And we strongly support A-4.

ASSEMBLYMAN WISNIEWSKI: Thank you, Melanie.
Thank you for your testimony.

M A G R E G O I R S I M E O N: Good afternoon.

My name is Magregoir Simeon. I'm with Nancy Becker Associates. I represent the New Jersey Fire District.

Alongside me is Richard Braslow. He's the legal counsel for the Association; and also Chief Forentini (phonetic spelling).

With this bill, we have a couple of concerns in relations to how it's going to affect the fire district.

R I C H A R D B R A S L O W, E S Q.: I will try to keep my comments brief. I've had the opportunity to appear before the Committee before, and I thank you for the opportunity again.

I provided a memorandum, last time I was here, to the Committee, expressing some of the concerns of fire service. I know that this bill as proposed, compared to the last bill, is different in many fashions, and I thank the Committee for making some of the revisions which make it

more acceptable to fire service. But there are two extremely legitimate concerns that still exist.

The fire districts have basically been concerned about altering the election date for two reasons: Number one was the politicization of the process. Politics plays no role in fire service. The second concern was that in multiple district municipalities the election districts did not align with fire district boundaries. What this proposed legislation does is change, of course, the date to November. There are attempts in the legislation to indicate that the fire district candidates would appear on the ballot as nonpartisan. With no disrespect, we do not believe that that will produce a nonpartisan result.

Fire service offered a compromise, and I think it's an extremely legitimate compromise. And this was echoed by the Board of Ed. It was echoed by Assemblyman Malone. And that is, the true nonpartisan election date is May. Fire service certainly wants greater voter participation. We understand the concerns on that issue. So our proposal is to let us have a May election. I can think of no rational basis why that should not occur.

That leads us to the second issue which, again, is the realigning of the election districts to the fire district boundaries. There are very few fire districts that would have that issue if there was a May election. Those that would, I think we could easily address. The difficulty with this legislation -- I've looked at Paragraph 68. And it essentially says that, "The Board of Fire Commissioners, in cooperation with other entities, will ensure that whatever actions are needed take place to have people vote." The greatest concern is, are we going to have people, or voters, who will now vote out of district, and vote in another entity or another area, thereby still

voting in two locations? I'm not sure I understand what the language means. I know it's an attempt to address our concerns, but I honestly can't sit here and understand the process.

The other difficulty is this: If, in fact, election boundaries coincide with fire district boundaries, there are a number of very legitimate and significant concerns. I've had discussion with many of the fire districts and talked about the issue, and we were trying to project what the readjustment of the boundaries would be. We believe that in many instances this could result in sitting commissioners no longer being sitting commissioners, fire stations or substations that were constructed in certain fire districts that will now be located in other fire districts. I have one situation where, based on what we believe would be the adjustment, a fire company that's been serving a district for close to a hundred years will now physically be located in another district. We think it's an absolute nightmare.

We believe that politics doesn't have a role in fire service, doesn't belong in fire service. I honestly would please ask you to seriously consider the May date, which I think obviates all the other issues.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you.

Magregoir? No.

Chief?

MR. SIMEON: That's all, thank you.

ASSEMBLYMAN WISNIEWSKI: Okay.

Any questions? (no response)

Thank you for your testimony.

MR. SIMEON: Thank you very much.

ASSEMBLYMAN WISNIEWSKI: I'd like to call up Wayne Dibofsky, speaking for Barbara Keshishian, on A-4. And also, to just fill in the panel here, so we have efficiency, Gerard Thiers, from ASAH, on A-4.

Wayne, you may begin.

WAYNE DIBOFSKY: Yes.

Thank you, Mr. Chairman.

I'm Wayne Dibofsky, representing Barbara Keshishian. Our Vice President was just called down to the Governor's office, so I apologize for that, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: I hope she didn't do anything that got her in trouble.

MR. DIBOFSKY: I hope not either.

First of all, let me say thank you. Thank you for the opportunity to testify on this important piece of legislation. Thank you for all your hard work, of both the legislators and the staff. And let me tell you what you already know.

In 30 years it has taken us to get to this point in time -- 30 years in the making -- to create what is a structural deficit in our budget. It is a cataclysmic problem that we all face -- politically, legislatively, and from my perspective, educationally. But we can't solve it in 100 days, nor will we satisfy everybody's needs in the next 30 days, or shorter.

You've heard from special interests that I represent, and the interests of parents who represent the most important resource in this state, the children we educate. And everybody has said, "Take your time." There is no need to rush to judgment. This is a marathon, ladies and gentlemen;

we still have a long way to go. Good legislation over the last 25 years in this state has taken prudence, integrity, credibility, and time. We can pass anything in this state, but it doesn't mean, nor will it forbear upon us, that it will create an everlasting, positive end resolve.

So I ask you with prudence to look at the legislation you have in front of you, specifically the executive county superintendent. It has already been stated, but I think it's important to reinforce: The whole issue of noninstructional resources is not outlined specifically, nor does it encompass those who would be touched and those who would not be touched. We have State law that mandates nursing services, but they would be considered noninstructional. We have needs for more and not less guidance counselors in our schools, especially at the elementary level. They would be possibly the victim of unintended consequences by this legislation.

It all boils down to dollars and cents. If I am an executive county superintendent, my job is to rein in costs. But at what end, and for what means, and for what purpose? To qualify and quantify educational quality, unfortunately, in the State of New Jersey, takes more rather than less. We educate more special education students in this state than any other state in this nation. We are constrained by policies of No Child Left Behind at the Federal level, which is a diminution of the educational quality in our state, day in and day out. To profess that an executive county superintendent will do a better job, at less money, with less bureaucracy than is currently existing at the county levels of government or with county superintendents today, is not an adequate, and straight, and fair painting of the picture.

What we need to do is spend more time vetting the issue, and less time professing that we will save dollars and cents without knowing where the real accommodations will be made. I think it is very, very, very important that the administrative responsibilities that you may place on these individuals needs more time to be understood, needs more time to be developed. And what will be the consequences of an all-powerful county superintendent? We know now, since 1989, that when we invest in county special school districts, we get a better bang for the buck because we have, over the years, provided qualified, measured results, and objective criteria.

But we also know -- in the three takeover districts, where we have in essence special executive county superintendents -- after all these years, the process and the end-sum game still isn't working to our satisfaction. We need to take the lessons of the positive and the lessons of the negative, and marry them together so that we create a seamless transition that is positive, well-grounded, and educationally functioning. To do anything less would be a disservice to the 1.2 million children we teach each day. And to do less, thinking that by doing less will create an umbrella structure of educational, carefully crafted, directional, educational foresight and resources, without putting the onus on what are the dos and the don'ts of the county superintendent, will also miss the mark.

In conclusion, I would respectfully ask that after all this hard work, and after this run to judgment, that we slow down, we re-examine what has been testified before you today, and we take one more look at the direction in which we are going. To provide a thorough and efficient education to the students of our state is our number one calling. To do anything less would be a disservice.

And thank you for your time, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Thank you, Wayne.

Thank you for your testimony, your thoughts on this matter.

We appreciate you taking the time to be with us.

Mr. Thiers.

GERARD M. THIERS: Thank you. Thank you, Mr. Chairman.

We appreciate the opportunity to comment on A-4, which promotes shared services and fiscal accountability in municipalities, and expands the role of county superintendents.

ASAH, formerly known as the Association of Schools and Agencies for the Handicapped, is a statewide special education association of 147 private schools educating 11,000 students with disabilities. The schools -- 83 percent of which are nonprofit, and 17 percent for-profit -- serve students with severe disabilities that dramatically impair the student's ability to learn in other settings.

Article 5, Section 113, O through V, requires executive county superintendents to maintain a database of special education programs, serve as a referral source for placements, and promote the development of in-district programs. In Section 118, the executive county superintendent is authorized to use county special services districts, jointure commissions, and educational services commissions to provide services to local school boards. We ask that the approved private schools for the disabled be added to the list of programs that can assist school districts.

ASAH members currently have consulting contracts to help districts develop and maintain special education programs. In some cases, private schools actually provide special education classes in district

buildings. This is a win-win situation, as districts are able to use the expertise of private schools while keeping students in district facilities and saving on transportation costs. We also send the staff back with students when we mainstream these kids back into district. We send staff back. This is what we call *job shadows* -- to help these students integrate back into the general classroom.

Because the focus of the bill in these sections is to expand the capacity of local districts to serve special education students, we recommend that private schools be mentioned as a valuable resource in the bill.

Thank you for your consideration.

ASSEMBLYMAN WISNIEWSKI: Thank you for your testimony. We appreciate taking time to be with us today.

Next, I'd like to call up the Glen Ridge group, the GR Board of Education; and Garden State Coalition.

LYNNE STRICTLAND: I'm not going to stay long.

I just want to say, I'm Lynne Strickland, Director of Garden State Coalition--

ASSEMBLYMAN WISNIEWSKI: You're the group?

MS. STRICTLAND: The Glen Ridge group was here, en masse.

ASSEMBLYMAN WISNIEWSKI: Oh, okay. All right.

MS. STRICTLAND: And there were several parents in the group who have testimony that I'm just delivering for them. They wanted to be able to speak, but they had to go home to get kids from certain programs at the end of school.

ASSEMBLYMAN WISNIEWSKI: Understood.

MS. STRICTLAND: Just a specific question that I'd like to pose to the Committee is, I don't see a fiscal note on A-4. And we would like to have a chance to see how much the cost would be of starting up the executive offices, the staffing, how far the reach would be; and I'm sure it's probably more than \$100,000 -- was (indiscernible) question. Wouldn't it have to go before the Senate and Assembly Appropriations and Budget Committees?

That's it.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you. Thank you for your testimony.

Next, David Pettit, from the Montgomery Township Board of Education; and Judy Savage, from the New Jersey Council of County Vocational Schools.

Judy.

I'll also call up Richard Snyder, from Dollar\$ & Sense.

Mr. Pettit, you may begin.

DAVID PETTIT: Thank you.

My name is David Pettit, and I'm the President of the Montgomery Township Board of Education.

Like everybody before me, I want to start by thanking all of you, your staffs, and everyone who has been working so hard to find solutions to the property tax crisis that threatens the well-being of all of New Jersey's citizens. I think we can all agree on the importance of solving this problem.

For those of you who are not familiar with Montgomery Township, we are a K-12 district with more than 5,300 students in Somerset County, and are one of the State's highest-performing and lowest-cost school districts. Last year, our students recorded the highest average SAT scores in the state. We graduate 99.6 percent of our students, and over 98 percent of our students score as proficient or advanced proficient in our High School Proficiency exams. We achieve this success while keeping our costs very low. Our comparative cost per pupil is amongst the very lowest in the state and is \$2,400 less per pupil than the state average. We actively support and participate in many shared services initiatives and purchasing consortiums at the local, county, and State levels.

People move to Montgomery Township because of the quality of our schools. And in the 14 years that I've lived in town, our school population has more than tripled. Eighty-eight percent of our school funding comes from local property taxes -- 88 percent. We receive only 7 percent of our funding from the State. Our quality is high, our costs are low, and yet in Montgomery Township we're facing a property tax crisis. People are being forced to move out of town because they cannot afford to pay their property taxes.

I'm very concerned that the contents of A-4 and S-42 will not have the desired positive impact that the Legislature intends, but will instead be detrimental to the quality of education our students receive and will have no positive impact on property taxes. Establishing the executive county superintendents as the ultimate decision makers regarding key aspects of school resources and policies would lower the quality of education without saving taxpayers money.

Local school boards, such as ours, make careful trade-offs among education and financial goals, with direct accountability to the parents and taxpayers in our district. The county superintendent appointed by the Governor is accountable to no taxpayers, and may be concerned only with implementing the politically driven State-level politics of the moment.

The oversight envisioned in this legislation would require a larger county staff -- larger levels of county staff to review every local district decision. To fund the larger county bureaucracy while maintaining cost and neutrality would require taking resources from educational services.

It is abundantly clear from the Legislature's own report of the Committee on Public School Funding Reform that the fundamental problems causing high property tax is that the State of New Jersey contributes insufficient funds to educate its children. Over the past decade, our citizens have agreed to pay tax increases to fill the gap caused by the State's neglect.

But now that the State's share of educational funding has sunk to between 38 and 44 percent of the average cost of educating a child in this state, with the property taxes filling the gap, having risen to unsustainable levels, the answer to the problem of high property taxes is not to cap educational spending at current levels -- regardless of changes in the cost of quality of education -- and to enforce the cap with the larger county bureaucracy. The answer is to increase the share of education funding coming from the State revenues. The State's tax-base income, expenditure, and corporate taxes is a fairer basis than property taxes for sustaining education cost increases into the future.

We urge you to rethink A-4 and S-42, and maintain a strong commitment to the quality of education in New Jersey. The children of New Jersey need your leadership and clear thinking about this and other proposals that may erode the quality of our education.

Thank you very much.

ASSEMBLYMAN WISNIEWSKI: Mr. Pettit, thank you for your testimony. We appreciate it.

Mr. Snyder, I see you have given us two sets of--

R I C H A R D S N Y D E R: I have. As you know from my past testimonies, our efforts are to provide constructive solutions. So I hope you will not find it surprising today that I wish to offer a method to make lemonade from lemons.

ASSEMBLYMAN WISNIEWSKI: We're all for lemonade.

I would just ask you not read them verbatim; if you could summarize?

MR. SNYDER: I absolutely will not read them verbatim.

ASSEMBLYMAN WISNIEWSKI: Thank you.

MR. SNYDER: The point of my address today is that I think we are on the threshold where we have an opportunity to do something that could be great and could be remembered as effective for many years ahead, providing that we are able to do this in an effective manner.

The ability of Speaker Roberts and your Committee to recognize a model that has proven successful -- the expanding of the role of a county superintendent, with the objective of reducing costs and facilitating the delivery of education services -- is a goal worth the work to make it salable. And the point that needs to be made is, a great idea that

can't be sold is no longer a great idea. It has to be recognized that efficient spending is a goal we all share, but that efficient spending is not always the same as efficient education. By using existing models, we have the opportunity to enhance education services and to effect significant economies. There is no need to recreate what is currently working in many locations.

It has to be recognized as wasteful to create a county system for strictly administrative functions. Monitoring districts at the local level, with guidance from the county level, makes use of existing resources and allows the county the opportunity to create shareable programs that will save dollars and promote enhanced education services.

I have provided in the testimony a list of very specific things that need to be done in order for this to be successful, as well as specific roles of this county superintendent. I will address only the few highlights. It has to be recognized that the complexities of No Child Left Behind and IDEA challenge even the best of educational minds. The person appointed must be an educator with certification as an education administrator. The issues of education are so complex and so varied that administrative abilities alone will not get the job done. For the public to accept that there are great potential cost savings, appropriate regard must be given for local input. We lose efficiency by trying to please too many people with too few solutions. The application of any correction must be localized. Regional needs and demands vary too greatly for a single applied solution. A uniform solution doesn't acknowledge that required support is as varied as the student. A successful program in Warren County may fail miserably in Essex County.

The systems that have proven successful in Somerset, Middlesex, and Bergen County will not necessarily work for all other counties. However, there are likely many parts of each of these existing successes that would prove effective elsewhere. Local adaptations of existing models allow for maximum utility of all dollars and maximizing of all talents.

Cost is the amount of dollars required to accomplish the specific goal. Since children learn in different ways and schools have different needs, only bottom-line costs can be predetermined. A county-based market basket can provide the most accurate estimate of required expenditures. Customized systems cost the most in setup, but cost the least in operating costs. Monitoring can be specific and detailed. One size cannot fit all when providing or evaluating. Eliminating waste that comes from applying blanket solutions is the cost savings that we seek. Monitoring and governance are necessary functions, but they cannot be primary functions. If we address only those who take unreasonable advantage, when required levels of decorum and integrity are achieved, we will have invested in a Band-aid with minimal future value.

Future value and integrity can be accomplished with the investments we have made right now. I would point out that home rule should be considered an asset, not a burden. It's an expensive asset, but frankly I view my health benefits in the same way, and I wouldn't give them up.

Thank you very much for your time.

ASSEMBLYMAN WISNIEWSKI: Thank you for your testimony. We appreciate your participation through the process.

MR. SNYDER: Thank you for saying so, sir.

ASSEMBLYMAN WISNIEWSKI: Okay. Let's call up Bill Dressel, from the New Jersey League of Municipalities, and your posse.
(laughter)

GREGORY FEHRENBACH: I look like a posse?

WILLIAM G. DRESSEL JR.: Mr. Chairman, members of the Committee, thank you very much for the opportunity to speak on the Assembly 4, which was previously Assembly 51, which we did testify on previously -- extensive testimony previously, on our whole philosophy of shared services and cooperative agreements. I would like to say that I am indebted to the tremendous cooperation we received from the Speaker, from his staff, from partisan staff, and from OLS staff in addressing to our concerns, which started back in February of this year. We believe that this bill does address many of the impediments for shared services, and we support it.

However, we do have some concerns. And I've asked Greg Fehrenbach, who has appeared before your Committee as my expert, who's been a municipal manager and county manager, to detail them to you.

You have in your packet not only my complete testimony, but very specific suggestions on areas -- section-by-section amendments that we're asking for, Mr. Chair.

Mr. Fehrenbach.

ASSEMBLYMAN WISNIEWSKI: Thank you.

Mr. Fehrenbach.

MR. FEHRENBACH: Thank you very much.

I would first like to reiterate what Mr. Dressel just said, and include our appreciation for the work of this Committee, and for the fact that the Committee has listened to the suggestions and has incorporated many of those in the bill itself. And we truly appreciate that. We have several suggestions for how we think what is now a good bill can be made somewhat better, and would like to identify a couple of those.

First, there's the issue of the placement of the definition of *terminal leave payments*. There are approximately four sections in the bill that deal with that subject. For some reason, it's been placed in one section toward the middle of the bill. It should appear under the definition section so that it applies to everything in the bill.

The second concern has to do with Section 23 of the bill, where, when two municipalities are involved in a joint meeting, it requires that both municipalities adopt a resolution to dissolve the joint meeting. The problem with that condition is that if you have one benefiting municipality and one disadvantaged municipality, the benefiting municipality can essentially hold the disadvantaged municipality hostage. There ought to be some way to be able to bring the parties to a point at which they can negotiate a resolution to the matter, allowing one of the two parties to cancel the contract with appropriate notice -- let's say notice of at least one year -- would provide that opportunity, and provide for fairer terms and conditions to be set for the two parties.

Third, we're asking that the flexibility that has been provided for joint meeting arrangements in the bill be extended to Regional Health Commissions, which are in effect joint meetings for the purposes of providing health services. That flexibility would increase the probability

that the plus or minus 47 or 48 independent health services -- health departments that exist in the state now would be able to join together into regional health commissions.

Lastly, this matter has been discussed with you by previous speakers. There is a provision in the law that requires when you're going to consolidate a health department that all of the personnel in that health department be absorbed, whether it be through a Regional Health Commission or it be through a county health department. The request in the recommendation that we're making is that the mandatory hiring provision be removed, so that the parties can see some efficiencies and, therefore, some reductions in cost -- when coming together achieves the economies of scale, but then does not require the continuation of those parties to be employed.

I would make one last comment. And that is, is that it was quite noticeable that none of the recommendations from any of the Committees, including this one, identified what the League had identified as being the principal cost driver of many municipal costs that have developed over the last 30 years -- and that is the 1977 binding interest arbitration legislation. And the lack of attention to that bill will create the inability on the part of municipalities to be able to control what is their principal expense, which are personnel expenses; which make up, as we said, 70 percent of the bill.

Those conclude our comments on Assembly Bill 4.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you, Mr. Fehrenbach.

Mr. Dressel.

MR. DRESSEL: Mr. Chairman, due to the lateness of the day, we do have to leave. I was wondering if we could have some latitude in addressing our concerns and issues with Assembly 15 and Senate 38, dealing with the BRAC legislation.

ASSEMBLYMAN WISNIEWSKI: That is the next bill that we're going to take up, and I think-- That is the, let's see, second to the last bill that we're going to discuss.

So I don't think there's anyone else signed up. Anyone else signed up for this bill?

UNIDENTIFIED PERSON FROM AUDIENCE: (speaking from audience) I did sign up.

ASSEMBLYMAN WISNIEWSKI: For this bill?

UNIDENTIFIED PERSON FROM AUDIENCE: For this bill.

ASSEMBLYMAN WISNIEWSKI: Okay.

Let me take his testimony, and then we'll get back to you, Bill.

MR. DRESSEL: Fair enough.

Thank you, sir.

MR. FEHRENBACH: Thank you.

ASSEMBLYMAN WISNIEWSKI: Are you Frank Hicks?

MR. HICKS: I'm Frank Hicks.

ASSEMBLYMAN WISNIEWSKI: Okay. I'm sorry about that. I thought you had already testified. I stepped out before, so--

MR. HICKS: Thank you very much, Mr. Chairman, members of the Committee.

The New Jersey Association of School Business Officials supports many of the concepts contained in A-4, S-24, particularly in the area of cooperative purchasing and shared services. New Jersey ASBO has a long history of facilitating and providing opportunities for shared services and cooperative purchasing in school districts, including the Alliance for Cooperative Energy Services, which we cosponsor with NJASA and NJSBA; and the Alliance for Communications Technology, which we sponsor. These organizations provide for the cooperative purchasing group, purchasing of energy, and communication services.

With respect to consolidation, New Jersey ASBO does recognize that in some cases there are certain efficiencies that may result from municipal government and school consolidation. Our position, however, is that these should occur at the same time. That if municipalities are going to merge, then the school district should merge. The key to that is that that should be subject to the will of the voters. It appears to us that in this legislation there is a way for consolidation to occur without the voters. We're not quite clear on that, but it appears there's a way to do that. And we would emphasize that we feel that should be subject to vote.

In addition--

ASSEMBLYMAN WISNIEWSKI: Just on that one point.

MR. HICKS: Yes.

ASSEMBLYMAN WISNIEWSKI: It's always been the intention of all the members of this Committee that any effort at consolidation would be subject to the voters. So we'll have staff look at that, but I don't believe that that's possible.

MR. HICKS: Thank you.

We also believe that in addition to the vote, there should be a thorough study of the potentials for savings and efficiencies. And although it would be impossible to guarantee that in a study, it should be sufficient evidence that efficiencies and cost savings would occur. And in the case of school districts, the educational implications should also be taken into consideration.

We support the concept of incentive grants for consolidation and the State helping to offset adversely impacted tax rates. New Jersey ASBO has always supported the concept of providing financial budget information to members of the public in a clear and understandable format. We encourage our members to comply with the Open Public Records Act, and we believe that public school employee contracts and related information should be made available to the public as requested. However, we feel that singling out specific employees, in this case three individuals, for special and selective public scrutiny is unfair, and it sends a misleading message to the public that these expenses are the primary reason for property tax increases.

New Jersey ASBO supports the elimination of the vote on the school budget if that budget is at and under cap, and to permit a vote on the proposal to exceed the cap, if one is going to be brought forward, to have that take place in April.

New Jersey ASBO believes that by expanding the responsibilities of the county superintendent, the responsibilities, that this position can become a greater resource for local school districts by coordinating cooperative efforts in areas such as transportation, special

education services, and group purchasing. In fact, we see no reason why this should not occur with or without this legislation.

However, New Jersey ASBO has concerns with the extent of the unilateral authority being placed in one individual, particularly the line-item veto of the school budget. For this reasons-- If this legislation is going to move forward, for this reason we believe that an appeal process should be provided for local districts to contest budget and other unilateral decisions made by this individual.

Thank you for an opportunity to comment on this legislation.
Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you for your testimony and input. We appreciate you taking the time.

MR. HICKS: Thank you.

ASSEMBLYMAN WISNIEWSKI: We have two bills left; one is the so-called *BRAC* bill -- and Senator Kyrillos stepped out.

We have one bill that won't take long, and that's A-14, S-39, the property assessment reformat. And I see Mr. Haney has signed up to testify.

David.

DAVID SMITH: Thank you, Mr. Chair.

ASSEMBLYMAN WISNIEWSKI: Before you begin, I wanted to point out that I've had discussions with members of the Committee, and we recognize that this bill requires some substantial work. And we will be working with you and others to make sure that this has some significant changes to it.

MR. SMITH: Right. Thank you.

David Smith, from the Princeton Public Affairs Group. We represent the Municipal Assessors Association of New Jersey. I spoke yesterday with the Chairman, and he assured me that this was just a first draft of the legislation, and the concepts that are out there are being discussed. I've spoken with my client, and Mr. Haney was here until about 15 minutes ago. He had to run up to another meeting. He looks forward to spending lots of nights and weekends -- which I told him I would not be joining him -- over the next several weeks.

ASSEMBLYMAN WISNIEWSKI: Neither will I. (laughter)

MR. SMITH: Coming to a conclusion and some solutions, now, I've been assured by my client that they will be proactive. They recognize that when it comes to consolidation that's it a very, very difficult issue, but they are committed to being creative and will be reaching out to you, Mr. Chairman, with some ideas. They look forward to meeting with you and the Committee.

ASSEMBLYMAN WISNIEWSKI: Thank you, David. I appreciate it.

Anyone else on this? (no response)

Bill? (no response)

ASSEMBLYMAN GORDON: Mr. Chairman?

ASSEMBLYMAN WISNIEWSKI: Assemblyman Gordon.

ASSEMBLYMAN GORDON: Just a comment. I think as we develop the next draft of this we also should reach out to the county tax officials, particularly the people who are running the county tax office, because they're really very well versed in the minutia of this, and I think it would be very helpful, just to make sure that we're getting this right.

ASSEMBLYMAN WISNIEWSKI: Assemblyman, I think that's an excellent suggestion.

Thank you.

Seeing no one else on this bill, we'll then go--

SENATOR SMITH: We've got--

ASSEMBLYMAN WISNIEWSKI: I'm sorry.

Bill, you wanted to talk about this bill, too?

MR. DRESSEL: Mr. Chairman, I only want to mention that we did present--

ASSEMBLYMAN WISNIEWSKI: Why don't you just hit the microphone, please? (referring to PA microphone)

MR. DRESSEL: I want the record to read that we did submit substantial testimony, with our concerns with regard of the bill as presently drafted. And we, too, would like to be involved in those discussions over this bill. It is a very important function, the assessment function, and we would love to be a part of that discussion and debate.

ASSEMBLYMAN WISNIEWSKI: You will be.

MR. DRESSEL: Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you.

You might as well sit there.

Melanie, do you have something on this?

MS. WILLOUGHBY: We support the bill.

No. We just wanted you to know that New Jersey Business and Industry & Industry supports the concept of the bill, and believes that standardization is the right way to go across all of the municipalities.

ASSEMBLYMAN WISNIEWSKI: That's the goal.

MS. WILLOUGHBY: That's the goal.

ASSEMBLYMAN WISNIEWSKI: I'm not sure the bill in the current format does that, but we're going to get there.

MS. WILLOUGHBY: Correct.

Well, that's why I'm letting you know we support the concept.

ASSEMBLYMAN WISNIEWSKI: Thank you.

Mr. Dressel, if you would like to come up and take the hot seat again.

We're going to do the last bill on our agenda today -- is Assembly Bill 15 and Senate Bill 38, establishing the Local Unit Alignment Reorganization and Consolidation Commission.

MR. DRESSEL: Thank you, Mr. Chairman.

The League of Municipalities is very pleased with the fact that, in our prior testimony that we presented on this legislation, that you were listening; that one of our key objections to the bill, which you have addressed -- is that you do include in the rewrite of the bill before us a local vote. We think that is very important, and we thank you for that.

We still have some other concerns. I'll mention a couple. I'll ask Mr. Fehrenbach to get into some of the issues.

We are basically creating another level of bureaucracy. There's \$95,000 to cover the expense of an executive director. We do not believe that those resulting savings, quite frankly, are going to justify this new layer of government, and we have a concern with that.

We also are kind of curious as to why it does not include schools. The largest component of the property tax dollar, as we know, is our school costs, yet schools are absent from this whole consolidation study,

this whole effort. That's not at all addressed, and that is what we see as a flaw in the legislation that's before us.

I have some other issues, technical issues that Mr. Fehrenbach would like to deal with.

MR. FEHRENBACH: A couple of other matters. The bill actually calls for an executive director and a staff to be able to support the commission, and yet it only appropriates \$95,000. It seems to me, given the circumstances, one might be looking at a bill that's closer to a half a million than 95,000.

ASSEMBLYMAN WISNIEWSKI: We're just trying to be frugal. (laughter)

MR. FEHRENBACH: Well, it would be nice, except I just don't think it will happen in the end.

ASSEMBLYMAN GORDON: We thought you were going to volunteer staff. (laughter)

MR. FEHRENBACH: The--

ASSEMBLYMAN WISNIEWSKI: We thought that Bill would volunteer. (laughter)

MR. FEHRENBACH: Some of the other points are, first of all, that if this commission were to be created, it's the League's position it would be appropriately placed in the Department of Community Affairs, that has a responsibility for regulating and overseeing municipal, governmental, and county governmental operations; and that the Department of Treasury would not be an appropriate location for it.

Secondly, the objective of the bill is to try to bring municipalities together. And while the League is not taking a position one

way or the other on the question of, “Is consolidation right or is it not right?” if the objective of the bill is to bring communities together, then the measure of success is going to be the number of municipalities you’re able to bring together. And since this is going to go back to the voters, I think some lessons need to be learned from some previous experiences. And one of those is, nowhere in the bill does it talk about the compatibility of the municipal political cultures. Now, exactly how one goes around to operationally define that, I don’t know. But if you’re going to try to join two municipalities together, you need to make sure that the people in those communities believe that they can actually be a part of the people in the other municipality, or the vote is going to go down.

ASSEMBLYMAN WISNIEWSKI: That’s why we have the vote. It’s up to the people to decide whether they can--

MR. FEHRENBACH: I understand that, except that it’s--

ASSEMBLYMAN WISNIEWSKI: But I’m not sure how we could legislatively preordain, “Okay, you’re going to get along, so you better vote for it.”

MR. FEHRENBACH: But it should be one of the criteria that the commission should be considering, and it’s absent. In the bill, it does not take that--

ASSEMBLYMAN WISNIEWSKI: It’s a fair point. I’m just not sure how you get there.

MR. FEHRENBACH: The second point is, is that I think there’s something to be learned from the Princeton experience and the short-ballot process of the early 20th century. And that is, is that there are a number of issues, that are set forth in the bill, that need to be considered

and laid out for the voters. And there are questions of whether or not the employees will come under Civil Service, what will happen to the debt, what will happen to -- what will the name of the municipality be, and all these other pieces. Each one of those pieces can develop a constituency opposed to the proposed merger, and thereby increase the probability that people are going to vote against the proposed merger. And that-- A process that has a series of decisions -- in which the concept is first presented, with some sense of what the general consequences are going to be to try to get a buy-in from the voters first out; and then you go on to trying to work the details out -- it seems would result in a higher probability of success on the part of the commission than if all of this is to be dealt with at one time, and to be laid out as this full plate, that then becomes difficult for the voters to choose what is in their best interests and what is not.

The bill calls for the creation of performance measures. And frankly, we're skeptical of this current state of the art with regard to that, and the ability of that to accurately measure the efficiency and the effectiveness of municipal services. And that was presented to you in testimony last August by someone who has actually been doing work in this area. To tie money to these measures, we think requires a great leap of faith, a leap that we are not prepared to make. We also object to taking moneys that have been used to provide property tax relief and now convert those moneys to performance-based grants. That's not to say that we're disagreeing with the fact that municipalities ought to be rewarded for good management. But there are a number of grants that exist, some of which were put into the consolidated, municipal grant program about eight or nine years ago, that are specifically there to offset the property tax. To now

make those the subject of a performance-based grant has an adverse impact on your overall objective, which is to keep the property tax as low as possible.

Those are our comments, and I thank you for the time.

Thank you very much.

ASSEMBLYMAN WISNIEWSKI: Thank you very much.

Senator Kyrillos.

SENATOR KYRILLOS: Thank you, Mr. Chairman.

I have a number of issues that I want to get into, if we could--
Is there other testimony that you want to take briefly? Are we done?

ASSEMBLYMAN WISNIEWSKI: Melanie?

MS. WILLOUGHBY: I even left my testimony right here, see, because I was coming back.

ASSEMBLYMAN WISNIEWSKI: Bill, why don't you just stay there.

MR. DRESSEL: Yes.

MS. WILLOUGHBY: All I wanted to add is the fact that the New Jersey Business & Industry Association believes that there should be a commission that is completely devoted to the investigation of where consolidation and shared services make sense. And we feel that that's really important, because of the fact that we know that in the day-to-day lives of our municipal officials, many of them part-time, that they do not have the time to really be able to look at this, and that we feel that it's very important for there to be a commission to do that. And I would have to

agree with my colleagues from the League, that I think adding school districts is an important part to the commission.

And that's my testimony.

ASSEMBLYMAN WISNIEWSKI: Thank you.

I don't believe there's anyone else. I do not believe there's anyone else who's signed up to testify, so Senator Kyrillos.

SENATOR KYRILLOS: Mr. Chairman, thank you very much.

I thank you, and Senator Smith, and others for recognizing the merit of this proposal. I note that it's listed for the Senate to consider on Monday, perhaps the General Assembly as well. I don't know. So let me just get right to the heart of some concerns that I have.

I would like to be comfortable with this proposal so I can help advocate for it and move it forward. I've watched, in a breathtaking way, as the Federal Government has closed down military bases around America -- very difficult economic, and military, and political decisions -- and it's happened quite successfully. And if you believe, as I do, and I think you do, Mr. Chairman and others, that we have too much municipal government in the state, that this is a vehicle -- and I think a potentially smart one, to do what we have been incapable of ourselves.

I do agree with the League and BIA that schools should be included. It was not part of my original proposal. I've actually -- have a companion proposal, that I'd like to introduce with you and others, to work on school consolidation in the very same manner. I think it makes sense. I'm not sure what capability of political cultures are, as you point out. If it's because Republicans and Democrats don't get along in neighboring towns, that's part of the problem.

Let me be specific. And I hope that, Mr. Chairman, with Mr. Gillespie and others, working with the leadership, we can address some of these concerns so that I can be comfortable joining with you and moving this forward. I'm concerned for the criteria for credentials to people who would serve on this commission. I think it's unnaturally narrow that people would be chosen based on local experience, local planning experience, and the like. If we have a smart, retire CEO or current CEO that is fit and is willing to serve, we want to have that person. We want to have a university president, current or former. We want to have a standing governor. We want to have the best and brightest -- the kind of people who are serving currently on a bipartisan basis on the Iraq study group, for example -- that's the caliber of person we want. So I would like to see language that reflects that kind of flexibility.

I'm concerned with what we have in the bill with regard to the selection of members. I would like to see it be a bipartisan split, but I would like to see the Governor make those decisions, rather than having each of the legislative leaders, including the Republican Minority Leaders, make a pick, because I want to try to depoliticize this as much as possible. We ought to have a partisan split, but we don't want to be political in the process.

Third, I'm concerned about this stop before the Legislature that goes before it gets to the voters. My original proposal didn't allow for a vote. I understand why that is politically necessary, or even appropriate. But I don't know what purpose would be served by the Legislature enabling this commission; having them deliberate, knowing that their suggestions, their recommendations are going to go before the voters; and then have to

come back here so that the body politic can get into its act and delay a process that they've delayed for decades heretofore. So I would like the legislative stop eliminated or, at the very least, perhaps, shortened to a very brief moment in time where we would be able to act.

I want to state for the record that, while I understand the need for voter participation, I would strongly prefer not to have each, respective municipality have a veto over the decisions that the society would make. Let the broad region have its say, but not let an individual, a small town perhaps -- in my view, a town that should never have been a town to begin with -- be able to stop this progress. Yes, it's dramatic, but these are dramatic times. That's why we're here.

I'm just going to go through this list, Mr. Chairman, if that's all right?

ASSEMBLYMAN WISNIEWSKI: Absolutely.

SENATOR KYRILLOS: And we can have more dialogue.

Staff resources: Somebody correctly pointed out that I'm not sure that the dollar amount is sufficient. I don't know that we have to have a specific amount, as long as it is flexible enough to have the right resources in place; and not be limited to the public sector, but be allowed to draw on the resources, the expertise of the private sector to do what, undoubtedly, is a very, very difficult task.

There are some carrots, if you will, in the bill; State assistance for those town that are affected. I believe there ought to be sticks, as well. I believe that those municipalities or regions that reject the recommendation of this commission at the polling place should see some commensurate decrease in aid or some effect of some sort. If the

Legislature, if the body politic, if the public, the society says “This is not in the best interest of the people of the state, because we can’t afford you and we can’t sustain it,” then there ought to be some consequences, there ought to be some motivation to vote “yes.”

And I’ve spoken about the schools, and that is my list.

I appreciate your leadership, Mr. Chairman, and members of the Committee, as well.

ASSEMBLYMAN WISNIEWSKI: Senator, I appreciate your input, and your providing a lot of the intellectual inspiration for this concept and the other members, as well.

Anybody else have any comments?

Assemblyman Gordon.

ASSEMBLYMAN GORDON: Thank you, Mr. Chairman.

I’d just like to make a comment about the proposal to develop a set of standardized performance indicators, measures of efficiency. I really think that this is a recommendation that hasn’t gotten the attention that it deserves, and I think it really has the potential to have a profound impact. Every first-year accounting student learns how to do a financial ratio analysis to assess the efficiency, productivity, operational effectiveness of a company. And admittedly, this exercise is more difficult with a public institution. But we do the same thing for hospitals. There are books published every year showing the benchmarks for hospitals in particular regions, of particular size -- their financial efficiency, their operational efficiency; and I think it’s useful to try to do the same thing with local governments. And for that matter, for school districts, as well.

I think that there's much to be learned by comparing, for example, the costs of picking up a ton of garbage in one town as compared with another. And I think when citizens have an opportunity to look at a dozen or so of measures of this kind -- number of employees per capita, dollars spent per capita for law enforcement, whatever it is -- I think when taxpayers can compare their town with measures for the best town in the county, or the average for the county, there's a good deal of value in that. And I think they're going to start asking their municipal councils, "Why does it cost us 20 percent more to pick up a ton of garbage in our town as opposed to another?" And I think there's also some value in just seeing how any one town either progresses or does not progress over time.

And so I really think this is something we need to do. I think it's not a very difficult exercise. I think DCA should be playing a role in doing this, and publishing these data and making it available to the public. So I really think this is something we need to do.

ASSEMBLYMAN WISNIEWSKI: Thank you, Assemblyman.

MR. FEHRENBACH: Mr. Chairman?

ASSEMBLYMAN WISNIEWSKI: If I may just comment.

ASSEMBLYMAN WISNIEWSKI: Yes, Mr. Fehrenbach.

MR. FEHRENBACH: Assemblyman Gordon, we concur with everything that you said, and all of that is true. The point I was making was that the state of the art is at elementary stages, and to use it as a basis for determining the performance of one municipality versus another -- I don't think we're there yet. I think we can be there in several years, but we're not there yet. And to tie dollars for grants to it at this point, I think it's happening too soon. Maybe in the year 2010 or 2012 it would be

appropriate. But today, from the information I have and the reports I've seen -- the 12 municipalities that are voluntarily doing it right now, trying to determine how well they're doing compared to each other and compared to others -- is a good thing in and of itself, but it's not ready yet for the determinations of aid. That was the only point we were making.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you.

Any other comments from members of the Committee? (no response)

Any other testimony from anyone left who hasn't spoken and wishes to speak?

Senator.

SENATOR KYRILLOS: Very quickly and just for the record, because I was remiss in not mentioning it at our last meeting when we reviewed the summary of recommendations. One that was not in the original draft, I don't think, and I just frankly missed, was this recommendation to close the Commerce Department down -- deny what I think, on the surface, is a seat at the Cabinet table for the private sector, for the business community. I am opposed to that, and I want to make that very clear, and will be saying more about it.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you, Senator.

Yes, sir.

J O H N B U D Z A S H: (speaking from audience) I'm sorry, I was at a different Committee hearing. I just got here. Which bill are you on right now?

ASSEMBLYMAN WISNIEWSKI: We've gone through them all.

MR. BUDZASH: You've gone through -- okay. I missed the one I wanted to speak on. I was looking to speak on the--

ASSEMBLYMAN WISNIEWSKI: Do you want to come up and use the microphone?

MR. BUDZASH: Well, no. I was going to speak on A-14. But if you've already done it--

ASSEMBLYMAN WISNIEWSKI: We'll listen to you.

MR. BUDZASH: Okay.

ASSEMBLYMAN GORDON: That's the assessment bill.

ASSEMBLYMAN WISNIEWSKI: I understand. But I just want to make sure you understand, and we made the comment earlier, that we recognize that A-14 needs a lot of work. That bill is not moving quickly, so we're certainly interested in hearing what you have to say, but I don't want you to be concerned that the train is leaving the station. That bill is going to be slowed down a little.

MR. BUDZASH: Well, I appreciate you letting me come to speak late, and I appreciate what you just said. You've alleviated most of my concerns.

What I would like to suggest is, that being that this bill is in front of you, and you're going to be--

ASSEMBLYMAN WISNIEWSKI: Could you just identify yourself?

MR. BUDZASH: Oh, I'm sorry.

John Budzash, and I'm with Hands Across New Jersey.

The thing that we've been trying to get people to listen to is the fact that the property tax assessment method that's used these days is completely inaccurate, it's subjective, it's guesswork, it's -- quite often -- wild differences between one house on one side of the street and an almost identical house on the other side of the street.

I am a real estate appraiser by trade, and I can tell you, I can bring in an appraisal on a piece of property at pretty much any amount that you want it to be. If you go with a very simple standard of real estate appraisal, which would be by the square foot, which is not done in New Jersey -- but it very much should be -- it makes things simple. It takes away the expensive property tax appeals, because you can't appeal your square feet. If your house is 1,000 square feet, or 5,000 square feet, or 10,000 square feet, that's what it is. The only way that a person could appeal is if the person assessing the value of the home just determined it to be the wrong square footage. And that does happen -- people make mathematical mistakes; they make measuring mistakes.

But right now, one of the big problems in New Jersey -- and it has been for many, many years -- is that an appraiser will come out and assess your property at a certain value. In Howell Township, it happened to a guy who had a very small Cape Cod home; it was about 900 square feet, and it was on approximately 3 acres of highway property. It was sloping property that's wetlands in the back. His home was assessed at, probably, something like \$45,000. He paid about \$1,200 a year on property taxes. When the house was reassessed back in the early '90s, the appraiser went out and appraised it at its highest and best use. Using a very vivid imagination, this home -- and by the way, we are required to, when we

appraise a home or a property, to appraise it at its highest and best use, and this appraiser did just that. But he did it with a wild imagination. He assessed this man's house -- small Cape Cod -- as being a shopping center. The man's value went up to \$795,000, his property taxes went to over \$13,000 a year. He lost his home. You can't do that.

ASSEMBLYMAN WISNIEWSKI: That sounds--

MR. BUDZASH: The highest and best use is as a house. It's not as a shopping center. It's not a shopping center.

ASSEMBLYMAN WISNIEWSKI: Well, the assessor has to assess it at its market value, which is what a willing buyer and a willing seller would pay for it.

MR. BUDZASH: Supposedly. But what is a willing buyer and a willing seller? Okay? You've got so many varieties and so many spread prices, even in a development where houses are similar, much less going to houses that are not similar. And basically speaking, there's an old saying that "no two homes are exactly alike." And while that's pretty much true, it's not always true. There are wide disparities in appraisals and sale prices of houses of the same model in the same development. And if we go with a standardized method of appraising a property and a standardized method of appraising a home, which would be by the square footage for both -- with the property you have to be a little bit more diverse, and go into which section of the town is it, is the property dry, level, is there wetlands involved, and so on and so forth. But that would be up to the municipality to decide on what the value of the land is. The building lots also are taken into consideration. If you're in 1-acre only, and you've got 3 acres, well, your property is much more valuable than it would be if it was in the 3-acre

zone and you had 3 acres. But the main gist is, the property is valued with the house on it, and that's what people are allowed to appeal. You're allowed to appeal the appraisal of your home. And when you appeal the appraisal of your home, it's conjecture. You can go out and -- say if you've got a three-bedroom, two-bathroom home -- and go and find a million comps of three-bedroom, two-bathroom homes in your town that are selling for all wild, different prices. And when you go into a tax appeal court and you bring in those comps, more than likely you're going to get your property value reduced.

Now, when somebody gets their property value reduced, they've gotten a break. But the other people in the neighborhood who are still taxed high aren't, so they're picking up the burden of this one person who did appeal. You have -- several hundred appeals are usually filed in every municipality whenever a reassessment happens, and a good deal of them are successful. If you do it by square footage, you won't have the appeals, you won't have the extra costs, you won't have the extra burden of the assessors -- hiring the appraisal companies to come in and do the massive appraisals. And if anybody is interested, I would like to show you: I've got reports on this, I've got examples of homes that are wildly, radically different sale price, right after they were assessed, than what they were assessed for.

ASSEMBLYMAN WISNIEWSKI: Anything that you have that you'd like to submit to the Committee, we'd be happy to take it and circulate it to the members.

MR. BUDZASH: Okay. I'll try to get you a copy of it.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Okay. Thank you.

MR. BUDZASH: The longer this waits, the better as far as I'm concerned-- If you'll take what I've suggested--

ASSEMBLYMAN WISNIEWSKI: It's not going to wait that long.

MR. BUDZASH: Well--

ASSEMBLYMAN WISNIEWSKI: It's not moving tomorrow, so--

MR. BUDZASH: If someone takes what I've suggested and actually tries to make a bill out of it, and change the way the taxes are appraised here, I would appreciate that. And I'm quite sure that you'll be able to work out a way that's fair and equitable to everybody, so you don't have all these problems.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you very much, Mr. Budzash.

Assemblyman Malone.

ASSEMBLYMAN MALONE: Is that the information you gave us last -- during budget time?

MR. BUDZASH: Yes, it is.

ASSEMBLYMAN MALONE: Okay.

MR. BUDZASH: That's the same information I handed out to that other Committee.

ASSEMBLYMAN MALONE: Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you, Assemblyman.

Seeing no other comments or questions, and no further testimony, I think we've covered all the bills.

We're adjourned.

(MEETING CONCLUDED)