
Committee Meeting

JOINT COMMITTEE ON THE PUBLIC SCHOOLS

*“The Committee will get an update from the Schools Development Authority,
and discuss other school facility issues”*

LOCATION: Committee Room 16
State House Annex
Trenton, New Jersey

DATE: May 8, 2018
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblywoman Mila M. Jasey, Vice Chair
Senator Samuel D. Thompson
Assemblyman Benjie E. Wimberly
Assemblywoman BettyLou DeCroce
Assemblywoman DiAnne C. Gove
Assemblyman David W. Wolfe



ALSO PRESENT:

Rebecca Sapp
Executive Director

Ivy Pomper
Executive Assistant

Hearing Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

SENATE

Hon. James Beach
Hon. Patrick J. Diegnan, Jr.
Hon. Declan J. O'Scanlon, Jr.
Hon. Ronald L. Rice
Hon. Samuel D. Thompson

ASSEMBLY

Hon. Ralph R. Caputo
Hon. BettyLou DeCroce
Hon. DiAnne C. Gove
Hon. Reed Gusciora
Hon. Mila M. Jasey
Hon. Benjie E. Wimberly
Hon. David W. Wolfe



JOINT COMMITTEE ON THE PUBLIC SCHOOLS

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MEETING NOTICE

TO: Members of the Joint Committee on the Public Schools

**FROM: Senator Ronald Rice, Co-Chair
Assemblywoman Mila Jasey, Co-Chair**

The Joint Committee on the Public Schools will meet on Tuesday, May 8, 2018, at 10:00 a.m. in Committee Room 16 of the State House Annex, in Trenton, New Jersey.

The Committee will be getting an update from the Schools Development Authority and discussing other school facility issues.

The public may address comments and questions to Rebecca Sapp, Executive Director, at 609-847-3365, or by email at Rsapp@njleg.org

Issued March 28, 2018

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ASSEMBLYWOMAN MILA M. JASEY (Vice Chair): Good morning.

I apologize for the delay.

This is a really tough time of the year; and as all of you know, we had to change the Joint Committee meeting from Thursday to today. And unfortunately, Senator Rice is at a funeral, which he did not expect to be scheduled for this morning.

So he sends his apologies.

I want to thank the members who are here; I know that Assemblyman Wimberly is on his way; Assemblyman Reed Gusciora is engaged in an election today. So it's just one of those days.

The good news is, everything -- all the testimony presented today will be recorded, and transcribed, and distributed to the members. So please don't feel slighted in the least.

And with that, today's topic is facilities. And we have a terrific group of people -- experts -- who are going to be talking to us today about facilities.

So with no further ado, I'm going to ask -- let's see, Charles McKenna, CEO of the New Jersey Schools Development Authority; and can you tell me your--

A N D R E W D. Y O S H A, Esq.: I'm Andrew Yosha.

ASSEMBLYWOMAN JASEY: Oh, okay. I don't have your name here, but that's all right.

All right; so Charles, do you want to start--

C H A R L E S B. M c K E N N A, Esq.: Sure.

ASSEMBLYWOMAN JASEY: --and just identify yourself?

And you know that red is “on.”

MR. McKENNA: If I could just make an opening statement.

My name is Charles McKenna; I’m the CEO of the Schools Development Authority.

Good morning; it’s a pleasure to be here and to have an opportunity to discuss the State’s school construction program with you.

Along with the SDA’s Chief of Staff, Al Alvarez, who is behind me; and Andrew Yosha, who is to my left, we’ll do our best to answer any of your questions.

And let me start by saying I think we have a good story to tell at the SDA.

Last year, the SDA opened five new or renovated facilities throughout the state, representing an investment by the State of \$230 million. These schools impacted more than 4,200 students, and represented nearly half-a-million square feet of new construction.

In the past four years -- since I started at the Authority -- we have opened 17 new or renovated schools, representing 2.1 million square feet of new construction, and more than 15,600 students were impacted with a State investment of \$927 million. And when we say 15,600 students, that is 15,600 students per year; these schools will actually impact tens of thousands of students, moving forward.

And the impact is real. Students in Phillipsburg no longer have to learn in 30 trailers; students in Newark have classrooms instead of closets or hallways in which to learn; projects in Paterson, Jersey City, Keansburg, New Brunswick, and Bridgeton have all gone a long way towards addressing the overcrowding problems that exist there.

And results like this are being replicated on projects statewide. We currently have 11 projects in active construction throughout the state. This includes four schools we will open this September, as well as the new Trenton Central High School project that will open next year.

We also have issued notices to proceed with the design phase for additional projects, including the Passaic Dayton Avenue Educational complex, which is a project that will deliver 3,000 new seats in pre-K through 8. And this will be the largest project to date that the SDA has undertaken. It will ultimately be eclipsed, in a year or so, when we begin work on the new Perth Amboy High School.

And this doesn't account for the work we have ongoing on many other projects.

In Paterson, we are demolishing the former Don Bosco School to ready a site for construction of a new middle school. Early site preparation activities are also happening in Pemberton and Camden. In fact, the SDA recently advertised for a design-builder for the new Camden High School.

Many of the program ideas that we have shared with you in the past are proving successful today. These include the SDA's use of the design-build approach; standardization efforts through the use of the Kit of Parts and materials and system standards; as well as the expanded constructability review process. We are promoting fiscal responsibility in the management of taxpayers' resources, and we have data to back that up.

One area where we've experienced significant cost avoidance is in the number and amount of change orders on our projects. Last year we reviewed 12 projects on which we utilized our new approach, and we found

that the projects evaluated experienced an average of 2.2 percent in change orders per project, which is in contrast to the nearly 12 percent in change orders that had historically been the case.

The SDA's Regular Operating District grants staff also continues to do excellent work in administering the ROD grant program that helps school districts throughout the state make needed building improvements. In 2017, the SDA executed 51 grants to RODs throughout the state.

The SDA also continues to approach school construction needs in the state with a, sort of, out-of-the-box thinking in an effort to best meet the needs of the students given the resources that we have. And one example of this is the purchase of the former Paterson Catholic High School facility, which is now serving as swing space in Paterson and, ultimately, will be a permanent facility in their future.

The SDA continues to have a good partnership with the New Jersey construction industry. This year we anticipate advertising work estimated at between \$400 million and \$500 million. We do this while we continue to exceed Small Business Enterprise goals. We had an SBE participation rate of 40 percent on our projects last year.

Our impressive portfolio, I think, really is a testament to the continued hard work and diligence of the entire SDA staff. I am privileged to work with them every day. The Authority's work I think continues to benefit New Jersey's students, its school districts, construction trade workers, contractors, and the State's economy.

I am confident that we have a program in place that provides students with the facilities they need, while protecting the resources that the SDA has been afforded.

I thank you all; and with your permission, I'd like to go through a quick slide deck that I think illustrates some of the schools that we've built; and then I'd be happy to answer any questions.

I'll do this fairly rapidly.

(Mr. McKenna refers to a PowerPoint presentation)

This is Bridgeton Quarter Mile Lane Elementary School. This was an addition and renovation. We did two projects in Bridgeton; this was the first one. It's going to have a-- So the school now, which is open, has a capacity of 800; and it opened in September of 2017.

Bridgeton Buckshutem Road Elementary School was the other Bridgeton project that we did. It was also an addition and renovation. We added an additional 645 seats for the students. It opened in 2016 as well (*sic*).

Elizabeth Halloran Elementary School, which opened this past September, has 140,000 square feet and has a capacity of 940 students. It sits right off of the Jersey Turnpike. So as you're riding south on the Turnpike, if you look to your right when you hit the whole area where all the petroleum work is ongoing, you're going to see the Halloran School.

Elizabeth High School, the Frank Cicarell Academy. This is a high school that we opened in Elizabeth in September of 2016. It's 183,000 square feet, serving 1,284 students.

When you look at these pictures there is, I think, always a concern on the part of some people that we would build what they call

cookie-cutter schools. And I think, as you look at these buildings, you'll see that no two are alike. We work with the districts to try to get a look and a feel; and we also try to match the building look to the community in which it is located -- the surrounding community.

So this is Gloucester where we built the Gloucester Middle School, which opened in September of 2017. It was an investment of \$65.3 million. The capacity is 760 students.

That's the back of it.

Jersey City Patricia Noonan School, one of two that we opened in Jersey City in 2017, serving 848 students.

The second one is the Dr. Maya Angelou, PS 20, serving 698 students. It opened, again, in 2016.

Keansburg Joseph Caruso School, which opened in 2016, for 842 students.

This is the Long Branch George L. Catrambone Elementary School; this is the first school that I was there to cut the ribbon; 109,000 square feet serving 867 students.

New Brunswick Redshaw Elementary School; 990 students get served. It was opened in January 2015.

In Newark we opened up three schools; well, two, and we're going to open a third this year. So this is the Elliott Street School. The prior Elliott Street School had been struck by lightning and burned down about 10 years ago, and we ultimately were able to replace that. It serves, now, 932 students.

This is the back of the building.

Oliver Street in the Ironbound; it serves 932 students. It replaced the existing Oliver Street School. And the students from South Street were moved to the old Oliver Street School. And in September we will open up a new South Street School, and those students will then be able to enter into a new building as well.

Passaic Gifted and Talented Academy. This is a school that was built on Henry Street for a capacity of 780. We are presently building just across the street from this, at Leonard Place, an additional school in Passaic that is going to serve the needs of those students.

This is the Dr. Hani Awadallah Elementary School in Paterson, one of two schools we opened in Paterson in September of 2016. It serves 722 students. And to the lower left-hand corner is a bridge that crosses the tracks. And what that has permitted the community to do -- which had been cut off by those railroad tracks -- is now the community, that had heretofore been cut off, now has a place where they can cross easily into this school and have access to the school and to the neighborhood.

Paterson PS 16, also opened in September of 2016, serving 705 students; 109,000 square feet.

Phillipsburg High School. Phillipsburg High School sits on top of a hill -- on the top of a mountain -- out in Phillipsburg. And I, for the life of me, don't know how students learn there, because the vistas are so amazing that, were I in that school, I would pay little attention to my studies and a lot of attention to the surrounding area. But it is a great facility, serving 2,172 students; 330,000 square feet.

And West New York, the Harry L. Bain Elementary School, was totally redone. And it opened in September of 2017, having a

maximum capacity of 814 student, who now have a much better place to learn than the way the Bain was prior to the renovation.

So that's just an illustration of the type of schools we build. As you can tell, they are not cookie-cutter schools; they all look different. We work with the district to make sure *a)* that we meet the educational needs, but also the esthetic needs of the district and the surrounding community.

With that, I'll take any questions that anyone has.

ASSEMBLYWOMAN JASEY: Thank you.

I know that Senator Thompson has a question; I'll let him start.

SENATOR THOMPSON: Thank you, Madam Chair.

What is the financial situation of the Authority? I.e., I assume you were granted a certain amount of bonding capabilities. So how much do you have, basically, and still reach out to our uncommitted funds?

MR. McKENNA: So we have cash, as of April 1 -- I'll use that as the date -- we have \$467 million in cash, and we have \$1.7 billion in bonding ability. So we have about \$2.1 billion.

The Authority has a burn rate of anywhere between \$400 million and \$500 million per year, so we have enough funding to keep us building for the next four to five years.

SENATOR THOMPSON: That's great.

ASSEMBLYWOMAN JASEY: Other members?

Yes; Assemblywoman DeCroce.

ASSEMBLYWOMAN DeCROCE: Thank you.

A couple of questions.

What is the number of requests for financial support, from school districts throughout the State of New Jersey, in a given year that apply?

MR. McKENNA: Essentially when they want to make ROD requests, they do that through the Department of Education. But with a ROD grant -- so I'm talking about non-SDA schools now -- we executed 2,400 grants in 406 districts. I believe, last year alone, we did-- How many grants?

MR. YOSHA: I'm sorry; I don't--

MR. McKENNA: Well, it's in my statement, because I did it. Hold on. (refers to notes)

In 2017, we executed 51 grants. So we've spent approximately \$3 billion since the inception of the program on that. The ROD grant monies have pretty much been exhausted; I believe there's \$55 million in uncommitted funds in the ROD program now. But the projects that are ongoing will be lasting for the next couple of years; but we cannot add additional projects to the portfolio.

ASSEMBLYWOMAN DeCROCE: Right. And in how many counties have you been able to build schools in -- all the counties within New Jersey?

MR. McKENNA: We service the 31 school districts where we build; and we build -- have built in all of those.

But as to the ROD grants, we've provided ROD grants in all 21 of the counties; I think 406 school districts around the state.

ASSEMBLYWOMAN DeCROCE: Could I receive a breakdown of -- out of each county, how many have been apportioned?

MR. McKENNA: Sure; we can give you a breakdown. We'll provide -- through the Chair, or to you directly -- a breakdown.

ASSEMBLYWOMAN DeCROCE: Yes, I would like to see that.

One thing that I recall when I was at DCA, and I was working with the municipalities -- in fact, Irvington was one that I was in. And I had found, during my days there, that there was a large inventory of properties that were within the municipalities that were not going to be utilized by the schools; they did not need the properties. But the State owned the properties for the purpose of schools, and there wasn't anything else they could do with them unless the district signed off and said that they no longer needed the property.

We looked at that; because in the center of Irvington there was a parcel that was supposed to be a middle school, and they decided they did not need it built. So the school signed off on the property for the Township to take it, and acquire it in whatever way we could, to build. Because it was within a new built community within Irvington, to build houses; it was right in the middle.

And what we found out was -- and I don't know where the State is on this issue -- was because of the bonding of the property initially, there wasn't any way that the State could sell it off to the town, or even put it out to bids for a contractor to build, because of the bonding that was owed on the properties.

So I would like to see the inventory of properties -- I don't know if I, necessarily, get that from you, or the Department of Education -- as to what the inventory is. And to see if the State has updated to see if

these individual municipalities still need those properties for purposes of building schools, or are we hanging on to the properties just because the bonding -- the properties were bonded to purchase. And how much of that is still laying out there costing the people of New Jersey money, and also, you know, to the municipalities that could use that money for revenues for other purposes?

So I don't know if that would go through you; because I remember working with your Department back then. But I know that was an issue -- that I went out and sat with Wayne Hasenbalg, who was out of the Governor's Office at the time; and he was very disturbed and bothered over it because of the bonding issues.

So I think it would be advantageous to all of us to know what properties are sitting out there; and what's going to be utilized, and what's not, and what's the plan for the ones that are not.

MR. McKENNA: I think that's a very good question, and it's a good point that you bring up, Assemblywoman. And we have actually taken a hard look at that; and we would be the Authority that would provide the information to you, and we will.

But we have done any number of things with the properties. So for instance, in Trenton we took a large parcel that we were not going to use and we turned it over to the City so that they can use it for economic development. In Newark, we met with Ray Chambers, who is working with Newark on the city economic development package in the West Ward. And we were able to transfer certain lands to Newark so that they can use it for economic development. And in return, the developer is going to build us a school for early childhood, and so we'll have the benefit of that.

There's another parcel in Newark right now that we're in negotiations with for an entity to build a pre-K. In Passaic, where we're building the Leonard Place School -- which is across the street from one of the schools we highlighted today -- it's on a very main avenue. And they wanted to use it, again, for economic development -- some of the land. It's land that we wanted to use as a buffer between the school and a very busy street as well. So we are going to transfer that to Passaic; they're going to use that for their economic development. And if there's any money received from that, obviously that will come back to the Authority to be used to build schools.

But we are looking at creative ways in which to take land that we are not going to use, and put it to use in the communities for economic development, so that it's sort of a win-win situation for everyone.

ASSEMBLYWOMAN DeCROCE: Okay.

If you don't mind--

ASSEMBLYWOMAN JASEY: Yes.

ASSEMBLYWOMAN DeCROCE: I had taken a tour of the North Ward in Newark and the Dayton Street project, which has a school within the project. And that was -- where there was a charter school within the school, if you know what I'm talking about.

MR. McKENNA: Yes.

ASSEMBLYWOMAN DeCROCE: That particular school -- it's my understanding it was closed down because the project was never rebuilt and redeveloped.

What's the current status on that particular school? Because I toured the inside of the school, and-- What is going on with that particular project, for instance; because that's a lot of money sitting there.

MR. McKENNA: We are sort of the builders in this, and we are not the educators. And we don't-- Once the school is there, we don't make the decision as to how to utilize those buildings. That's a decision that's made by the Newark District.

So we would come in and make repairs to that building, if it were necessary; but as to how that building is utilized, that's a decision that's not made by my organization.

ASSEMBLYWOMAN DeCROCE: Okay; well, my concern with that -- and I'm going to say this to the Board -- is, if we have a school sitting out there that is a school that is in pretty good condition and not being utilized, and we're building other schools, we should be looking at what inventory, again, is there to see what we can use, what we can't use, what we can sell off. Because, you know, education is, of course, paramount, to me, for the children and the schools that they are in. But if we're wasting money in ways that we shouldn't be, that's short-changing the public in property taxes.

So I really think there needs to be an in-depth study done on current properties, current schools that are not being utilized, and what Newark or -- I don't care if it's Franklin Township up in Sussex County, you know? -- what they're doing with these schools, to make a decision on where we are as a State as a whole. I think it's important that we look at the dollars.

MR. McKENNA: I think you make a good point. And I know that the Department of Education does long-range facilities planning with each of the districts to make sure that their utilization is as best it can be.

As to this particular situation, I'm not aware of what they have decided, because it's a DOE situation. But I do know that they engage in some of the planning that you were speaking of.

ASSEMBLYWOMAN DeCROCE: Madam Chairwoman, I think that maybe we should invited the Department of Education in to talk about these very issues. Because I have talked about this previously on the Joint Committee, and we don't seem to get a conclusive answer.

And I think we should; it would benefit all of you to know, and the taxpayers most importantly.

MR. McKENNA: No doubt.

ASSEMBLYWOMAN JASEY: Assemblywoman, you remind me that I neglected to mention the fact that DOE agreed to be here today. They are not here because their system crashed; but they have offered to come at another time to present their information and answer our questions.

ASSEMBLYWOMAN DeCROCE: Okay; thank you.

ASSEMBLYWOMAN JASEY: Okay?

I know that Senator Thompson has a follow-up question; and then Assemblyman Wolfe.

SENATOR THOMPSON: A follow-up to Assemblywoman DeCrocce's first question.

As you indicated, there are properties there that could not be turned over to towns because their bonds weren't paid off. Well, you're

indicating numerous cases where properties were transferred to towns. Is the difference because, in those cases, the bonds were paid off, versus the situation she spoke of?

MR. McKENNA: No; every time we enter into an agreement like that, we run it through Bond Council to make sure that what we're doing is appropriate. In some instances, the value of the land is not that great, so it doesn't have a great impact, and it's spread over bonds that were floated at certain times.

But we also have requirements where we can offload properties. So if we have property, and we can sell it on the open market for the highest and best value, for the best use, that's a permitted sale of that property and we can do that. So we have to look at each individual property in itself.

SENATOR THOMPSON: In the cases where you were able to make a transfer, I guess the bonds were paid off or else there was not a covenant in the bonds that said you couldn't transfer it over to the town, or something.

MR. McKENNA: It was consistent with the bond covenants; yes.

SENATOR THOMPSON: Okay; thank you.

MR. McKENNA: You're welcome.

ASSEMBLYWOMAN DeCROCE: I'm not quite understanding that.

Because what you're-- Are you saying to the Senator that the bonds were paid off; or you absorbed the bonds in the overall bonding?

MR. McKENNA: I think what I was saying was that our bonds are spread out; there's not just one bond.

ASSEMBLYWOMAN DeCROCE: Exactly.

MR. McKENNA: So if-- Apparently, according to Bond Council -- which I am not -- if the value of the land doesn't have very much value to it -- it's worth nothing or some small amount -- it won't have an impact on the bond covenants, and therefore they permit us to do this.

ASSEMBLYWOMAN DeCROCE: Well, so you're really still paying the original purchase price of the property off in the bonding.

MR. McKENNA: Oh, clearly we're doing that.

ASSEMBLYWOMAN DeCROCE: That's what he was saying, Senator.

SENATOR THOMPSON: Okay.

ASSEMBLYWOMAN DeCROCE: It's still being paid by the people, even though they no longer own the property. And the monies that would be derived in, say, an auction or a sale, whether it's to the municipality, or to a highest bidder, or a developer, those monies, though, would go against the bonds that were still outstanding.

MR. McKENNA: Those monies come back to us, and then we use them to build more schools.

ASSEMBLYWOMAN DeCROCE: To build more schools; but you're not paying down the bonds.

MR. McKENNA: No, we don't pay down the bonds.

ASSEMBLYWOMAN DeCROCE: Well, you know, that's where I say revenue should be taken that's being derived from a sale -- to pay down bonds that we owe on the property, even though the property

zone is less than what the bonds still is outstanding for. I can't see taking the money and using it to build a school, and we're still paying the old bonds off, you know? It doesn't make any sense. I mean, usually when you have a piece of property, you sell your home, pay your mortgage off, and start all over again. I don't see taking the cash and using it, and saying you have \$400 million or whatever in a given year, when some of that money's derived out of stuff that's already bonded and it's sitting out there. I would think that the monies that are derived from a sale should go against the outstanding debt that's due on it; no matter how much it is, even if it's minimal.

MR. McKENNA: That's a question that's going to be decided by the Legislature. But we take the money and put it to good use to make sure that the facilities are in the best shape they are. And I can tell you, we have a long way to go before we reach that goal.

ASSEMBLYWOMAN JASEY: Okay. So this is obviously something we need to look at, and perhaps we can -- you can have Council -- Bond Council give us some information about that.

ASSEMBLYWOMAN DeCROCE: Yes, that would be good.

ASSEMBLYWOMAN JASEY: I'd appreciate that, all right?
Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Thank you very much.

I appreciate your testimony. For me, it was reviving my past memories.

I was Chairman of the Education Committee when the legislation was drawn up to permit your agency to exist. And we met with

education experts, with building folks, with union people to make sure we covered all bases.

But I just want to ask you a couple of questions.

Are you still building? I mean, how far out will you be able to build?

MR. McKENNA: Yes; absolutely,

We have a portfolio of buildings I think that goes out until 2023.

ASSEMBLYMAN WOLFE: Okay.

MR. YOSHA: There are 22 more projects still to be delivered.

MR. McKENNA: Twenty-two more projects.

ASSEMBLYMAN WOLFE: Are you primarily building new construction, or renovating existing?

MR. McKENNA: We do a mix of both. I think, probably, we do more new construction right now than we do -- but we do addition-renovations as well.

ASSEMBLYMAN WOLFE: Okay; now I was impressed when you made your presentation. You say you don't use cookie cutters; you kind of build to the community needs.

MR. McKENNA: Along with a kit of parts. So there is some standardization that's incorporated in there.

ASSEMBLYMAN WOLFE: Right; so I'm not saying this is bad, but I noticed one of your schools was for gifted and talented.

MR. McKENNA: Correct.

ASSEMBLYMAN WOLFE: Why was that?

MR. McKENNA: The use to which the school was put was decided by the district, not by us.

ASSEMBLYMAN WOLFE: Right. So that was a new construction?

MR. McKENNA: That was new construction.

ASSEMBLYMAN WOLFE: I mean, the reason I'm asking is, I know historically, as the evolution occurred with your area, there were questions raised to legislators of, what really was being used? I know one of the facilities actually has an Olympic-size aquatic center -- an Olympic-sized aquatic center, probably better than many universities. I understand -- although the rumor was that there was a football field on top of a high school. Is that true?

MR. McKENNA: That's not a rumor; that's true.

ASSEMBLYMAN WOLFE: Okay. I mean, so -- and we represent--

MR. McKENNA: We no longer do that; I will tell you that.

ASSEMBLYMAN WOLFE: Okay; well, I'm saying that most of us represent districts that really kind of look at that as not being necessities, and wondering, you know, what logic goes to include those. I mean, you say you have four or five more years to go, and that's great. But I think in terms of -- following along with what the Assemblywoman has said, and what the Senator said -- I'm not trying to get into a contest with different legislators on what goes on and what doesn't go on in a district. But I think when money is tight, and we see -- I see things that aren't needed--

I recall -- not in my Legislative District, but adjacent to my District -- a high school Superintendent wanted new windows, and they made him redo the whole school. He told me that; all he needed was windows in his school, and they renovated the entire school. They put the windows in, but-- (laughter)

MR. McKENNA: I can assure you, Assemblyman, that that would not occur today--

ASSEMBLYMAN WOLFE: Okay.

MR. McKENNA: --nor would a football field on a roof.

ASSEMBLYMAN WOLFE: Right.

MR. McKENNA: We don't build swimming pools anymore, unless we are replacing an existing pool.

ASSEMBLYMAN WOLFE: Right.

MR. McKENNA: So, for instance, in Trenton Central High School, there was an existing pool, a natatorium, and we -- since we knocked the school down, we felt it incumbent for us to replace that.

We don't do field lighting; we don't build stadiums, grandstands, fieldhouses--

ASSEMBLYMAN WOLFE: Right.

MR. McKENNA: --much to Assemblyman Wimberly's chagrin at times. (laughter)

And we don't do greenhouses; we don't do operating equipment, lawn mowers and tractors. We are very -- much more careful today, in the way that the money is spent than, I think, perhaps, may have existed in prior times.

ASSEMBLYMAN WOLFE: Okay; again, this is not directed at you, but I just wish-- As a Legislator, I know we're constantly being asked -- of ourselves and people we represent -- to tighten our belts and make things as usable as possible. I understand; this has nothing to do with you -- that the State's committed \$10 million to Lakewood schools. And I just really find that -- it has nothing to do with you -- but we're talking about money that could be used for kids throughout the state, and we're pumping that money into a district that has a lot of needs other than construction.

It has nothing to do with this hearing, so-- I have money on my mind today, and I'm sorry to get off-track here.

Thank you.

MR. McKENNA: No, I think you should have money on your mind, Assemblyman. And I think if you look at the way we build schools today, you will see that we build schools that are not opulent, but schools that meet the needs -- the learning needs, and that we do it in a very fiscally responsible way, in the way that we use design-build. So we put a lot more of the risk on the builders, and a lot less risk on the State.

You'll see in our buildings -- while they are good looking, they are not overly done up. They are there to meet the educational needs in the best ways possible, in a fiscally responsible way. I think we pull that off now.

I will tell you -- I don't know that we always pulled that off, but we do now.

ASSEMBLYMAN WOLFE: Thank you very much; I appreciate it.

MR. McKENNA: You're welcome.

ASSEMBLYWOMAN JASEY: Thank you.

I have a couple of questions; and then we're going to move on, because we have a number of presenters.

And if members have additional questions, give them to me and we will get them answered.

One simple question is, on the slides it says *maximum capacity*. Is it really *maximum* or is that just current enrollment?

MR. McKENNA: No, that is a true maximum capacity; the current enrollment would generally be lower than that, but in some school districts--

ASSEMBLYWOMAN JASEY: It's higher.

MR. McKENNA: --even when we build a new school, it doesn't meet the needs that it has. So that's just a-- More than that, and the school is not operating in the way it was designed.

ASSEMBLYWOMAN JASEY: Okay; and does that include staff, or is that only students?

MR. McKENNA: That's a student number.

ASSEMBLYWOMAN JASEY: Student; okay.

I was going to ask a question about security issues, and what your involvement is or is not in that area. What kind of requests have you been getting in from districts?

MR. McKENNA: We spend approximately 10 percent of our budget on school security matters. We follow best practices by DCA, who has standards for security. We do setbacks, we do bollards, we do fences, shatter-resistant glazing. We deal with the districts, because some districts have specific needs; they may want alarms or cameras of a certain type.

And so we work with them to make sure that we build schools in a way that is secure.

Obviously, there's always more money that you can spend to make it incrementally more secure; but we think we get a good bang for our buck. And the schools that we build -- while not impenetrable, our schools are safe and secure.

ASSEMBLYWOMAN JASEY: Thank you for that.

And last question, and then I think--

ASSEMBLYWOMAN DeCROCE: One little one.

ASSEMBLYWOMAN JASEY: --one little question from the Assemblywoman. (laughter)

MR. McKENNA: No problem.

ASSEMBLYWOMAN JASEY: In terms of pent-up demand, where are you on that? You kind of touched on it, or is it something that you can get information to us after?

MR. McKENNA: We could probably provide you some information; but I can tell you that we-- Our schools facilities did not get to the point where they are today overnight, or in 5 years, or 10 years. It was closer to 15. And for us to actually dig out from that hole that we were put in, I can tell you that my work is not going to be done -- or the work of this Authority, because it won't be mine after a while -- is not going to be done in 5, or 10, or even 15 years. It's going to be an ongoing process.

Right now I think there are about 70 schools that are 90 years old or older. So those schools are not going to get in any better shape; and those schools are ultimately going to have to be replaced or renovated. So

this is an ongoing process; and we still have not met the overcrowding demand in many of our districts.

ASSEMBLYWOMAN JASEY: Thank you.

Assemblywoman, briefly.

ASSEMBLYWOMAN DeCROCE: Just real brief.

When you talk about school security and your requirements when you're building a new school -- and I hear this all the time, and constituents say it to me all the time -- why don't the classrooms have bullet-proof glass in their windows? Is that part of the requirement in building new schools today?

MR. McKENNA: Shatter-proof glass, not bullet-proof glass. It's a cost matter.

ASSEMBLYWOMAN DeCROCE: So, but it's-- You're saying it *is* part of the specs when you're building a new school?

MR. McKENNA: Shatter-proof glass on the first floor, yes; but not bulletproof glass.

ASSEMBLYWOMAN DeCROCE: Well, you know, I mean that's what's being asked of me all the time; you know, why can it not be changed to that also?

MR. McKENNA: We don't set those standards, generally; the DCA sets those standards.

ASSEMBLYWOMAN DeCROCE: Right.

MR. McKENNA: If that's the standards that they set, we have to factor that in as well. But we do meet and, in fact, in many instances, exceed the DCA standards.

ASSEMBLYWOMAN DeCROCE: Okay; so if there became a program available -- and that's something, maybe, DCA needs to look at and do -- is put funding there for replacement of glass in the classrooms on the first floor, at least, in our school districts. I mean, to me that's something that money-- You want to talk about selling a piece of property and taking it off the roll? Then take the money and do stuff like that, than to put something in brand-new. Help the schools that are existing, that can't afford to do something like that -- to take monies to do. We need to find monies for the districts to help protect the schools more than they are.

MR. McKENNA: Obviously, safety is on the -- I think on everyone's mind, and we want to make the schools safe. There's a cost matter, so to do that is going to be a very costly undertaking. And it may be an undertaking that the Legislature believes is a worthwhile one, and that's something I would ask you to look into.

But certainly if we are asked to do it, and funded to do it, that's our business.

ASSEMBLYWOMAN DeCROCE: Okay.

ASSEMBLYWOMAN JASEY: Thank you.

Okay.

MR. McKENNA: I thank you.

ASSEMBLYWOMAN JASEY: The information that was requested of you -- if you can send it to Becky Sapp.

MR. McKENNA: Absolutely; Kristen, from my office, I'm sure will be--

ASSEMBLYWOMAN JASEY: Oh, okay.

MR. McKENNA: --in my office this afternoon--

ASSEMBLYWOMAN JASEY: Oh, Kristen; okay, fine.

MR. McKENNA: --making sure I do that.

ASSEMBLYWOMAN JASEY: And we'll have it distributed to all the members.

MR. McKENNA: Great; thank you very much.

ASSEMBLYWOMAN JASEY: Thank you very much.

MR. McKENNA: Thank you very much for your time and attention. I appreciate it.

ASSEMBLYWOMAN JASEY: Thank you.

Next up -- and if you'd like to come up together -- Cynthia Rice, Senior Policy Analyst for Advocates for the Children of New Jersey; and Betsy Ginsburg, Executive Director of the Garden State Coalition of Schools.

And you're going to be followed by Judy Savage.

CYNTHIA RICE: Good morning, everyone.

My name is Cynthia Rice; I'm a Senior Policy Analyst at Advocates for Children of New Jersey.

I'm so happy to be talking about facilities for young children.

I know that I've spoken in front of so many of you; and I know I am speaking to the choir when I say that high-quality preschool experiences for our children, that is followed by a strong, developmentally appropriate year of kindergarten, really can provide our young children with that foundation so critical for short- and long-term academic success.

And during the last two decades we've seen, both at the State and at the local level, that those research findings have really been the framework of our preschool early learning policies. From the beginning of

the implementation of Abbott preschool in 1999, all the way through-- If you look at this proposed budget -- in the Fiscal Year 2019 budget, which includes additional funding for preschool -- we see that that has been a critical piece of expanding.

This year, close to 60,000 3-and 4-year-olds are attending high-quality preschool programs -- State-funded preschool. For our kindergartners, in the 2015-16 school year, we had about 92,000 kindergartners in our state; and about 80,000, or about 87 percent, were attending full-day kindergarten, according to ACNJ's 2017 *Kids Count* report.

So on paper, we look really good. But besides the data, we know that facilities, or the lack thereof, is really what's driving districts in both planning and implementing preschool and kindergarten.

So I ask that if we take a step back and say, "Why are we planning, implementing, and, frankly, paying for high-quality early childhood? Why are we committed to that, and why are we moving forward to that?" that is to ensure that our kids have a strong foundation so that they can be successful in years to come. Then we have to think differently about the facilities, particularly in the early (indiscernible) years.

So for preschool -- when we look at the majority of our former Abbott districts that implement preschool, it's through a mixed delivery system; it's through public preschool classrooms, private provider, and Head Start classrooms. And while the locations may vary, the standards do not. So they are all high-quality, regardless of where the classroom is located. So every teacher has a bachelor's degree; there are only 13 kids in every single class. In fact, the majority of our preschools and our State-funded

preschools are not in public preschool classrooms, but they're in private provider and Head Start classrooms.

And the thing about that is, this approach has allowed districts to provide for more children who need high-quality preschool without paying for additional funding for construction of buildings.

Consequently, New Jersey is -- this model, this mixed-delivery model, is the national model and, frankly, the envy of other states -- because we figured that out: provide for more kids without necessarily building buildings.

The problem here, in New Jersey, is that national model is not known by all, and particularly for those who are making decisions around preschool and kindergarten. And that lack of knowledge when it comes to school districts is -- those who can move forward with preschool expansion, it's impacting their preschool planning and their implementation once funding is available.

So if we look at the majority of districts that received either Federal funding through the preschool development grant -- they're in their third year of implementation -- or even those districts that receive funds for this school year -- expansion funds -- what we see is that they're only expanded -- too often, they're only expanded with the number of classrooms in the public schools that were available. So in too many districts, with too many young children who would have benefited from quality preschool, implementing the program through a mixed-delivery system was not even considered as an option to serve more children. And because it wasn't required by the Department of Education, what we saw is that expansion only -- for the most part, only took place in the public preschool classrooms.

So if you look at page 3 of my testimony, we have three great examples that reflect the broader issue.

Two of these districts -- these are real-life districts; this is 2017-2018 data, so it's this year -- two of those districts have been implementing through the Federal dollars for several years; and one of the districts -- this is their first year.

So if you take the first one, the universe of 3- and 4-year olds in District 1 was only 210, yet they are only serving 61 children; only serving 29 percent of the kids who are eligible for the program.

Similarly, in the last -- the other two districts, you're looking at big universes with very few being served. In District 2 -- only serving 14 percent of the kids who could benefit from high-quality preschool.

All three of these districts decided solely to provide in their own classrooms.

Similarly, in our kindergartens-- Now, we know that most of our kindergarteners are already in full-day kindergarten. We have 12,000 young students continuing to attend only half-day programs. And we know that that year is just as critical as preschool, because that's when they continue to master the skills for English, for language, for reading, and for math. But with only a half-a-day, it reduces the chances of getting there.

So we know that one of the reasons why kindergarten has not expanded is facilities. Assemblywoman DeCroce -- I don't know if you remember -- a few years ago you had an event where some of your superintendents talked about their facilities' issues and why they're not going -- moving to a full-day approach. Similarly, Senator Turner has a bill;

there was a hearing before Senate Ed. You had districts coming, saying they just didn't have the room to go to full day.

So this has a detrimental impact on both kindergarteners and their teachers, because we have very robust and comprehensive kindergarten implementation guidelines that are supposed to be being implemented. You just can't do it in two-and-a-half and three hours. So you have kids who are in those programs who are missing out.

So how do we think outside the box in this issue to make sure that we're meeting that goal of more kids getting high-quality preschool and full-day kindergarten?

First is that we require districts that are eligible for preschool expansion to assess the facilities in their communities. So you may have a district that may be eligible for these new dollars, assuming that they're in the proposed budget. What do they know about the facilities in their community -- their Head Start or childcare? So that's a place to start.

Also, provide scholarship funds for teachers in community programs to return to school. So when you look at what we have now, in our Abbot preschool programs, teachers have four years to go back to school. Believe me, unless we have some big money coming in, how we expand preschool is going to be incremental. So why don't we plan to invest in teachers who are already in those programs, but may not have degrees and specialized training in early childhood?

Between 2000 and December of 2007, we had that scholarship program in which we used \$21.7 million in that seven-year period to educate teachers -- 6,600 of them -- to either get their degrees or continue their education. That was money well spent over a seven-year program;

because while the focus was to get qualified teachers, it really professionalized an entire community. Many women, who were from the community, now have degrees. This minimal investment over a seven-year period in our state's early education workforce was cheaper than any construction that could have been built for a new facility.

Also provide funds for renovations for providers. While they have to meet licensing standards, they may not meet the preschool standards.

And lastly, we need to educate our districts about our national model. And yes, this can work.

For kindergarten, I just have two quick ones.

Boy, we really have to require full-day kindergarten. We are, sadly, one of only five states that do not require kindergarten. We have to go to full-day. We know that it's significant for our guidelines to be implemented.

And so, why don't we allow school districts with limited facility space to implement full-day kindergarten in our community settings, just like we do preschool? We have to think outside the box. Again, the standards would be the same, the location may be different.

Again, looking at what is our goal -- if it's to meet the education needs of children, we have to think differently; and these are just some ideas instead of going right to building new buildings.

ASSEMBLYWOMAN JASEY: I know you're chomping at the bit.

We're still pushing for that kindergarten and pre-K expansion, aren't we?

ASSEMBLYWOMAN DeCROCE: Yes.

ASSEMBLYWOMAN JASEY: Yes; all right.

Go ahead.

ASSEMBLYWOMAN DeCROCE: Okay; a couple of questions.

What's the percentage of districts that are left that have to, you know, move on to full-day kindergarten? What percentage are you at now?

MS. RICE: So I think it's-- Give me a second; I think we had 12 percent.

ASSEMBLYWOMAN DeCROCE: Twelve percent?

MS. RICE: It's 87 percent; 13 percent -- 87 percent are providing full-day kindergarten, 13 percent are at half-day. But it's still about 12,000 children.

ASSEMBLYWOMAN DeCROCE: It's 12,000 students; I heard you say that. I'm sorry I didn't hear the percentages.

Also, Chairwoman, we've talked in the past that under the State law of New Jersey -- and I don't believe we corrected that yet -- that it does not require a child to attend kindergarten. And we need to fix that; I mean, we were truly--

MS. RICE: We're one of five states.

ASSEMBLYWOMAN DeCROCE: Yes, and it's mind-boggling to me that we don't, when we're talking about making available, to our children, preschool.

And you talk about facilities. What is the depth of difference from a daycare facility to upgrade to be a preschool facility? Is there a big difference between the two for safety purposes, requirements, needs?

MS. RICE: So any childcare facility right now has to have -- is licensed; you can't--

ASSEMBLYWOMAN DeCROCE: Right, right.

MS. RICE: But they're not necessarily based solely on academics. So, for example, the square footage is 950 square feet. There are things that are specific to preschool classrooms that would have to be addressed.

Now there are some that are -- waivers that are given for the size of classrooms. But that's an example.

ASSEMBLYWOMAN DeCROCE: Right. If a daycare facility wanted to be a preschool, are there funds available for them to expand to be able to develop -- to turn it into that, even though it's not within-- The school itself; it's outside-- Look, I'm a product of kindergarten; I went to the local church and had kindergarten in their-- It was a big church facility; I mean, there were many classrooms there. But kindergarten, in my town -- that's where I went.

MS. RICE: Right.

ASSEMBLYWOMAN DeCROCE: And, you know, I'm a product of that; I'm sitting here right now; it didn't hurt me.

MS. RICE: Right.

ASSEMBLYWOMAN DeCROCE: So, you know, if the schools are not big enough, we have to make sure there's enough money out there to bring these daycare centers that want to upgrade to a preschool -- to help to bring this about, you know, quicker, and get our children where they need--

I'm a true believer in preschool and full-day kindergarten, as the Chairwoman knows. I'm an advocate for it; I've talked about it. I see it in my little grandchildren -- where they are, and how smart they are. But they need that help at a younger age than we all did.

So, you know, I'm thinking the facilities is a lot that's holding back on what needs to take place; and, of course, the money.

MS. RICE: There are lots of private childcare centers that provide preschool and kindergarten. But in this particular instance, we're talking about State-funded preschool.

ASSEMBLYWOMAN DeCROCE: Well, that's what I mean.

MS. RICE: Yes; so--

ASSEMBLYWOMAN DeCROCE: No, I'm talking about that the State needs to buy into this. And if it cannot provide preschool within the regular district facilities, they have to look outside of the box as to how to create this within a community--

MS. RICE: Right

ASSEMBLYWOMAN DeCROCE: --and make it available with State funds.

MS. RICE: I don't know where the-- I mean, when we go outside our state, we are the national model. Other states look to New Jersey, because this is a commonsense approach for implementing preschool. And to expand it -- it's a commonsense approach to make sure that those 12,000 kids can get a full-day classroom using State dollars, certainly.

ASSEMBLYWOMAN DeCROCE: It's frustrating; it's frustrating.

Thank you.

MS. RICE: Thank you.

ASSEMBLYWOMAN JASEY: I think what you're saying is that-- I really appreciate the suggestions that you've given us, in addition to framing the problem or the issues. And I think that that's something we have to talk about, as legislators: How we can support the idea of using existing facilities; or enabling districts that need space to do whatever is necessary to make those facilities -- bring them up to standard.

And we probably have to start with requiring full-day kindergarten for all our kids. We have tried, and we're going to try it again; just like recess.

So with that, I'm going to-- I thank you for your testimony, and I'm going to pass it over to Betsy Ginsburg.

And I think this is certainly something that school boards and parent groups would be interested in working with us on.

ELISABETH GINSBURG: Absolutely.

And thank you.

I'm Betsy Ginsburg; I'm Executive Director of the Garden State Coalition of Schools.

In the best of all possible worlds, I would be accompanied today by Dr. David Aderhold, who is Superintendent of West Windsor-Plainsboro. Unfortunately, he's doing an all-day training today; so I will be delivering his testimony, which you have in hand.

And I am thankful to David for giving such a complete treatment of the explanation of *ROD grants* so that I don't have to do it. It's on the first page of your testimony.

What I will say -- and I will spare you his whole testimony, because you have it; I will hit the highlights here -- what I will say is that when we think about school facilities and school buildings, we have to think about them as more than just boxes of bricks and mortar. We have to think about them as educational tools, because the building is an educational tool as much as the textbooks, the computers, and everything else. It's a giant piece of educational material. And if it's not in good repair, if it's not functional, if it's inadequate to meet the needs of today's students, then it is an inferior educational tool.

And so against that background, I would say that, as Dr. Aderhold says, providing funding for school security, and for our friends and colleagues in the vo-tech schools, is important and serves a definite need. However, there are tremendous challenges for regular operating school districts as well, and I would ask the Committee to focus for a moment on the aging educational infrastructure, deferred maintenance, and expanding populations anticipated in New Jersey based on the New Jersey Supreme Court's ruling on affordable housing obligations.

This is a very important component of the school equation in New Jersey -- is that we have a moral and a legal obligation to provide additional affordable housing in all of our school districts. And to meet our legal and moral obligations we need to look at expanding and renovating school spaces.

And that's a big challenge; and to meet that challenge, and the challenges that we've incurred over the years by deferred maintenance that's been caused by tight budgets, we really need an expansion -- another round

of ROD grants; grants that will fund expansion and renovation in regular operating districts.

As you heard the gentleman from SDA say, there's only about \$55 million left for current ROD grants. So in order to meet all the challenges coming up -- and I will define them in a minute -- we need to think about -- the Legislature needs to think about another round of ROD grants.

What has happened, especially in the last 10 years -- since 2008, and since we've had funding cuts -- is that school districts have worked to stay away from making cuts in the classroom -- to teaching faculty, to things that impact students every day. And the first place you make cuts when you're doing a school budget is, you look at your maintenance budget and you think, "Okay, what can wait until next year?" It's just like your house; like your paycheck comes out a little bit less than you anticipated.

So the net result of that is that we have deferred maintenance issues.

And that is one of the challenges that is facing us. We have aging schools and facilities; as you know, there have been successive school building booms in the 20th century. There was one in the first decades of the 20th century; there was another one to accommodate baby boom children in the 1960s and 1970s. Those buildings are in need of repair.

So we have aging school facilities; increased enrollments, which I just mentioned; lack of open space for future school sites; budget constraints; increasing energy costs that could be met by more modern equipment; aging equipment, including HVAC, roofs, fire alarm upgrades,

communication technologies. There have also been code changes requiring upgrades; and of course, what's on everybody's mind right now, security enhancements. So those are the big challenges.

With regard to affordable housing -- and I'll give you an example from West Windsor-Plainsboro.

In West Windsor-Plainsboro, the Superior Court Judge ruled that West Windsor owes 1,500 affordable housing units. The Township is in the process of determining its plan to submit to the judge. However, the impact will be much greater than 1,500, as communities will design integrated affordable housing communities. Preliminary numbers estimate an impact of approximately 4,000 total units over the next decade. That's a lot of children in those units, and those children are the lifeblood of our communities, every community in this state. So we want to do our best job for them, but that means we need to build facilities; we need to have bond issues locally. But to help keep the cost to our local taxpayers down, an expanded -- a new round of ROD grants is required.

And to summarize, ROD grants, for regular operating districts, must be a component of the school facility solution in New Jersey. And that's the total solution, the big picture: the SDA districts, the vo-techs -- it's everybody.

The Legislature should leverage the success of this program -- and it has been a huge success -- to provide a fifth round of funding in an effort to support our communities, and to address facility needs, and mitigate increasing tax impacts.

Thank you.

ASSEMBLYWOMAN JASEY: Thank you.

I appreciate the fact that you raise an issue that we had not factored in, which is the COAH obligation. And, you know, where's the building going to happen, what's the impact on the communities, and how do we anticipate those needs in our planning?

So thank you for that, and thank the Superintendent for putting this together for us.

Members, questions?

ASSEMBLYWOMAN GOVE: No; I just thought it was very interesting.

ASSEMBLYWOMAN JASEY: Well, you can say that.

ASSEMBLYWOMAN GOVE: Thank you again; thank you all for coming today.

Well, I think that's really interesting -- when everybody talks about COAH, they forget that, with COAH, you have children. (laughter)

MS. GINSBURG: Children; lots of them.

ASSEMBLYWOMAN GOVE: And so this is an important point that we must not -- we can't neglect it.

So thank you; it kind of opened my eyes.

ASSEMBLYWOMAN JASEY: Thank you.

Next up, Judy Savage, Executive Director, New Jersey Council of County Vocational-Technical Schools.

ASSEMBLYMAN WOLFE: Madam Chairwoman?

ASSEMBLYWOMAN JASEY: Yes; I apologize.

Assemblyman.

ASSEMBLYMAN WOLFE: Yes; before Ms. Savage speaks, I want to amend my earlier rant against the Lakewood schools.

My office just called me and said it's not \$10 million, it's \$28 million they are getting as a loan.

So, thank you very much; just thought I would bring you up to date.

ASSEMBLYWOMAN JASEY: I think that's something we have to look at outside of this meeting.

ASSEMBLYWOMAN GOVE: Yes.

ASSEMBLYMAN WOLFE: Yes; okay, thank you.

JUDY SAVAGE: Good morning, everybody; Assemblywoman Jasey, members of the Joint Committee.

Thank you for the opportunity to speak today; and thank you for having this hearing to sort of shine a light on the school facility needs.

I appreciate the chance to just talk to you a little bit about how the proposed Securing our Children's Future Bond Act will help to address some of the critical facility needs for county vocational schools.

There are research studies, there are surveys, there are ongoing conversations with employers; and they all tell a pretty similar story -- that there are many well-paying jobs in manufacturing and other growth industries in New Jersey, and employers can't find people to fill them.

As a state and as a nation, perhaps we have focused a little bit too much on preparing all students for college, and not enough on preparing other students for opportunities that can be achieved with a credential, or a two-year degree so that they can start a technical pathway.

The Legislature's Manufacturing Caucus heard this loud and clear from many manufacturers who are worried about their future workforce; and the same is true for other industries. We know there are

really good opportunities for people with technical skills, and their credential or a two-year degree. Not just manufacturing -- transportation, distribution, and logistics, health care, IT, construction, and lots of other opportunities that are like the lifeblood of New Jersey's economy.

And in fact, in all areas, today's workers need technical training as much as they need academics, and they need soft skills. One of our business partners put it really well, very recently. He said, "It doesn't matter what your business is; if your people don't have technical skills, you're not going anywhere."

Expanding career and technical education -- it's not just an educational issue. This is just as important, if not more important, a workforce and an economic issue for New Jersey.

Our 21 county vocational schools are already doing a good job of responding to employer needs, and they partner with employers, with colleges, with local high schools, and others to prepare students for careers, as well as college.

But I think most of you already know that additional capacity is needed to serve more students; and we need to upgrade and create new programs.

Career and technical education -- which is the new term-of-art for vo-tech or vocational education -- has changed dramatically over the past 20 years. Our schools recognize how fast the jobs are changing; and today's workers, no matter what they're doing, they need to have a strong academic foundation and they need high-level skills. If any of you have ever tried to read a technical manual for automotive, or even for your washing machine, it's mind-boggling.

The programs today prepare students not just for one single job, as we used to do in the 1960s and the 1970s; but it's really about creating a career pathway where students can enter, and then grow and build through lifelong learning and continual development of their skills.

So they need the academic foundation; they need communications; they need problem-solving; they need teamwork. Those things are just as important as knowing how to fix a car engine or how to do rudimentary programming.

Students in a vocational-technical school also get some real work experience as part of their high school program. They know what it means to do what a boss tells you to do, when he tells you to do it. They have opportunities often to earn college credits or an industry certification as part of their high school experience, and they leave high school with a really clear roadmap for what it's going to take to succeed in a career. They know what their college major needs to be; what kind of training they need after high school.

So it's not surprising that this kind of education is gaining steam nationally, and the demand is growing in New Jersey. County vocational school enrollment is growing -- it's grown 34 percent since 2000 -- yet still we're turning away literally thousands of kids every year due to lack of capacity.

While the demand -- it varies by county and it varies by program, but on average, there are more than two applicants for every seat in a county vocational school. For this year, about 30,000 kids applied to attend their county vocational school, and more than half of them were

turned away; 17,000 kids were denied. Our schools were able to take about 13,000.

So the time is right to think about expanding career and technical education; and we're really grateful to Senator Sweeney for sort of leading the charge on this. He recognized -- and it's important to point out -- that county vocational schools received a very, very small fraction of the prior bond acts for school construction; just about 1 percent. The original package, in 2000, county vocational schools received \$100 million out of \$8.6 billion; and in 2008, when the Legislature recommitted another \$3.9 billion, there was \$50 million for county vocational schools. So that equates to just about 1 percent.

So as I believe everybody is aware, the Senate President has proposed the Securing Our Children's Future Bond Act. It would provide about \$450 million for county vocational school construction and equipment; \$50 million for county college; and another \$500 million for school security needs in all school districts across the state.

County vocational schools undertook a detailed needs assessment to put a number and give the Legislature a clear picture of the specific needs. So we asked our schools to really think ahead for the next 10 or 15 years -- not just about space needs, but also about programs and where the economy is going in your county; what the needs are that are unmet in your county.

All of them see a need for expansion to add students in programs; and they definitely see a need to upgrade programs to keep pace with where industry is growing and changing; and new programs to attract

the next generation of tech-savvy kids. The major needs are for shops and labs for new career programs, as well as equipment to outfit the facilities.

Our schools are thinking about exciting new programs in areas like global logistics and distribution. We have, you know, Amazon, and so many other companies locating here in New Jersey -- whether or not they build their headquarters here, we're a hub for distribution. Manufacturing, of course -- we've talked a lot about that with the Manufacturing Caucus. Aviation and drone technology; this is sort of the wave of the future down in Atlantic County, and even in Morris County they're thinking about an aviation program. And then there are emerging health careers that are very technology-driven, not just doctors and nurses.

We need to upgrade existing programs, like welding, construction, green energy, to attract more students into them.

So it's important to emphasize that these kinds of demands -- it's not just schools with their pipe dreams and their wish lists. These things are coming from industry, from their workforce development boards, from their local chambers of commerce. They all have strong business advisory boards, so they work with employers who are telling them where things need to go for the future.

So I gave you, in your packets, some of the details. I don't need to walk through all of it now; but if all of these needs could be addressed, it's well over \$900 million in estimates to do that. We know that the Bond Act is not going to be able to tackle all of those things, but it would be a huge step forward in both addressing those economic needs and serving more students.

It's an exciting time for career and technical education; we appreciate the Legislature's focus and support on this.

At the same time we talk about addressing these needs with bricks and mortar and new programs, we also know that we need to have a new dialogue with students, with parents, about these kinds of opportunities. As much as county vocational schools are really popular, there are many parents, and even many educators, who see these kinds of pathways as *less than* a traditional college pathway. We think it's time to get everybody in the conversation and start to change that thinking, and make people more aware of the pathways that are out there that don't necessarily require an expensive four-year degree.

We all need to do more to focus on work-based learning, on apprenticeship, and innovative approaches to align all the levels of the education system. And hopefully -- we also need to break down the barriers and approve collaboration with local school districts, to expand opportunities for all students to do more with career readiness. We don't want to have a tug-of-war for students; we don't want to be arguing over money, over transportation. We're looking for more collaboration, and viewing these as a shared service that's most efficiently provided at the county level.

So thank you for the opportunity to lay it out. There are a lot more details in the packet, and I'd be happy to answer any questions.

ASSEMBLYWOMAN JASEY: Thank you, Judy.

As you know, I'm a strong supporter of the vocational schools, having visited-- In fact, this Committee, several years ago, went on tour, if you will--

MS. SAVAGE: Absolutely

ASSEMBLYWOMAN JASEY: --and we visited a number of schools. There have been some new ones; and it's something that we -- Senator Rice and I have been talking about doing again.

MS. SAVAGE: That would be great.

ASSEMBLYWOMAN JASEY: You know, I'm not going to try to ask a lot of questions now; but one of the issues that comes up, again and again, is how do we bridge the communication gap between non-vocational schools and our vo-techs? I think, slowly but surely, the way people see vo-techs is different, it's changing. But I think oftentimes our students are not led to think about, nor are their parent, to think about this early enough. And so when they do apply, or they do start thinking about it, it's kind of too late.

So those are-- I'm not expecting you to answer those questions, but those are questions that I think we need to try to tackle.

Yes; Assemblywoman Gove.

ASSEMBLYWOMAN GOVE: Thank you, Madam Chair.

Thank you again.

I'm a retired teacher, high school teacher; I taught over 30 years. And even as a public school student -- watching the progression of vocational school, and how, when I was in school, when I first started teaching -- how do I want to say this -- there was that stigma.

But as a teacher, over those years that I taught, I saw-- Now, I come from Ocean County, and I'm very proud of that. And I do believe Ocean County has one of the best vocational schools, because I've seen

what they provide. And I see-- Again, I saw the students -- my own students in there, and what they offer.

Hey, I'm an education person; I believe in college. But college isn't for everybody. You need technical training -- the whole bit. And I'm glad you're seeing-- The key word, I think, there is you're taking out -- what did you say? -- technology, technical education; get rid of the old buzzword, you know?

But like you said, Madam Chair, we need-- I am a proponent of it; I think it's the communication. It's how the community looks at it; but how the school presents it as well; it's getting that-- You need to -- I don't know how to say it -- but just get the *positiveness* of what we can do for that, and it's all about selling the product. And I think we need to sell it more.

So thank you; thank you for what you doing.

Thank you for allowing me the time.

MS. SAVAGE: Thank you.

ASSEMBLYWOMAN JASEY: Assemblywoman DeCroce.

ASSEMBLYWOMAN DeCROCE: Thank you.

As you know, I sit on the Manufacturing Caucus; and these very subjects -- we've talked about. And actually we met at the County College of Morris, in Morris County, for one of our hearings there for our Committee.

ASSEMBLYWOMAN JASEY: We could do that.

ASSEMBLYWOMAN DeCROCE: Yes; but we were up there for one, and I think we should go back.

But, you know, Judy, as we've talked about -- and certainly in the industry today -- the specialty jobs that are out there. And you're looking at the vocational schools and the technology schools; and we need to look at that so that when they come out of there, they come out with some kind of degree. And I've talked about that at the Manufacturing Caucuses. We need to make sure that the State is stepping up its fair share financially for workforce development programs. But more importantly, they need to take that money to make the workforce development facilities for the schools; like the county colleges. County College of Morris wants a free-standing workforce development program in a building of its own. And why? Because there are so many people and companies out in the manufacturing industry that have their specialty jobs and training. And they need to have a facility that their specialty degree needs.

Now, many of these jobs require accreditation, but they also require certification; so they require both. And the industry has been stepping that up. They used to require just certification; now a lot of them require the accreditation and a two-year degree with it.

So the county colleges need to step up with this -- with the vocational schools and the technology schools -- to work together.

But the important part of all of this is the money to do -- for the free-standing facilities. Because I don't care where your county college is, or your vocational school, or your technical schools; they don't have enough room within the county colleges to do the workforce development that's specialized, and service the classrooms. There's not enough room. So the money needs to be there to have facilities; and the best place, I think, is

between the vocational schools and the county colleges -- to have free-standing workforce development facilities within, that are separate.

But to work with an industry, to make sure that the industry buys in, as a private-public partnership, to house within these workforce development facilities the actual equipment they need for their individuals to be certified. If we look at technology -- our cell phones change every two years; every two years we're changing, right? They slow our phones down; okay, net neutrality -- try to deal with that. But, you know, *we* have to look at -- that the industry is changing so quickly with technology, that for the State to build a facility, and then just worry about having that facility there but not having what's inside up-to-date, and costing the public -- it's going to be a hardship.

So it's going to be a buy-in by the industry with the vocational schools, and the colleges, and the State. And I think that the Manufacturing Caucus-- And you've done a great job in making sure that everybody understands it. And I thank you for being here, because absolutely not everybody is made for a four-year college. They need, when they get done with these programs, to go out with some kind degree. In this day and age, you need a degree; and many of the industries are stepping it up.

So we should be prepared to be more proactive than reactive to the industry; because that's what our state's all about. And it will make us, you know, even more of a state to bring companies in to be here in New Jersey.

MS. SAVAGE: Thank you.

ASSEMBLYWOMAN DeCROCE: So I thank you so much for your efforts.

MS. SAVAGE: Thank you.

And through the Chair, I should note that the Bond Act, as it's drafted, I think recognizes all of those points. It gives priority to facilities that should be shared between the county vocational school and the county college; it gives priority to industry partners; it gives priority to stackable credentials that can actually lead to a degree.

ASSEMBLYWOMAN JASEY: My thoughts exactly. And in fact, last week I visited UTI, which is Universal Technology--

MS. SAVAGE: Technical Institute.

ASSEMBLYWOMAN JASEY: Yes. And you know, their program is located in an old industrial area that was abandoned; you know, it was empty. They've come in, they've-- No, it's in Bloomfield.

ASSEMBLYWOMAN DeCROCE: Oh, in Bloomfield.

ASSEMBLYWOMAN JASEY: And they've come in and they've renovated it. And you know, it's so interesting to see a different way of learning, because it's all hands-on -- taking engines apart, putting them back together; boards with all the computer equipment so that you can diagnose the problem in the car -- that kind of thing.

So, yes, I think we are moving in that direction; and anything that we can do legislatively to support that, I think we should do. Because I don't think it's -- it's not a one-time thing; you don't just go get the certification or the degree, and you're done.

MS. SAVAGE: Right.

ASSEMBLYWOMAN JASEY: One of the offers that they make available to their graduates is that at any time they can come back and refresh their skills, update their skills, because of their partnerships and their relationships with all the different car, automobile, and truck companies.

So I know it's getting late, and I know Assemblywoman Gove has to go.

Assemblyman Wolfe, did you want to ask a question here before we move on?

ASSEMBLYMAN WOLFE: No, I'm going to keep Assemblywoman Gove here. (laughter)

Oh, no, no -- I do, real quickly.

I appreciate what Judy has said. I know that -- I certainly support their programs, and I just -- I think there is such an issue that you have to face; most of us don't realize it.

In the counties that have academies -- they have the best kids there. They are very competitive. And the sending school districts, really -- well, you know this -- very often object to that, that they're kind of draining off their best students. But I think if the programs are being offered, they certainly should be available for the students. That's like an argument I really can't handle.

But you mentioned there were 30,000 applicants for the vocational schools, and 15,000 were accepted. Could you tell us, just real quickly, in 30 seconds -- not in 30 seconds -- but what happens to those other 15,000? What do they eventually do?

MS. SAVAGE: I think it varies, but most of them stay in their local high school. And, you know, I think many -- most do fine in their local high school. Maybe they were applying to a career academy; they didn't get in, they do fine in their local high school. Maybe they thought they wanted to do culinary or automotive; they didn't get in, they may pursue it later on. So, you know, it's not that they're left on the street.

But from our perspective, the more students who are expressing an interest in starting a career pathway early, the better it is for our State, for our economy, and also for students and their families. Because as the parent of a college student who was undecided, you know, college is -- four-year college is a really expensive career exploration program; and it extends the time, it extends the cost. So when a student can go through a career program, and maybe they decide they want to go on to college with, maybe, some college credits, that's great. But a clear idea of what they want to do, what courses they need to take to achieve their career goals -- that's a win too.

ASSEMBLYMAN WOLFE: Thank you.

MS. SAVAGE: Thank you.

ASSEMBLYWOMAN JASEY: Thank you.

Assemblyman Wimberly.

ASSEMBLYMAN WIMBERLY: Good morning.

MS. SAVAGE: Good morning.

ASSEMBLYMAN WIMBERLY: Just briefly.

I guess during our budget hearings -- I guess my statements were taken out of context.

I'm a Passaic County Tech graduate; I support vocational schools. But I do have concern about the amount of students who are not getting accepted into our school. And from what I hear, it wasn't just me -- statewide -- like, the traditional kids who would do the plumbing, the heating, the automotive; the kids who really need it.

I know getting into Passaic County Tech is like getting accepted into Harvard in Paterson. We get call, after call, after call, with students trying to get in.

So I want to make it perfectly clear that it's a compliment when you have such a competitive procedure; but there's also, in a city like Paterson, a concern about the metric of how they are selected to get in there. Because if you are a bilingual student, if you are a special ed student -- if testing is used as the metric to get accepted into the school, more than likely you're not going to meet the criteria to get accepted into the school.

Now, I went to Passaic County Tech in 1978 to 1982; where a majority of the students there went on to work professionally in their careers; except people like me. (laughter) So I am one of the few who hasn't gone into a career. I was a plumbing and heating major, and I can't fix anything these days (laughter); I call everybody to do everything.

But, in turn, I just hope things are kept in mind. Because I know it's the same thing in Bergen County; we have Bergen County Tech in Hudson County, where some of the best and the brightest are going. And that's not an insult.

But my concern is that, you know, in the process -- that we look at these special ed students who may be great with their hands, and may be able to do some things with carpentry and mechanics. But they are

never going to do well on testing to get accepted into that school. Or bilingual students, who face a language barrier -- that same way, may do excellent in culinary, areas like that. So I just wanted to make that perfectly clear.

And understand, I support the vocational schools 100 percent; there are no ifs, ands, or buts. But like I said, I think there needs to be taken into consideration that these students who do not test well -- hopefully there is another set of requirements that you could look at in the interview process. Because I think our school -- I'm not sure about other county schools -- has an interview process, also, now. In some cases, you can sit with a kid and say, "You know what? This kid may not have the best test scores, but his attendance is at 99 percent, he has outstanding letters of recommendation from his teachers, from his grammar school to attendance (*sic*) school, and we have to take that into consideration."

So that was my point. My point is not so much about cherry picking; but it's those kids who are kind of at the *Mendoza Line*; you know that? You know, they may not get picked, but should be considered because of, like I said, other areas of strength that they may have.

MS. SAVAGE: I agree with you; I think that's an excellent point. Schools do serve well above the State average of special education students. But perhaps we could have a follow-up conversation about the admissions process. It is a little challenging with classified students, because the schools are actually not allowed to ask; and that makes it difficult to give accommodations in the process.

ASSEMBLYMAN WIMBERLY: When you say *they are not allowed to ask--*

MS. SAVAGE: Not allowed to ask, "Does this student have an Individualized Education Program?"

ASSEMBLYMAN WIMBERLY: The IEP wouldn't be part of their transcript?

ASSEMBLYWOMAN JASEY: No.

MS. SAVAGE: They're not-- No; it's--

ASSEMBLYMAN WIMBERLY: All right; you can indicate it by being-- I mean, I was a special ed teacher for nine years. And I know on report cards we have Resource, PI, or--

MS. SAVAGE: Yes; it's pretty recent guidance from the Department of Ed that disallows that from being part of the admissions process. And the unintended consequences -- it's making it a little hard--

ASSEMBLYMAN WIMBERLY: Isn't there something legislatively that can be done?

MS. SAVAGE: Well, maybe we could talk about that.

ASSEMBLYMAN WIMBERLY: Because when I attended Passaic County Tech, I mean, a large amount of students were special needs. They had a whole wing that was for special needs students, from hearing impaired to, you know, people who had other types of developmental disabilities. I think that was one of the great things about Passaic County Tech when I went there -- and the interaction that we had with those students. It wasn't a situation like now, with the bullying and stuff; it was kind of more of a lookout situation, where people kind of had an affection for these students.

So I don't know what could be done; but I think, you know, these are the guys who are not going to college, who won't even go to junior

college. But they may be able to get that apprenticeship certification that could make them viable and communicative. Because I know when we did graduate, we got an apprenticeship certification upon graduation -- whatever your shop was, you know?

MS. SAVAGE: Sure.

ASSEMBLYMAN WIMBERLY: Like the cosmetics -- the cosmetology and the barbering--

MS. SAVAGE: You get a State license.

ASSEMBLYMAN WIMBERLY: --almost every cosmetic person and barber in our area was a PCTI graduate. So, I mean, those are the things that I think just need to be considered.

MS. SAVAGE: Great; I'd like to talk further about it.

ASSEMBLYWOMAN JASEY: Okay.

ASSEMBLYWOMAN DeCROCE: Yes; and Judy -- and to what you're saying -- and this was my understanding, because I had a deal with it with a constituent recently. And what I found out is when they graduate from high school, they have to take off of the record that they were a classified student when they apply. And that if a student wants help, they have to go in and they have to tell the school verbally that they were a classified student in the high school in order to qualify for special assistance within the colleges -- whether it's a community college, a vocational school, or just a four-year college. They have to go in themselves and ask for it. It's declassified on their degree when they, you know, get out of high school.

That's what I was told.

ASSEMBLYWOMAN JASEY: So you raise a really important issue; and we have -- we still have three people to hear from.

What I'm going to do is make a note of this, and I think this is a question for the Department to come; we'll ask the question-- And we'll ask the Department about this, and try to get some clarification. Because I think what Judy said was that this is a rather recent situation, or a recent change. And unintended consequences do occur; and perhaps there's a simple solution to it.

So thank you for that, and thank you for your testimony.

MS. SAVAGE: Thank you.

ASSEMBLYWOMAN JASEY: Next up, I'd like to bring up Michael Vrancik, Governmental Relations Director of New Jersey School Boards; and John Donahue, Executive Director of New Jersey Association of School Business Officials.

And I don't wish to cut you short, but if you can add to, rather than repeat anything that we've heard so far, that would be much appreciated.

And certainly last, but not least, David.

JOHN F. DONAHUE: Thank you.

I'm the Executive Director for the New Jersey Association of School Business Officials.

We prepare school budgets annually; so I always hear from my members what their greatest challenges are.

And I'm going to try to abbreviate my remarks as much as I can; but one of the comments I often hear, among other things, is our need to address our facilities.

I'm not here today so much to talk about new inventory, as I've heard from others; I'm here to talk about existing infrastructure and how we're dealing with that.

And school districts are just unable to address their annual needs. I'm not talking about new buildings or additions; I'm just talking about upgrading mechanical systems, upgrading or fixing roofs that we have, heretofore, annually done in our annual operating budgets. In 2011-- Prior to 2011, school districts always had the ability to address capital needs outside of their tax levy limits. We've always had budgetary limits in place. But prior to 2011, one of the adjustments we could always make was the need to address school facilities. After we put in place this new cap law -- you all know it to be the 2 percent cap law -- once that 2 percent cap law was put in place, the facilities adjustment, among other adjustments, was done away with.

So districts have to live annually with a budget, with a 2 percent levy limit. And just let me show you, and try to explain it you. A 2 percent levy limit, ladies and gentlemen, is not a budgetary limit; it's a levy limit. If I'm a very, very wealthy district, and this is my budget, I get this much from local taxes so I can increase my budget 2 percent of the bigger portion. My actual State aid is much less.

If I'm a poor district, the opposite is true. My local levy -- okay? -- is very small, because I get most of my money from the State -- meaning I can only increase my budget by a very small percentage,

Ladies and gentlemen, we cannot, at the local level, in school districts, meet all of our needs dealing with salaries, and benefits, and insurance, and still deal with facilities.

So what do we do? We kick the can down the road. It's only going to cost New Jersey taxpayers more in the future. I strongly urge you to consider -- consider putting outside the cap -- I know I'm talking about taxes now -- outside the cap the need to address facilities. And all I'm saying here is that you give local boards of education the option to do this. Many districts don't even go to their 2 percent levy; but give them the option to address it.

But at a minimum I urge you to consider -- if not all facilities, school security. Don't make us deal with school security issues within our budget, because we can't do it. We just can't afford it. While we have this mindset that it's not going to happen to us, if we want to harden our school facilities to make them safer for our children, I urge you to put that outside of our spending cap. It will save children's lives.

Thank you.

ASSEMBLYWOMAN JASEY: Thank you; and thank you for your written testimony. I just put a star by it.

MR. DONAHUE: Yes, I just summarized it.

MICHAEL VRANCIK: As the representative of the State School Boards Association, I could echo John's comments. I don't think I need to.

I think in the context of where we are right now, because of inadequate school funding -- not just for the last 10 years, but going back almost to the beginning of this century -- John's exactly right. The hardest thing that districts have had to do is figure out how to couch a proposal to go to the voters to get money for facility upgrades, while living within this new 2 percent levy cap. And frankly, a lot of districts just don't do it.

Districts that do, find a lot of resistance from local taxpayer groups. There are some notable instances, within the last year or two, where there were actually local campaigns to challenge the board's desire to pass referendums. And people had *get out the vote rallies* to get people *not* to approve bond issues. The idea, that the School Development Authority had money that provided the best possible scenario for districts to leverage resources from the State to do the kinds of really normal maintenance that you would do on your house, but haven't been able to do, is critically important. And the idea that those resources are nearly exhausted is a huge problem.

In my District, last year -- or the year before, we approved our first bond issue in more than 50 years. Taxes went up dramatically as a result, and people aren't happy. But they did the things that John mentioned: they hardened the entrances to schools, and they fixed the roof on a building that was built in 1960, because they kind of had no choice. I think what you're going to see, moving forward, is a lot of the issues that are normal maintenance issues now becoming emergency issues.

I'm pretty sure that when they created the ROD grants they had a criteria that the first category of need was emergency repairs; the second was the normal maintenance and facility renovation; and the third was new facilities. I don't believe, outside of the former Abbotts, that they've really gotten to do any really new facilities in most of the other districts. It's mostly been emergent repairs, and then expansion and renovation. And it's only going to get worse.

And for local boards, the hardest thing for them to figure out is how to prioritize within their base. Do they bank some cap; do they put

some money away for future investments? Or do they go to cap, and hope that they can make it through another year?

Thanks.

ASSEMBLYWOMAN JASEY: Thank you very much.

So a little gloom and doom there. (laughter)

But I hear you; and I see it in my District.

MR. VRANCIK: It's the reality.

ASSEMBLYWOMAN JASEY: Our newest building was built in the 1950s. So -- yes. And you're right; maintenance is always the first thing to go when--

MR. DONAHUE: That's what we're not doing; we're not doing it.

ASSEMBLYWOMAN JASEY: Yes; and we're going to end up paying more in the future to--

Yes; Assemblywoman.

ASSEMBLYWOMAN DeCROCE: Yes; just a couple of questions, based on your testimony.

What if the 2 percent cap is eliminated; would you want to go back to, you know, your budgets being voted on every year by the public?

MR. DONAHUE: Well, that-- The issue there is, we did give up those adjustments back in 2011, when we adopted that 2 percent strict cap; with the understanding that we could always go to November, for an additional question to ask additional funds from the taxpayers.

And generally -- and I have all the referendums here in my hand over the last two years -- generally, if a referendum includes security, guess

what happened? It got approved. So why wait six months to get that done?

I think the facility issue-- If we had to go back, yes; if you put back in place all the adjustments, is that a better deal? Not for the taxpayers; I'm a taxpayer as well. But I think there are certain things that we're obviously ignoring when it comes to school infrastructure; in particular, the security issue -- that I don't think the average taxpayer is going to deny that tax increase. A local board of education has to make that decision. If I want to raise \$500,000 additional this year, and it's going to impact my tax rate -- and we don't know how; because sometimes we balance that tax rate against retiring debt, we balance that tax rate against breakage. Do you know what breakage is? Breakage is when a teacher retires at a high salary, and we hire someone at a lower salary -- where we save that money, the impact of those costs is not as a great on the taxpayer. And that's what local boards of education do.

So this is one adjustment, Assemblywoman; that I would urge you to help school districts address those needs and prevent us from -- help us to stop kicking that facility can down the road. It's going to come back to haunt us.

ASSEMBLYWOMAN DeCROCE: So you're talking about the security end--

MR. DONAHUE: I'm talking about security in particular right now, because it's such an obvious, most important issue.

ASSEMBLYWOMAN DeCROCE: Okay.

So let me suggest this, too. That, you know, when we talk about security, and we talk about the schools' security for their facilities and

the children, we also are looking at the municipalities that help the schools with security as well.

So if we're going to look at an exclusion of the cap for security purposes, I think it shouldn't just be for boards of ed; it should be for the municipalities assisting the boards of eds with security as well.

MR. DONAHUE: No, I can't.

ASSEMBLYWOMAN DeCROCE: Because there are many towns that do assist with their police departments, and it's costing them a lot of money to kick up and put out the security that the public is demanding. So, that I'm going to suggest.

And one other question -- emergencies. Isn't that already outside of the cap? Like, in other words, if the roof is leaking badly and it's a structural problem, isn't that outside of the cap? You can go for an emergency purpose like that?

MR. DONAHUE: If it was an emergency-- No, it's not necessarily outside the cap, unless it impacted T and E facilities.

ASSEMBLYWOMAN DeCROCE: We should look at an emergency description outside of the cap.

MR. DONAHUE: We can set aside money in what we call an *emergency reserve account* to address future needs. But, you know, a failing boiler isn't necessarily an *emergency*.

ASSEMBLYWOMAN DeCROCE: Right.

MR. DONAHUE: You still have to find the money; where does the money come from?

ASSEMBLYWOMAN DeCROCE: Right; but we may-- You know, we should look at that as an exclusion of the cap as well. That's only my suggestion to help assist.

Thank you.

MR. DONAHUE: Thank you.

ASSEMBLYWOMAN JASEY: Thank you very much.

MR. VRANCIK: Thank you.

ASSEMBLYWOMAN JASEY: David Sciarra and Theresa Luhm; is that right?

THERESA LUHM, Esq.: (off mike) Yes.

ASSEMBLYWOMAN JASEY: Theresa is Managing Director of the Education Law Center; and David is the Executive Director.

And thank you for being so patient.

DAVID SCIARRA, Esq.: Good morning; it's still the morning, I think.

I'm David Sciarra; I'm the Executive Director of the Education Law Center. I also served as Lead Counsel for the school children in *Abbott vs. Burke*, which is the genesis for our State's School Construction Program, as you all know.

With me is Theresa Luhm, who is our Managing Director; and also does a lot of our work on school facilities, monitoring the implementation of the program, and ensuring compliance with the Supreme Court's orders on school facilities.

I want to address some of the problems we face currently in the school construction program and, most specifically, the imminent need for the Legislature to authorize additional school construction financing.

As you heard, I think, from Director McKenna, the SDA has virtually -- committed virtually all of the \$2.9 billion -- let me talk about the SDA districts first -- \$2.9 billion in bonding authority approved in 2008. It hasn't been spent, but it's all committed. So I think there was -- I think the record needs to be clear that although there's money in the bank --, over \$1 billion unused -- that money is committed. So the projects have been approved, they're in the queue; as I think Director McKenna alluded to, they have the money to pay for those projects, but no more. So if things don't change quickly, essentially the work on queuing up new projects, building a new capital plan, and having the program continue beyond the three or four years it will take to expend what's left, the program will just simply run out of money.

So that's the first point I want to make.

The SDA has said it has \$1.7 billion dollars left in bonding authorization; as I said, that's all been committed to projects that are in the pipeline. There's only about \$70 million left that has not been allocated.

The bottom line for this is, no new major construction projects in the SDA districts can be funded or added to the SDA's portfolio.

Most importantly, though -- I think Ms. Ginsburg addressed this, and I think it's come up also -- the \$1 billion authorized in 2008, the last time the Legislature increased the bond financing for the program for the ROD districts -- the regular operating districts -- is exhausted; so that's done. Director McKenna made clear that any districts outside the SDA districts that have facilities' needs -- whether it's capital maintenance, or additions, things like that -- the grant program that was available -- the \$1 billion in grant program -- is no longer available. So that's done too.

So when we've approached school construction financing in 2008, which was the last time -- I was here, and some of you were here, when we did that -- it was a package that included additional funding for the SDA districts, an allocation of \$1 billion for ROD districts, and some funding for the vocational districts. It was all as a whole. So essentially, all three of those strands are either committed -- fully committed, as in the SDA districts, or just simply out, with respect to both the vocational districts and the ROD districts.

Most importantly, for the SDA districts, I think -- and also for other district, as we just heard -- it doesn't have the resources to meet district needs, whether those are emergent repairs, capital maintenance projects, or the renovation and construction of needed, outdated, overcrowded, or dilapidated school facilities.

I do want to mention, kind of, where we are with the process of teeing this up for your consideration, in terms of additional bond financing.

The act requires, as you know, revising, every five years, the Long-Range Facilities Plans of school districts. And it's important you get DOE in here too to talk about this quickly; and I would love to come back when they're here, so we can discuss this.

The LRFPs, or the Long-Range Facilities Plans, for the SDA districts were approved -- last approved in 2015 and 2016; so just -- what? -- a year ago, a year-and-a-half ago? Those plans show, in the SDA districts, the need for approximately 381 -- 381 -- major school construction projects, including 200 renovations or additions and 102 new school buildings. We can give you a breakdown, district by district, of those projects, if you're interested. We have that available.

So these are projects that, based on the districts -- essentially an assessment of where these districts -- assessment of where their facilities needs stand. They have been approved by the Department, as part of their current five-year, long-range plans, as needed. But again, there's no funding for any of these projects, because the projects that Director McKenna was referring to are not in the long-range plans. They're obviously being taken care of -- that \$1.7 billion, or whatever -- over \$1 billion that's in the bank for those projects is committed for them. These 381 major school construction projects are outside of that; these are all needed.

In addition, it also doesn't really address the question of emergency repairs -- which, as you know, is a huge issue in many of our SDA districts -- and capital maintenance repairs. We've had a lot of struggle with the SDA; we have in terms of getting them to really step up to the plate to make money available when they had it for emergent repairs.

Just to give you one example: The last time, in 2016, the SDA went to the urban districts and said, "What are your emergent repair projects?" the districts put in a significant number of those projects. Two-thirds of the districts did not have adequate instructional spaces. In 2017, they got 429 applications for emergent repairs, but they could only approve 15 of them, or 5 percent. So, you know, that's a huge problem that needs to be addressed.

The last thing I want to mention is that-- I just want to mention a couple of other things that -- real quick.

One is, the last time we were here, in 2008, it was when the Corzine Administration was coming in and there were new folks at the SDA; I think some of you will recall that. There's was a very good process

that happened then, that I would recommend right now; which is that -- that we would recommend. One is that the-- The first thing that has to happen -- and I would ask you to really direct, if you will, compliance with the law by the SDA and DOE, along with the districts. The DOE has done its Long-Range Facilities Plans; they've done the needs assessment -- those 381 projects. The next step in the law is what's called a *Statewide Strategic Plan*. Now, that's to be done by the SDA, the DOE, and the school districts; in other words, another capital plan for the next, if you will, tranche of projects out of that 381 that need to be financed.

The last time this happened, you insisted, and the SDA, DOE, and the districts came forward with the plan that supported the \$2 billion in additional financing.

So what we need now -- the next step is this Strategic Statewide Plan. Out of those 381 major school construction projects that are needed, what's the next group of projects that will be teed up; how much does the SDA want; and to bring that forward so you can consider additional bond financing.

The next issue related to that is -- I know, Assemblywoman DeCroce, we've talked about this -- is getting the ROD money teed up; but this time to think about doing it differently. All the ROD money has gone out -- a lot of it, since 2002, to non-Abbott districts; I mean, billions of dollars has supported all kinds of projects, from renovating Princeton High School, to additions, to capital maintenance, so forth and so on. No prioritization, though, on that side.

And we've talked about full-day kindergarten. One of the problems that you have with full-day kindergarten -- preschool as well, we

just heard it -- is facilities. So on the ROD side, I think it's time for the Legislature to take a look at the law and think about how do we-- If we're going to do another \$1 billion in grants for the next five, six years for districts across the state, how do we, this time, make sure that those are prioritized to the most compelling needs in those districts? Such as additional classroom space to get all districts from half-day to full-day K; such as making sure that there's money set aside to accommodate new preschool classrooms, so forth and so on.

So the law really needs to be reformed and changed so that we can make sure that the next round of ROD grant money doesn't just go out the door on a first-come, first-served basis so districts can get their -- know they can get their bond initiative passed so that this can supplement that. But to really make sure that the money is teed up for districts to use for the most pressing needs.

The last thing I want to say is about the Bond Financing Act that is for voc schools and all of that.

I think Betsy Ginsburg said it right: We have to deal with this as a whole, and not piecemeal. You know, we don't support going out just for vocational schools, and not regular operating districts and not SDA districts. They are all related together. So we need to stick with what worked in 2008, which is a comprehensive assessment of facilities needs across the various district groupings: SDA districts, because they are under special court order and special requirements; the ROD districts -- how do we deal with that, what do they need; and vocational schools. Do we want to increase the pot for vocational schools over what we had before? Fine; we're not against that. But what we would urge you to do is not to

approach this in a piecemeal basis; to go out for some group of districts, but not others; to go out for security, but not other needs. We need a comprehensive approach to what is needed, what kind of reforms we need to make in the program; and to tee up a proposal, for the Legislature to consider and approve, to raise the bond cap across the board so that we're in a position to move this program forward for the next 5 to 10 years beyond where we are now.

So I'll stop there.

ASSEMBLYWOMAN JASEY: I think what you're saying, loud and clear, is that we need a plan. This seems to be my refrain in every Committee that I'm in. What's the plan, you know?

So I've been taking notes; and as we move forward with our questions for the Department, we will certainly include that.

Members, are there any questions?

Senator Thompson.

SENATOR THOMPSON: I'll just say your answers were different from what we had gotten from the head of the School Development Authority.

When I asked him a question--

MR. SCIARRA: I'm sorry, Senator; I just can't quite hear you.

SENATOR THOMPSON: I was saying that your answers were quite different from those that I got from the head of the SDA when I asked him about the financial situation; because his response gave me the impression, "We're fine for the next five years." (laughter)

MR. SCIARRA: Well, it's technically correct.

Under their current building schedule -- this is building now, and money that has been committed to projects that are on the boards, in the -- on the drawing boards, if you will. They could build out another three, four, or five years; and then they shut the door, lock the door, and walk away.

But that's not the way this program has to operate, right? There's a lot of work that needs to be done upfront.

SENATOR THOMPSON: That was the reason for my question.

MR. SCIARRA: Yes; it was an excellent question.

SENATOR THOMPSON: Because when you speak of it, it's not just -- I said, what do you have uncommitted, and so on, etc.? And my impression was this was uncommitted money, etc.

MR. SCIARRA: It's committed; I'm telling you, you know--

SENATOR THOMPSON: No, I'm not doubting you; I'm just saying my impression of what the answer was, so I wasn't looking for what--

MR. SCIARRA: We follow this, Senator; it's a great point. I just want to make clear to this Committee-- And I'm not -- no disrespect to Director McKenna at all. But that -- and I think he said it, you know, not as clearly as I'm going to say it -- that \$1 billion, or so, that's sitting in the -- that's unused bonding authority. They can go to bond for that; they have authorization to do that -- all of that funding is committed to projects that are in the current capital plan. It's committed dollars. They cannot put any-- If there's a new project that is needed in Paterson, or Passaic, or Camden, or wherever it is; or on the ROD side, if some of those districts

need additions -- would like to get grants to support, for example, expanding classroom space for full-day kindergarten -- it's not there.

So you have to-- My point is, if I leave you with anything today, it's to Assemblywoman Jasey's point. We have to -- you have to get together, right now -- now's the time; I know you have a lot of other issues on your plate -- to get together, and get everybody in the room, have a number of conversations, get the appropriate committees, as well, involved. We need what we did in 2008. It took a while to get there, but the Legislature really rolled up its sleeves, worked with DOE, with us, with the districts, and others to get together a comprehensive approach to what turned out to be the next round of bond financing, which we're currently living under or have exhausted. That's what we need today.

And I would add to that some of the reforms -- that I know Assemblywoman DeCroce and I have met about this -- in terms of the ROD side. I think we really need to look at the ROD grant program and move away from first-come, first-served--

ASSEMBLYWOMAN JASEY: Yes.

MR. SCIARRA: --and start to figure out a process -- maybe not as similar to what we do on the SDA side, where we have a capital plan with priority projects across the SDA districts -- but at least some needs prioritization that will say to districts, "If you come in for classrooms to go to full-day K -- from half-day to full-day K -- the money's there. Go for it." That's what we need.

ASSEMBLYWOMAN JASEY: So what I'm going to suggest is, since the Department is supposed to be following up with us, I'm going to suggest, perhaps, a Part 2 to this meeting.

MR. SCIARRA: We'd be happy to provide whatever help we can to you and the members.

ASSEMBLYWOMAN JASEY: Yes; because, you know, this is a big issue--

MR. SCIARRA: It is.

ASSEMBLYWOMAN JASEY: --and I'm a great believer in strategic planning and prioritizing so that we make the best use of our resources, which we know are limited.

So I'm going to suggest that we have a follow-up meeting to talk about this ask; the Department to come with the people who can answer the questions.

And I'm going to ask Committee members to give us your questions ahead of time, or some of them, so that we can ask them to come prepared to answer those very specific questions.

Yes; Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Yes; I'd like to thank Mr. Sciarra for his comments.

But in your opinion -- I value your opinion, so we'll see -- the ROD, the SDA, and the vocational schools -- what would you, crystal ball gaze -- what would be actually a figure that would be required to get us in real order?

MR. SCIARRA: You know -- so, on the SDA side, right? -- we have these 381 projects that have been--

Here's how to get to your answer; there's a process to get to your answer. I can't answer it.

You have 381 projects that have been approved, as needed.

ASSEMBLYMAN WOLFE: Right.

MR. SCIARRA: This next step is to just ask -- or to require, if you will, direct -- the SDA, the DOE, and the districts together to fulfil what the law currently says; nothing new. The law says that now that we have those 381 projects, they have to get together and come up with what is called a Statewide Strategic Plan for which projects are most needed out of those 381; how do we sequence those, you know; how do we make -- the construction constraints; there are a lot of judgements that have to be made. That's how we came up with the \$2 billion -- you came up with the \$2 billion in 2008. That was because SDA -- everybody got together, and you insisted on it with, okay, what's the next round, what's reasonable, and how much is it going to cost? It came out to \$2 billion.

On the ROD side, it's a little more complicated because the law doesn't say that -- while every district has to do the same Long-Range Facilities Plan, SDA or not, and they've all been approved for the ROD districts, there's no process beyond that to say, "Okay, in all the ROD districts, what are the most urgent priorities, and what will they cost?" You know, what do we want to do -- similar process.

So what you have to do there, I think, is to start to get some assessments from DOE. For example, if you want to do -- you want to make sure that, over the next five years, facilities are available for every district that has half-day kindergarten to go to full-day; let's just say that. DOE can come in and give you the number of classes we're going to need; you can do some estimates of cost, rough estimates of cost, and come up with a number. It's not that hard.

ASSEMBLYWOMAN DeCROCE: We've been saying that,
so--

MR. SCIARRA: So that's what-- But we need to engage in the data and in the analysis to get to a figure that you're comfortable with; and obviously it's going to have to take into account, you know, revenue constraints and, you know, budgetary constraints, and all that. A lot of factors are going to have to go into this.

But I'm confident that if we work with you, and we get everybody in the room, and there's a strong commitment, we can do what we did in 2008 -- which is come up with another round of bond financing that covers the three strands that we have: vo-tech -- the vocational schools, the regular operating districts, and the SDA districts.

ASSEMBLYMAN WOLFE: Thank you.

ASSEMBLYWOMAN JASEY: And on that note--

MR. SCIARRA: Okay.

ASSEMBLYWOMAN JASEY: We are adjourned.

Thank you.

(MEETING CONCLUDED)