
Committee Meeting

of

JOINT COMMITTEE ON THE PUBLIC SCHOOLS

"Superintendents of Abbott School Districts will make presentations on school construction issues and the effect of current budget cuts"

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

DATE: July 19, 2006
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Ronald L. Rice, Co-Chair
Assemblyman Craig A. Stanley, Co-Chair
Senator Raymond J. Lesniak
Senator Martha W. Bark
Senator Thomas H. Kean Jr.
Assemblyman Joseph Vas
Assemblywoman Jennifer Beck
Assemblywoman Amy H. Handlin
Assemblyman Kevin J. O'Toole



ALSO PRESENT:

Melanie M. Schulz
Executive Director

Sharon Benesta
Chief of Staff

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

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SENATOR RONALD L. RICE (Co-Chair): Good morning.

We're going to ask everyone to kindly be seated and commence to be passive in your articulation to each other. We have young people here this morning. We want to show them how adults cooperate. How are you? Good morning.

AUDIENCE: Good morning.

SENATOR RICE: I hope everybody at least is going to start to enjoy your Summer. I know it's been unreasonably hot -- both outside and here in the State House. (laughter) But we got through some of it.

We're going to get started. I just want to indicate that Assemblyman Stanley and I -- the Co-Chairs of the Joint Committee on the Public Schools -- we'll be probably working all Summer, as long as we have to, in order to try to get us to where we should be. But there are concerns that we do have, and there are issues that need to be addressed, because we continue to get into the debate on funding, which is a Supreme Court mandate. And we're not as much into the politics of all of that as we are into the realities based on, number one, the children we represent, and growing up in those communities. We have a better understanding.

And so with that, we want to hear from you on a couple of issues this morning: One is school construction; and one is the impact of the budget issue, that will be raised again by the (indiscernible), when they speak. We know that cost is constantly rising, and we know time is of the essence. And every day that the State government, in both the Legislature and the administration, continue to bicker and play with the School Constructions dollars, and in many cases keep the community confused and

divided on it politically rather than address the reality that it has to happen, we're doing harm to our children, to our future.

And so with that, let me just, before we get started, turn it over to my Co-Chair, Assemblyman Craig Stanley. And then we'll have the members -- if you will, Mr. Chairman -- have all the members, when you finish, introduce themselves, because we do have some people filling in this morning.

ASSEMBLYMAN CRAIG A. STANLEY (Co-Chair):
Fantastic. Thank you very much, Senator Rice. And welcome everyone here, as well.

As the Senator said, the Joint Committee has a lot of work ahead of it as a major and a joint committee. We certainly have to be engaged in all of the issues that are coming up, and we have a tremendous amount of education issues coming up -- the whole revitalization of the -- or restructuring of funding -- the school funding reform, property tax reform and relief. All of those things are going to impact our system of education.

Today, certainly, school construction is an issue that we're all very concerned about. This is a prime time for construction, and we have not addressed many of the issues. And we certainly want to hear from the districts today, to find out how that's impacting them and their plans. The other issue that's very important is certainly how this round of budget cuts, or the order for flat funding, is going to affect the delivery of education in the districts that have been impacted by them. As you know, many of the Abbott districts get a high percentage of their aid -- or a high percentage of their budgets as aid from the State. And so, when you talk about 80 percent of your budget being frozen to last year's level, as opposed to

maybe 10 percent or 5 percent of your budget being frozen to last year's numbers, it has a different impact. So we really need to look at that and be very vigilant in terms of how this is going to impact; and certainly make sure that, going forward, the State is in a position to, in fact, continue with the Abbott remedies.

And at the same time, accountability is very much on everybody's front burner right now. We all have to be accountable. We all have to make sure that dollars are spent in a way that they're going to bring the greatest return of investment. But we have to make sure that people have the resources to implement the programs that are going to make the differences in the classrooms. That has to be our major focus and our major goal. They have to be effective before -- and then you deal with the efficiencies with respect to making sure that what you're implementing is, in fact, working. This is something that goes hand in hand.

But without going into any further detail, we certainly are happy to have the Assistant Commissioner of Abbott Implementation here. We certainly will be -- we're greatly anticipating that testimony, and we want to make sure that we're moving in the right direction. And certainly it's, indeed, important to hear from the people who actually have to implement these things on the ground floor, the superintendents.

But that having been said, perhaps we can start with Assemblyman Vas, on my side, and then maybe go back and forth.

ASSEMBLYMAN VAS: Thank you, Mr. Chair, Chairman Rice, and to the other members. I'm happy to be back on this Committee and eager to be a part of the discussion and, hopefully, the results that ensue from those discussions about public education; eager to hear from the

educational community, as you say, on the street, on this issue, understanding the dimensions of the flat funding of the State budget; understanding where the discussion this Summer, probably in the Fall, will go about property tax reform; and understanding equally, perhaps arguably, the priority that public education must have in that discussion. We can't make sacrifices in public education at the expense of our young people, the future generations, especially in light of the recent report that was released by Professors Seneca and Hughes. When we look at the future economy of New Jersey, the great equalizer is always our ability to learn, our ability to have information, and our standing in terms of our educationally quality here in New Jersey.

So thank you very much for the opportunity to be a part of this Committee.

SENATOR RICE: Assemblyman O'Toole.

ASSEMBLYMAN O'TOOLE: Thank you both, Essex Chairs. I appreciate the opportunity to serve today. I couldn't be more pleased to sit here and talk about--

SENATOR LESNIAK: How about the Union counties? Sorry, Assemblyman.

ASSEMBLYMAN O'TOOLE: I'm sorry. I thought the Chairs were Rice and Stanley, maybe I'm wrong. (laughter) But I apologize to Senators Lesniak and Kean, and Senator Bark.

I'm pleased to be here to talk about some very important issues. There are grave concerns that some folks have about how the moneys were squandered, and looted, and stolen in the Schools Construction Corporation. And while we're very upset about how those dollars were

dealt with, we're also mindful that we have to come up with additional funding to make sure that we go ahead and make sure the schools are safe and sound for the kids in, certainly, the Abbott districts.

But there's also another concern that a lot of us have: is that the flat funding in the Abbotts, the so-called *flat funding*, still leaves about \$5 billion in a pot for the Abbott spending. I think Chairman Stanley said it best -- there has to be an accountability and a sense of responsibility in auditing that goes throughout that. I think we have to reward those schools that do well and penalize those schools that don't do so well. And there's concern about-- Oh, sorry, I represent Essex and Passaic and Bergen County -- they have flat funded for the last five years in some of the schools, and property taxes have gone through the roof. So this is really a balance that has to go on.

So I'm here to listen to the folks talk about how -- whether school construction, or whether it's No Child Left Behind, or whether it's the school funding in the budget of Fiscal '07 -- has impacted both the Abbotts, the non-Abbotts. So I'm here to listen, so I couldn't be more pleased to sit with this wonderful body.

Thank you, Chair.

SENATOR RICE: You are right with the titles "Chair" here. Assemblyman Stanley and I are in charge here. In Union County, we have no control. (laughter)

SENATOR LESNIAK: Neither do I.

SENATOR RICE: Why don't we just come on around, just come around.

Assemblywoman.

ASSEMBLYWOMAN HANDLIN: Thank you, Mr. Chairmen; and other Chairs, wherever they're from. (laughter)

My name is Amy Handlin. I represent the 13th District. And I am, also, like my colleague, pleased to have the opportunity to join this Committee for this morning's important hearing.

I would like to just echo some of the same remarks made by Assemblyman O'Toole, and then I would like to share a little story with my colleagues, as well as with the audience. It is an Alice in Wonderland story, where everything is topsy-turvy and decisions appear to be made by Mad Hatters. The Keansburg School is in my district, the 13th District. And a few weeks ago, it was cited by the State Department of Labor for a health and safety violation. The OSHA violation is the planks that were laid by the school to provide access to the SCC trailers that were placed on a site which is constantly flooded. So now it's the school's fault that they are forced to rely on a makeshift bridge so people won't have to slog through puddles and waterholes to get into the SCC trailers that were supposed to have been removed years ago. And the kicker: it will cost taxpayers \$300 a day to pay one department of State government for a violation caused by another department of State government.

So this, ladies and gentlemen, is a microcosm of the situation that we face in this Summer of 2006. And all of us working together owe it to the citizens of New Jersey and, certainly, to the school children of New Jersey to make sure that the Summer of 2007 will present a much saner and more helpful picture.

Thank you very much.

SENATOR RICE: Thank you.

Senator Bark.

SENATOR BARK: Good morning.

And I certainly apologize for being late.

I, too, echo some of what has already been said, but the major part of why I am here today is that I am very eager to listen to the stories of the superintendents, because that to me will give us an impetus to move forward as quickly as we possibly can with many of the issues that schools are facing. We're here for the Abbott districts, but education in and of itself must go forward as quickly as possible. It is a part of the economic engine of New Jersey.

And I thank you very much for the opportunity to have, to listen to everyone today.

SENATOR RICE: Thank you, Senator.

Senator Kean.

SENATOR KEAN: Thank you, Mr. Chairman, Mr. Chairman, Mr. Chairman. (laughter)

My name is Tom Kean Jr. I represent the four counties of Union, Essex, Morris, and Somerset counties.

ASSEMBLYMAN STANLEY: You're used to a lot of chairmen? (laughter)

SENATOR KEAN: It's an honor and a privilege to be here today to focus on these issues of providing a world class education in this state, and ensuring that we also have accountability in this process. I look forward to these hearings and being part of this process.

SENATOR RICE: Thank you, Senator.

Senator Lesniak.

SENATOR LESNIAK: I'll pass.

SENATOR RICE: We also have, joined with us, Assemblywoman Beck.

ASSEMBLYWOMAN BECK: Thank you.

My apologies for being late. I certainly look forward to this hearing today. My district encompasses 14 towns in Monmouth County and two in Mercer. All of those school districts have been flat funded for the last five years. And indeed, when you stop to look at how we're funding our education system, both in non-Abbott and Abbotts, I think it cries out for reform. So I certainly look for the superintendents' insight, and advice, and comment on what they're seeing. I understand we only have the Abbott superintendents today. But certainly, I think they've been on the front lines dealing with some of our most pressing education issues, and certainly look for their insight on proceeding forward.

Thank you.

SENATOR RICE: Thank you.

Okay, with that, we're going to get started with testimony. I believe that we have Gordon MacInnes here, from the Department of Education. Is Gordon here? Okay. Now, I understand that the Commissioner could not be with us this morning. Is that correct? Is that correct?

A S S T. C O M M I S S I O N E R G O R D O N A. M a c I N N E S:

Yes.

SENATOR RICE: Does the Department want to come up and make your presentation? Then we're going to hear from our superintendents, and mayors, and those who would be of concern.

ASSISTANT COMMISSIONER MacINNES: Good morning, Chairman Rice and Chairman Stanley, and members of the Committee.

SENATOR RICE: Good morning.

ASSISTANT COMMISSIONER MacINNES: Today happens to be the meeting date for the State Board of Education, which explains why Commissioner Davy is not able to be here. And I don't want to detract from the purpose of the hearing -- and to hear from people who are directly affected, both by the school facility situation and flat funding -- but let me offer some perspective on each.

On school construction, you cannot use strong enough language that will also not be agreed to by the administration, in terms of the problem that has been inherited, and in particular with the management and operations of the Schools Construction Corporation. And I think all of you know that Governor Corzine has pledged that this problem will be fixed, in terms of management operations and financial management, before another dime is put into the reauthorization for additional facilities in either Abbott or other districts. And that process is underway.

The third action he took, as Governor, was to appoint a working group to provide him with recommendations on the changes that should be made on the executive side, in terms of the management of, and the leadership and governance of, the Schools Construction agency -- whatever it's called and wherever it is eventually placed; and second, to make recommendations on the changes which are necessary in the underlying legislation enacted in 2000. And with the six years of experience we've had, we now have some obvious candidates for revision to that legislation. Not everything has worked, as people at the time, in good faith,

expected it to work. And thirdly, to come up with a recommendation as to the amount that should be sought from the Legislature for reauthorization and for continuation.

It's important to remember this, particularly as it relates to the Abbott districts: Of the \$6 billion that was initially authorized by the Legislature in 2000, 3 billion of that is still being used to construct schools and to renovate schools. We have, in fact, about 120 projects underway in the Abbott districts. And that is a caseload, if you will, for an agency that is charged by statute to manage the construction of each of those projects. That is a very adequate workload. There certainly are costs associated with the freeze that has been in place, effectively since the Spring of 2005 and the presentation of the Inspector General's report. We are anxious to get back to the business of designing new schools, and designing renovated schools, and providing adequate space for the preschool program, and to relieve overcrowding. Those are certainly the priorities set in the legislation, the priorities set by the Supreme Court.

And that requires lead time, and it requires good design. And we are at a point now, where projects that we agreed need to be built are suffering from the fact that the design has been stopped because of the freeze. By the middle of August, the Governor will receive recommendations. It is, of course, the Governor's choice as to which recommendations are accepted and recommended to the Legislature. But that, I'm sure, will be a partnership, to come up with a better law that will work better on behalf of the districts and the children involved, and certainly on behalf of the taxpayers of New Jersey.

So I think that we share your sense of urgency and we share your sense of discouragement about some of the things that have taken place heretofore.

On the issue of flat funding, I want to put this in some perspective. And this is a request that was made to the Supreme Court by the Governor. It was accepted by the Supreme Court. Each Abbott district was required to submit a flat budget on May 31. The court also allowed districts, if they had demonstrably needed programs, or positions, or other activities that were essential and effective in educating kids, that they could come forward with appeals.

It's important to note that of the more than \$6 billion that's available to the Abbott districts, in terms of State aid, and in terms of local property tax levies, and in terms of Federal aid -- I mean, we're talking about a figure that's probably \$6.5 to \$7 billion. The amount that is currently in dispute between the districts and the Department is around \$50 million. So that everything that we're talking about in terms of possible appeals, we're talking about far less than 1 percent of all the money that's available for the Abbott districts.

And the court set three criteria for those appeals to be awarded: The first is a documentation that whatever is being appealed is demonstrably necessary -- it's been proven effective, that there's evidence that it works; and that it is, secondly, impaired as a result of the district having to file a flat budget. And thirdly, there does not exist, elsewhere in the budget, the funds that could be reallocated to cover those demonstrably needed programs or positions. That's the test.

And so we do have underway a process to provide the information. I know it's a process that gets wearisome for everybody involved in it, but we do need to have the information. And as soon as we have it, we'll issue approval letters. It's important to point out that, as we speak this morning, 13 of the 31 Abbott districts have indicated that they would proceed with an appeal for additional funding. I'm hopeful that that number will be reduced before we actually have hearings before administrative law judges.

But with that perspective, I'm happy to take any questions that you have, Mr. Chairman.

SENATOR RICE: Thank you.

Let me just, first of all, on the record, indicate that you can take this back to the Commissioner. And I'm going to ask staff to prepare a letter from me, as Co-Chair, to the Governor. One of the problems I have, and I made it clear to SCC, at the Executive Director, Mr. Weiner, that we have projects that really should have started to go into the ground when construction season started. It's going to cost us more money. Now, internationally we've actually gone from crisis and problems in Iraq to Israel, Iran, and North Korea, and everybody else. The fuel cost has gone up tremendously, and the cost of school construction material, because of our delay. And for SCC to tell me that they cannot take designs that have already been approved, basically, and cost it out as to how much money do we need for those projects that are ready to go -- I have a problem with that, particularly when they tell me I have to wait until August.

So we're going to wait until August. You have indicated, on behalf of the administration, that there are several reports that are going to

be going to the Governor for his review in August. The message that needs to be taken back -- and Melanie, let it go from me to the Governor -- if, in fact, in August someone won't relent some costs to this body, doesn't present some recommendations to this body, then the next hearing in August, I'm calling the Governor in here. And if he's not going to answer for himself, because he's putting people around him who should be giving him information and expediting the information; if you're not meeting enough, we're not involved with the process legislatively on those committees -- I think what comes back is probably going to be halfway to supplement, in the first place. And there are those of us that think a lot of this is meant for constantly delaying the construction of Abbott programs and funding, in addressing the rim districts, the non-Abbott district problems. I really believe it happened in the McGreevey administration -- delay, delay, delay, delay. And I wonder what we are paying people for sometimes.

So the budget is over, there is no excuse there. And all these "accountability mechanisms," they're in place. We've had them in place. I don't know what else he's going to put in place, but to deny construction, it just can't happen. I will request the Governor to come in. He doesn't have to. But if necessary, we'll start to mobilize again. And I'll fight my colleagues in the Legislature who disagree with us. But the courts have made it very clear. The cost is going up. We're going to build these schools regardless, whether it starts now, whether it starts next year. I can't have 31 trailers, which I visited, up in Phillipsburg. I can't have the Gloucester problem. And I can't have -- I'm hearing the Keansburg situation now. I

can't have it, the taxpayers can't have it, and certainly the children need something better.

So I only want you to be the messenger today -- the Commissioner is not here. But staff is going to put into writing, for me to sign off on it. In August, I expect something more than committee meetings with rhetoric, and a bunch of concepts that never get input made or come to fruition.

So with that, I'm going to just ask the members of the staff -- any questions for Gordon?

ASSEMBLYMAN STANLEY: Yes, Senator.

Senator, I would like to go on record as co-signing that letter with you, and any other members of the Committee be invited to join in signing that letter. I agree. I think it's very problematic when we get into a situation where we're saying not another dime will go into anything until everything is completely fixed. If we said not another dime is going into-- I mean, I'm not picking on DOE, but if we said not another dime is going into DOE until DOE is completely fixed, when would you get any more money? (laughter)

SENATOR LESNIAK: I second that. (applause)

ASSEMBLYMAN STANLEY: And we've got to be very careful. And as we said to CO Weiner and the -- what's the -- Barry Zubrow -- I should know his name; I hear it every time I pick up my phone -- Barry Zubrow. Three, four, five months ago, it wasn't their issue and it wasn't their responsibility. But now, we're the problem now. They're the problem. You guys-- We can't afford to wait. We just can't afford to wait any longer. Things have to progress, because if they don't progress, it becomes

very problematic. If you don't have projects moving along, then every delay is costly. And it's not just costly from the perspective of construction costs, which are going to go through the roof, as the Senator said before. We just have to deal with the catastrophe from Katrina -- New Orleans, Mississippi. Now we've got another whole city that's been completely bombed out. So we have to respond urgently, because resources are going into other places, into other projects, and we have to make sure that our children don't suffer.

One of the issues that I wanted to address was the issue of flat funding. As you said, the court laid down some of these criteria for the districts, and it's specific in terms of what they had to do. Did the Department look at every single district's budget -- and I'm talking about even the districts that came in at flat funding -- per your request, for the court's order? Were we able to determine if districts were cutting the right things, if anything was going to impact construction in districts? And did the Department take measure to ensure that projects, and programs, and personnel that impact outcomes were not going to be impacted by this mandate?

ASSISTANT COMMISSIONER MacINNES: Mr. Chairman, yes. The Department did review. For those districts that filed a flat budget on May 31, and indicated that they were not going to request additional funds, we conducted a review with the district of precisely how they moved their budget from their March submission, which in most cases was a budget that was above flat, and to the point where they were able to submit a flat budget on May 31. And we went through line item by line item to ensure that none of those reductions would affect the essential and instructional program. And it was only after we were satisfied to that, that

we issued an approval. And we've now got, I think, 11 or 12 approval letters in the hands of districts that are not seeking additional funds.

ASSEMBLYMAN STANLEY: I know specifically in Vineland, where there were math supervisors, people who are supposed to do training of teachers -- and these types of personnel would impact learning. Teacher development is very important. Math supervisors -- those type of personnel, I would think, would be very important to a school district. Those are not the kind of cuts that I would figure that we would be implementing. Do you concur?

ASSISTANT COMMISSIONER MacINNES: I don't recall that. And I'd want to look it up and see what the context was. Don't forget that the court said that the districts may appeal existing programs. It's possible that there are either new things that have been proposed or that there was ample capacity in place, even with those reductions, but I don't know. And I don't want to go further and comment on it until I've had a chance to look it up.

ASSEMBLYMAN STANLEY: I would hope that we'd be paying very close attention to those issues. Because sometimes you get to a point where you just don't even want to fight it anymore. Let's face it, the Department has a lot more -- generally has resources, and they can continually go back and ask districts for more and more detail until superintendents-- As a superintendent, you figure, "Well, is it worth the fight?" And then, as a result of it maybe not being worth the fight, children suffer. Because at the end of the day, everybody has limited resources. Superintendent pays well. I'd be better off investing my time and making sure that September is ready to go, than going to court day after day trying

to fight for \$5, \$10, \$15 million, which in the greater scheme of things might not seem like that much, when you're talking about billions of dollars. But \$1 million -- I don't know how you-- If you really, really need a million dollars-- A million dollars -- I can't give it to you.

SENATOR RICE: Can we get some response back?

I didn't mean to cut you off, Assemblyman.

Can you get us something? You say you're going to review that. Could you get a response back to us?

ASSISTANT COMMISSIONER MacINNES: Sure.

ASSEMBLYMAN STANLEY: Just one further question. With respect to the process, how was the process of going through these mandates and the budgets. How did that work? How was that implemented?

ASSISTANT COMMISSIONER MacINNES: For districts that are not seeking additional funds, that's been a fairly smooth process. And by the way, my memory on most of the letters that I've signed approving the flat budgets have involved changes in revenue projections and in noninstructional costs. They've not involved instructional things. But I'm going to check, specifically, about the Vineland example you mentioned.

For the districts that are seeking additional funds, we've had, in a memorandum that the Commissioner sent to everyone on May 19 -- there are four sets of information that we've requested. We are finding that, in all of those, the information is forthcoming and we're satisfied that it's complete, except for the fourth request, which has to do with being able to determine what is left in the accounts affected by the appeal, to determine whether or not that activity is impaired, using the Supreme Court's term.

That has been the point where districts have had a very difficult time coming up with the information in a complete and satisfactory way. And so we have a fair number of districts that are seeking additional funds where we're still looking for that information.

ASSEMBLYMAN STANLEY: What that means is that they can't go to the next stage of appeal until they get all that information.

ASSISTANT COMMISSIONER MacINNES: That's right.

ASSEMBLYMAN STANLEY: So, in other words, the clock is still running?

ASSISTANT COMMISSIONER MacINNES: That's right.

ASSEMBLYMAN STANLEY: Or let me put it another way: The clock doesn't start running with respect to the appeal process until you determine if they've gotten all their info.

ASSISTANT COMMISSIONER MacINNES: That's right. That's right.

And this question was tested by the Newark Public schools. They filed an appeal directly with the Supreme Court, laying out an objection to the information we were seeking, and the extent of it, and everything else, to say that this constituted an intention to delay the process. And we responded to that -- the court decided that this process should continue and dismissed the Newark petition in one day.

ASSEMBLYMAN STANLEY: Once this information is received, then how does the timetable work?

ASSISTANT COMMISSIONER MacINNES: As soon as the information is complete, we have 14 days, under the court order, to submit a letter to the district.

ASSEMBLYMAN STANLEY: And then after that 14 -- after you submit the letter to the district, then the appeal process starts through the court system?

ASSISTANT COMMISSIONER MacINNES: The district has seven days on receipt of that letter to file a notice of appeal to the Commissioner.

ASSEMBLYMAN STANLEY: Thank you.

We can allow someone else to ask questions.

And actually, I reserve the right to ask a couple of more questions.

SENATOR RICE: Everybody can reserve the right. I just want the flow to go back and forth, (indiscernible) come back to you, okay?

ASSEMBLYMAN STANLEY: No problem.

SENATOR RICE: Assemblyman O'Toole.

ASSEMBLYMAN O'TOOLE: Thanks, Senator Rice.

Good morning, Assistant Commissioner.

There's so many issues here. It's so complicated. We've had some long discussions. At the end of the day, is money the issue here? Is money the driving force here? You're talking about a \$5 billion allocation in Fiscal Year '06. Is money the issue, number one? And that's number one, Gordon.

The second question: Before 2000, before the Schools Construction bill, before the \$8.6 billion, \$6 billion allocated, what did everybody do? Okay?

Third question: You say there's money left on the table. Okay? There are X amount of projects going forward. Is there a projection

or a cost as to how much is needed to accommodate the needs? Are we trying to do too much with -- at one time?

The last question: We talked about the flat funding and we talked about the issues of accountability. I'm not as convinced as others that we have the accountability mechanism in place. I share the Governor's concern that we have to account for every dollar. We have never seen such a large scale, wholesale misappropriation of dollars, whether it be school construction in Abbotts, whether it be some of the superintendent contracts. And it's not just the Governor -- Republicans and Democrats -- you have the Assembly Budget Committee. We have gone through the funding mechanisms in the school system. We have found absolutely outright fraud. There are criminal investigations pending. You go to the two reports, the School Commission on Investigations, that talk about the Pre-K, the funding; and the *Bergen Record* story. It is story after story after story, dollar after dollar after dollar. We have never seen this in my time here in New Jersey. How do we address this money issue?

ASSISTANT COMMISSIONER MacINNES: That's a good list of questions, Assemblyman.

Let me start with the last one first. This year -- that is, during the current fiscal year, we will be conducting audits in each of the 31 Abbott districts beyond the normal independent audit that is conducted annually. And this will start with audits in the four largest -- excuse me, that's not correct -- in Paterson, Jersey City, Newark, and Camden. And the procurement process for getting that audit underway is just about completed, and then we will continue with an audit of the other 27

districts, looking at how money is spent and trying to produce better information than we've had in the past.

Your first question is about whether money is the issue in providing for improved education. It's not the only issue. Here's what we've learned. And I think that this is very consistent with what we've seen elsewhere. In the end, you do need resources to teach concentrations of poor kids who are going to school together in old cities. You need to have resources to do that. In the end, what counts is how you use those resources. And do you use the resources to focus on educating those children, or does the money get distracted with all the other things that we expect of our schools and we don't get that focus -- on making certain that kids in the Abbott districts master the core standards that the State has set, and which we measure annually through the State assessment.

That is the question. And the answer is buried. We have districts that are focused right on, in terms of instruction. And they've been very successful. We have districts that are among the poorest in the state. Their students are performing, in the fourth and eighth grade, close to suburban standards. That's what we all want. We want proof that this can work. We've got it. In districts like Union City and West New York, we have seen sustained improvement in education of those kids at not just the fourth grade level, because we've seen a lot of that, but also in the eighth grade level. That's a much tougher hurdle to jump. And we see it being mastered.

In other districts, we do not see the same focus and we don't see the use of resources being channeled to that in the way we would like. It's not a simple thing. This is not a mechanical process. You don't set the

clock and say, "Go." It involves an awful lot of reflective work, and getting that done is not, as I said, an immediate process. But we're underway. And I'm satisfied that the effort is being made in the vast majority of Abbott districts to make sure that this focus takes hold.

What was your second question? I can't remember.

ASSEMBLYMAN O'TOOLE: I had a number of questions.

The accountability issue -- Assemblyman Joe Cryan has a concern about-- In the colleges, they spend a lot of dollars doing remedial work -- English and math -- for individuals who have been sent from Abbott schools that don't have the basic tools. So when you say West New York and Union City work, tell me why the number is so far-- We had the President of Kean University talk about the millions of dollars they spend because Abbott school students have been cheated out of an education, and they have to spend X amount of dollars for remedial studies. And frankly, my feeling is, and there's a bill in there, if the schools aren't educating our kids and the colleges have to spend X amount of dollars, they should be refunded from those Abbott districts. If Union City and West New York are working, tell me why they do, and tell me why others don't work? And are those being rewarded? I think they should be rewarded. Use those questions as a model for others.

ASSISTANT COMMISSIONER MacINNES: We have. And they've worked, I think, for a variety of complicated reasons that we've been drawing on. Because the first question that I asked was, well, where does this work and how does it work? And I've spent a lot of time in Union City and West New York trying to find the answer to that. And we have adapted the experience in those two towns to all the Abbott districts. The

Early Literacy Program, which is at the foundation of getting this problem solved, Assemblyman -- if a kid can't read and read well, that kid is not going to be educated. That's a truism.

ASSEMBLYMAN O'TOOLE: Gordon, if every dollar was put together and added, as to how much is "needed or requested" for additional school construction, what is that number? And then the second question is, what's the ability to pay? We are dying -- we are absolutely strangling and trying to make ends meet here. The budget process that everyone knows about was just -- what's the debt service on the next \$10, or \$20, or \$30 billion?

ASSISTANT COMMISSIONER MacINNES: That's properly a question, I think, for the Treasurer, and I'm not going to try and answer the financing question. I think that the issue before the Governor, and one that he had said he will answer, is, in looking at this long-term program, because we're talking about -- just in the Abbotts -- we're talking about 31 districts with 450 schools, and with an average age in those districts of schools that were built 80 years ago. So we have a lot of work ahead of us, but it's not work that we should expect can be done in the next two years or the next four years. We should stay on it. But we have to see this not as something that's going to happen by the year 2010, or 2012, or 2015. We're talking about a long-term investment that we're making in educational facilities over a long period of time. We need to get the focus on what the Legislature says should be the priorities.

Number one, do you serve all the preschool kids in your town? And if you don't, are facilities the explanation for why you don't? Let's correct that. Number two, are your classes overcrowded, particularly in the

elementary grades? Do you have 32 kids in a second grade class? Then you need to correct that and our facilities, at the root of that. Those are the two priorities that were set by the court, along with Health and Safety, by the Supreme Court in the *Abbott* decision in 1998. And by the way, those are precisely the priorities that the Legislature put into the statute in 2000. And we're going to follow that much more carefully than it has been true in the past. And that's going to be the Department's obligation -- to ensure that those priorities are recognized in the projects that are approved to go forward to the construction agencies.

SENATOR RICE: Okay. Assemblyman O'Toole, are you okay there?

ASSEMBLYMAN O'TOOLE: Thank you, Senator.

SENATOR RICE: Okay. You can come back.

ASSEMBLYMAN O'TOOLE: Thank you.

SENATOR RICE: The next person that's going to speak is Senator Lesniak. And before he does that, let me just say a couple of things for the record. Number one, I'm always hearing this analysis by "colleagues and others" who don't live in cities like Newark, read the newspaper, and ask questions. I don't mind orders, you know that. But I'm also smart enough to know that we've got to get to those suburban and wealthy districts, too, because you and I both know there are districts that need (indiscernible) orders. So we'll deal with what we have first, because we're going to come back. But if anybody thinks -- any adult here, regardless of what your title is -- believes that you're going to have *X* number of children in this country, any place, who are failing academically because of a system and other reasons -- that as soon as we give more money, that three, four,

five years later you're going to see an overnight improvement -- the kind you're looking for-- And you know that doesn't happen. Stop using that as the barrier to start funding education. If you want to look at the early year results, you can see the progress that's going to be made. And for those who may not know it, because all of us read the different statistics, operate in different circles, and some don't care as long as you're doing okay at home, the reality is that it's a fact that our children, minorities in particular, and urbans, are 16 months behind in learning prior to going into kindergarten. And that's why preschool became important. And that's why we said cognitive skills becomes important. And so when we talk, and the press is printing this stuff, and the media is shining on us, it makes people who we represent -- millions of people in this state -- who only hear the bites and the blurps in our debate, thinking there is something inherently wrong with what we're doing as leaders. And there's people in our cities-- And I want to make it clear -- I'm going to keep pushing that back and putting those notions back. I'm pushing those thin lines back. And I'm pushing those biases back. Eventually, someone is going to hear me.

When you start to audit these districts -- they should be audited. But I've said that, when the State of New Jersey took over Newark, and somebody else absconded or misplaced, or whatever you want to call it, \$7 million that was never put back -- never put back, so we always operated at a deficit -- then the State came in and said, "Cut more money." Audit Paterson, because we have problems there, too, that we're correcting. But when the State of New Jersey came in and messed up \$20-plus million, I'm not going to have my colleagues -- and I'm telling you that, and I've said it, you know me -- paint these pictures. I don't care what the *Bergen*

Record said. They don't say any good things about the urbans in the first place; or in the other media. But the point is, is that I want to at least put that in perspective so when we ask these questions, yes, ask them for an understanding. And Gordon is the administration's responsibility, to give us real answers, rational answers, expeditiously, and leave nothing out. Because even the analysis, in terms of some of the funding categories, and what we spend on for the (indiscernible) is wrong.

So I want to at least be on the record that I want clarity when we have these meetings, so my colleagues will get a better understanding. And I can get a better understanding of where they're coming from, why I don't see these question marks in my mind about why they are coming that way. Because I have my opinion sometimes.

Senator Lesniak.

SENATOR LESNIAK: Well, I have my opinion also, and I represent an urban district. I agree totally with the Assemblyman. I am just outraged, Assemblyman, at the fraud, waste management, and abuse in our spending of education dollars, and the lack of management of those moneys by the State.

I could tell you, in the city of Elizabeth, we had a superintendent that was bought out for political reasons -- did not follow the procedures for remedial action plan and notice -- and it cost almost a half a million dollars to get a person to do nothing. And Commissioner Librera, when it was brought to his attention, just threw up his hands. Did actually nothing. Three hundred plus vacation days paid for, sick days paid for. Nothing. Nothing done. Political mailings going out, brochures, TV ads -- nothing being done.

And Senator, I will tell you that one of the things that is going to hurt the good work that we've done in education are examples of waste, fraud management, and abuse. That, yes, it goes on throughout the state -- urban and suburban and rural. But something has to be done about it, we cannot look the other way.

I just have one question for you, Senator (*sic*). You said that, I guess, State-run districts are going to be the first ones audited. Now, the Governor and the Commissioner told me that Elizabeth was going to be included in that. Was that inaccurate information?

ASSISTANT COMMISSIONER MacINNES: It's not inaccurate, Senator, but the first four are going to be the four that I mentioned.

SENATOR LESNIAK: But then you said the 27 are going to be--

ASSISTANT COMMISSIONER MacINNES: That's right.

SENATOR LESNIAK: The Governor and the Commissioner told me that Elizabeth would be included in the first four. That's inaccurate?

ASSISTANT COMMISSIONER MacINNES: I don't know. I think that the -- I'm pretty certain, Senator, that the request for proposals for the first audit included Newark, Jersey City, Paterson, and Camden.

SENATOR LESNIAK: So you're saying that Elizabeth was not subsequently included?

ASSISTANT COMMISSIONER MacINNES: Those are the four -- the first round of audits will be conducted in. Elizabeth will be included--

SENATOR LESNIAK: Then I got inaccurate information from both the Governor and the Commissioner, and it was told to me in front of quite a few number of people waiting to go in his office.

SENATOR RICE: A question to you. The audits that you are talking about -- there are going to be RPs going out for people to perform? Is that correct?

ASSISTANT COMMISSIONER MacINNES: Yes.

SENATOR RICE: Would you go back and indicate that there is concern that Elizabeth be included in this? And you can send a letter, because that was the conversation I heard as well. So you don't do four, you do five.

Also, I just wanted to say, for the record, I don't want any misunderstanding within my colleagues. You've never heard me say anything about taking care of people who commit fraud. You've never heard it. I'm pro-advocate of that. That's not what I'm saying. I don't want that mixed up either. But I'm saying, you're right. There is waste and mismanagement. But this government's got to stop telling me that we don't have a process in place (indiscernible) accountability. That was the argument from day one -- is put some mechanisms in place. And I'm saying that there were things put in place that I believe can help us move forward with school construction, in terms of accountability. There's also legislation, Senator, waiting to move, where you have to report definitely to this Committee here. So for my colleagues or the administration to say that I think we need more -- more what? More of what? I mean, how much accountability can you have? You've got AGs -- you've got Attorney

Generals, you've got all these different people. If we put somebody in charge, we criticize them anyway. But we have mechanisms now.

And, Gordon, I would appreciate it if you would send, to all the members of this Committee, the changes that we have made since the McGreevey administration that they may not be aware of, to get more accountability. Any mechanism since the new Governor -- when he made these changes rapidly, as one of his first tasks -- send them. And then I want you to pull a bill, Melanie, that I have by the Joint Committee; but if accountability has to come back to us, I would want to do it differently too. Get it to them. And if anyone has any other thing about accountability, send me a note tomorrow so I can include it. But stop talking about accountability like it's this thing that we can't figure out. Okay?

SENATOR LESNIAK: Senator, I've sent you plenty of notes.

SENATOR RICE: Not you. I'm talking about -- here, your notes are included. I'm talking about anyone else, okay? They're included. Because what is accountability? I mean, how do you scrutinize a law firm or a hospital or an education system or a local government? How do you get accountability? It's a numbers thing. It's an audit thing. It's an integrity thing. It's having rational minds. It's oversight. That's what it comes down to. Now, if that's not in place by now, then I'm real angry. Because that's what we've been talking about for the last year-and-a-half.

Does anyone else have anything, before we move up and bring the supers in?

ASSEMBLYMAN STANLEY: Mr. Chairman, if I can?

SENATOR RICE: All right. It's going to be Assemblyman Vas, then Assemblyman Stanley.

Wait a minute, excuse me, Assemblywoman Beck had her hand up first, Assemblyman.

ASSEMBLYMAN STANLEY: No, it's just on this particular issue.

SENATOR RICE: No, we're going to keep it right now.

ASSEMBLYMAN STANLEY: Yes.

SENATOR RICE: We're chairs, and we've got to do it right.

ASSEMBLYMAN STANLEY: I know.

SENATOR RICE: You get the last say.

So, Assemblywoman, Senator, Assemblyman, and then the Chair.

ASSEMBLYWOMAN BECK: Thank you.

Through the Chair, just a couple of questions for the Department. We heard testimony from the SCC, the last time the Joint Committee was together, about the number of pending projects, and there are -- several numbers have been thrown around. The projects that seemed most imminent and the most likely to see action were the *list of 97*, as they called it. Those 97 projects had been suspended in July '05 and were going to move forward if funding was available. The question that wasn't answered, at that time, by the SCC is an approximate cost for those 97. I think that is a critical piece of information that we didn't get out of our last hearing, and I'm wondering if the Department would be able to address that?

ASSISTANT COMMISSIONER MacINNES: Actually not, and I'm not trying to evade your question, Assemblywoman. But we don't

have either the information or the expertise to estimate what will be varied, remote construction projects from that list of 97.

ASSEMBLYWOMAN BECK: That said, I think it would make it difficult for the Legislature to act, if we don't have a number to appropriate, but--

ASSISTANT COMMISSIONER MacINNES: I agree with that. And I think that you will be provided estimates on what will be proposed by the Governor as a reasonable amount for reauthorization. And there will be, I'm sure, a good rationale for that at that time.

ASSEMBLYWOMAN BECK: Could you just do me the favor, and indulge, to walk through how much has been spent so far in the Schools Construction program? Just sort of an overview. We have a lot of guests here with us today. Just give me a sense and just remind me of that. It's been a while since our last meeting.

ASSISTANT COMMISSIONER MacINNES: In terms of the Abbott or both?

ASSEMBLYWOMAN BECK: Both, please.

ASSISTANT COMMISSIONER MacINNES: Well, you have \$2.6 billion that was appropriated for other districts and for vocational schools. And that \$2.6 billion, which represents partial funding in most cases, except for -- yes, in all those cases, I guess. Those funds have been fully obligated, and I think in the main have been spent by local districts and by the vocational districts.

The remaining \$6 billion, which was authorized for the Abbotts: of that amount, slightly more than 3 billion has been spent. And the remainder of the 3 billion is fully obligated and takes the form -- back to

your list numbers, there is a list of, I think, 69 projects that were underway, and were construction contracts, or they had invested so much by last July that they proceeded with those. And those projects -- some of which have now been completed, some of which are currently under construction -- that's the first wave, if you will, of the remaining \$3 billion.

And the second wave will come in the list that was put together last Summer that included 59 projects. And those are in varied stages. The last list I saw, Assemblywoman -- and this is not my area -- there were about 10 of those 59 for which construction contracts had been let. And there was -- I think they were very close, in terms of final design, on a large number of others.

ASSEMBLYWOMAN BECK: Okay. Let me just, as a follow-on question to that -- which is, the approximately 6 billion that's been spent, how many projects did that entail? Do you have a sense?

ASSISTANT COMMISSIONER MacINNES: Well, it's -- I don't have the number, because-- Here's what I do know. Of the \$3 billion, roughly, that had been spent, almost 800 million of it was spent on health and safety projects. And there were hundreds of those. In some cases, you're talking about installing windows in one school in a district, and that's a project; or replacing a boiler, and that's a project. It could be a \$50,000 project. So you have 800 million spent in that way. And the number of projects, therefore, I do not have. And I, unfortunately, don't recall the number of completed projects or those that-- Because after that, you have renovations, you have additions, you have projects that are -- other than new construction of the free-standing schools. And I don't have those numbers from recall.

ASSEMBLYWOMAN BECK: My recollection of the testimony is that in addition to the 59 pending and the 97 pending, that there are others.

ASSISTANT COMMISSIONER MacINNES: Yes.

ASSEMBLYWOMAN BECK: And that all in total, there are 315 projects remaining in the Abbott school districts. And of course, that's a fairly detailed list. My question for the Department is, do we have a similar list for non-Abbott school districts, and what plan is there in place to address their construction needs?

ASSISTANT COMMISSIONER MacINNES: Let me answer both questions -- let me answer your question by having it apply both to Abbotts and non-Abbotts. Under the legislation, each district has to submit to the Department, for review and approval, a long-range facilities plan. And the first one was required in 2000; the second one in 2005. And we have, therefore, about 550 or 600 long-range facility plans that, for the Abbotts, are very important in terms of the review. Because that really is the -- that is the plan that sets the priorities going forward. And that will take the form of, basically, a negotiated agreement, in the end, over what projects can be reasonably accommodated, say, in the next five years. And as that changes, we want to see that updated. This should be a real plan, and not something that sits on a shelf someplace.

And so that, from the standpoint of being able to assess the total for everybody, I think the answer will lie in the review of those long-range plans. And we are in the process now of starting those reviews with the districts, and we hope to have those done by the Fall in the case of the Abbotts.

Now, in the case of the non-Abbott districts, since the full amount that was authorized has been obligated, there are no remaining funds in question right now. And so the Legislature will share in the decision as to what form any reauthorization from other districts will take. And I don't want to hazard a prediction about that.

ASSEMBLYWOMAN BECK: Thank you. I appreciate that.

In the past, we've heard from the Commissioner of your Department -- not actually the sitting Commissioner, but the past Commissioner -- that there are a number of Abbott school districts that economically no longer qualify for that designation. And I'm just wondering what the Department's plans are to act on his recommendations to remove some of those districts from the list.

ASSISTANT COMMISSIONER MacINNES: The recommendation he made was to the Legislature, and that was required by -- I think it may have been the Facilities statute. And Commissioner Librera, at the time, did make that recommendation for criteria that should be -- that he recommended be used to make that judgment. In the end, it's not the Department's call. It's the Legislature and the Governor's call in the form of a statute. And those criteria were laid out, and they dealt in two areas: One were the economic factors, that are the most visible, the most easily measured, and the most commonly cited. And so Hoboken is a frequent target of that, because its income levels are so high, its property tax wealth is so great.

But in addition to that, there were educational criteria. And so you have-- The educational criteria were based on the question, how well are poor kids in these cities being educated, and what is the structure for

getting that job done? And that is a judgment, and I think the Department would expect to play a role in assessing that and making a recommendation. But in the end, it's the Legislature that's got to make that call.

ASSEMBLYWOMAN BECK: Thank you. I appreciate that.

Sorry. I just have one last question, which is to address a statement that you made previously about classes being overcrowded. And I think you followed that on by saying this needs to be corrected. I would just make the quick comment that as a representative from District 12, which has no Abbott school districts, but yet, indeed, has many, many classrooms that are severely overcrowded because of the enormous population growth we're seeing, I would just be curious as to the Department's commitment to also correct that issue.

ASSISTANT COMMISSIONER MacINNES: The commitment on the Abbott side comes in a very precise form from Abbott V, and the court set classroom ceilings at each grade level. And we're obligated to implement that. And I think that, as to the non-Abbotts, we are absolutely of a belief that class size is one of the factors that makes a difference in how well kids are educated. And we would like to see those districts that have seen tremendous enrollment increases in the recent past, and have not been able to keep up with it, be able to provide adequate classroom facilities for everybody. I think that is a view shared by the Governor. I think it will be addressed in the recommendations for reauthorization.

ASSEMBLYWOMAN BECK: Thank you.

And my closing is simply that I agree with my colleagues -- Assemblyman O'Toole and Senator Lesniak -- that, indeed, we've seen

enormous corruption and waste in the 6 billion that's already been spent; and that there is no stomach among the general public for additional spending until we are absolutely assured that the corruption issues have been addressed.

Secondarily, I will tell you, as someone who walked door to door and hit 10,000 doors in the course of six months, there is real anger over the fact that our schools have been flat funded, not for one year, but for five years. And yet, we are in an area of the state where there is the largest population growth. It does not seem to me that adequate attention is being paid to non-Abbott school districts. And I make that statement on behalf of the citizens that I represent. And I appreciate you coming before us today.

ASSEMBLYMAN STANLEY: Thank you, Assemblywoman.
Senator Kean.

SENATOR KEAN: Thank you, Mr. Chairman.

In the very beginning of your opening statement, you talked about \$6 to \$6.5 billion of funding that's going into these districts. You say it's a breakdown between Federal, State, and municipal. Can you give me that breakdown?

ASSISTANT COMMISSIONER MacINNES: I could if you allow me to do this after this meeting. I can't do it right now. I think that the rough numbers are about \$5 billion, including pre-kindergarten -- \$5 billion in State aid to the Abbott districts. And I think it's close to about a billion dollars in local property tax levy, and I think it's a bit more than a quarter of a billion dollars in Federal aid. But I don't have those numbers very precisely in mind.

SENATOR KEAN: If you could, through the Chairman, get those statistics not only for this year, but for the years since the statute was enacted. I think that was 2000.

ASSISTANT COMMISSIONER MacINNES: The Facilities statute?

SENATOR KEAN: Yes. If you could get that, through the Chairman, to me--

ASSISTANT COMMISSIONER MacINNES: Yes.

SENATOR KEAN: --so we can look at those amounts. It would be greatly appreciated.

The second issue that I have a question on is: In response to flat funding, there was something that you said -- that there was a change in revenue expectations to meet some of these flat-funding requirements. I know it was done with the State budget, where there's a change of 371 million, simply to say, "Yes, we expect more money to come in." That to me seems a very strange way to balance a budget. But can you tell me how many of the districts simply said that, "We've got a change in revenue expectations, therefore we meet our requirements"? Can you walk me through how it's going to be done on a school board level as well?

ASSISTANT COMMISSIONER MacINNES: Yes. Okay, let me-- It sounds as if there were large pockets of money that were not booked in the budget, and that's not actually the case. A school district relies on three sources for most of its funding. However, it has, literally, in the case of a large district like Newark or Paterson, hundreds of other revenue sources that it must account for and it must budget for. And what I was saying in response to -- I can't remember whose question it was. I

think it was Assemblyman Stanley's question about Vineland, which was that most of those districts that have come in flat and are not seeking additional money -- the 17 districts that have done that -- or is it 18 now? -- that in many cases, the adjustment occurred because of revenue that had not been fully booked or booked at all. And there are a few items that we look at quickly. And one of them is the effort underway to identify special education kids who are eligible for Medicaid. And the State is making a new effort there. And the efforts in the past have not been very fruitful, and so districts have carried a very small revenue projection for that. This year, there is more assistance available and there is also a better cut, if you will, for districts -- more incentive. They move from 15 percent recovery to 35 percent of what comes in. So we have--

SENATOR KEAN: This is an effort that's being made on a statewide basis?

ASSISTANT COMMISSIONER MacINNES: This is an initiative on a statewide basis, Abbott and non-Abbott, but with the largest percentage of children found in the Abbott districts who are eligible for this but not currently classified. So that's one where we found, yes, the revenues should be higher. And they probably will be higher. And it's prudent, or complete, to book that right now. And by doing that, the district found funds that it had not included in its budget, and it allowed it, therefore, to get closer to flat funding.

SENATOR KEAN: If I may, through the Chair, can we get a breakdown of how these schools are meeting the flat funding with the change in, for example, the revenue expectations?

ASSISTANT COMMISSIONER MacINNES: Sure. I'll be happy to provide that. It will take the form of a letter and an appendix from us to the district saying, "Here's where you were. Now you're flat. This is how you got there." I'll be happy to share that.

SENATOR KEAN: Through the Chair.

Thank you, sir.

Thank you, Mr. Chairman.

ASSEMBLYMAN STANLEY: Assemblyman Vas.

ASSEMBLYMAN VAS: Thank you, Mr. Chairman.

And Senator Kean, just to put a perspective on the question that you asked -- and someone can correct me if I'm incorrect about this -- but my understanding is that in addition to the posted \$9 billion that are appropriated in the State budget for public education, that there are some approximately \$9 billion of local property tax dollars that are raised throughout the State of New Jersey, and there is a sprinkling of about \$2 billion of Federal money that comes to the State. That comes to a grand total of approximately \$20 billion that is spent annually, at least for the last several years, here in the State of New Jersey. And it seems to me that we've spent the better part of the morning, whether it's deliberate or accidental, talking about or confusing two different philosophical approaches to funding public education, which has been debated in almost 30 state Supreme Courts throughout this nation; New Jersey being one of the first states to debate how we fund public education, and the decision being made, based on the Constitution of this State, that we do so in terms of thorough and efficient education; as opposed to the debate that exists in many other states, because of their constitution, having to do with adequate

and equitable funding. We can't confuse the two. We need to address both of those in this state, but we cannot confuse the two.

And it seems to me that we've spent a lot of time here this morning talking about this when, in fact, this is a subject that has been studied by the Department of Education. Am I correct, Commissioner?

ASSISTANT COMMISSIONER MacINNES: Yes. The question of school funding formula, yes.

ASSEMBLYMAN VAS: Just the whole issue of thorough and efficient education was studied by the Department of Education back in 2003. There was a study that was commissioned, a study that was completed. And regrettably, a study that has not been released to any of the stakeholders involved, especially to the members of the Legislature who are asked repeatedly -- and I appreciate my colleagues on the other side of the aisle, and even many of those even on my side of the aisle, who are in suburban school districts that are pitted one against the other, because we don't have all of the facts and all of the information that is readily available to those of us who are being asked to make decisions.

And so, Commissioner, if you will, is there some reason why that report that was completed has not been released -- released to the various stakeholders; the Educational Law Center, who has made repeated requests and now has gone into court, and taxpayers will fund a court appeal of releasing that report, eventually to get it? I know it's been delayed beyond this budget cycle for obvious reasons, for obvious reasons. But is there any reason why that report has not been released, and especially why it hasn't been released to the Legislature?

ASSISTANT COMMISSIONER MacINNES: I'm not in a position to answer that, Assemblyman. I'm sorry.

ASSEMBLYMAN VAS: It's what I thought I would hear.

But see, we are holding hostage, Commissioner -- we are holding hostage an entire generation of children -- hostage -- for the mistakes of a few. (applause) That's what we're doing. And so we've got to get past the politics of education and right to the heart of thorough and efficient education, which is what the Constitution of the State of New Jersey demands and requires all of us to do.

Mr. Chairman, that's all I have to say.

ASSEMBLYMAN STANLEY: Thank you, Assemblyman.

There's just one other that I wanted to bring up. And that was the issue of how we go about assessing -- assessments of districts, assessments of schools, etc. Because one of the things we're very interested in is outcomes. And currently, what we're testing are cohorts -- one group of kids in a particular year against another group of kids. Many states are talking about value-added systems where you can follow a child and actually show how much a child has learned in a year's time. That would certainly be a more fair measure. Many people say, well, we're not getting any -- we're not seeing the type of improvement that we need to see. But we're not really measuring improvement, we're measuring cohorts. And so we don't know how one cohort came in versus another cohort. So where are we with respect to a student identifier, and also moving to a system of assessment to be able to track or to measure improvement of a child over a year -- the gains a child has made over a year, as opposed to these comparisons from one cohort to the next?

ASSISTANT COMMISSIONER MacINNES: The *New Jersey Smart* is what we've called the project to provide each student in the state, beginning at age 3, with a unique identifier so that we can do what you suggest, Mr. Chairman, which is to track kids, and not classes of kids where lots of changes can take place. We're very anxious to have that done. It's been delayed for a lot of different reasons. The prospect is now in place that, beginning this Fall, each of the Abbott districts will be transmitting student level information to a student database that will be managed by the State, and which will begin the process of realizing exactly the objective that you have struck. Until you have that capacity, the ability to do the value-added and to see what's really working for individual students, which in the end is the only thing that counts-- We're not talking about cohorts, we're talking about individuals. And so for that to be in place we need to be certain that the bugs are out of the system. And the first test of the bugs will be this Fall, with the submission of the student-level data from the Abbott districts; with all districts expected to follow, I think, in this school year. I'm not exactly sure. I think there may be even language in the Appropriations Act about that, Mr. Chairman.

ASSEMBLYMAN STANLEY: Also, I'm going to read a piece of the budget language, and I want you to respond in terms of how we're moving, about making sure that this happens. It says: "The Commissioner shall, within 90 days of the budget, prepare a budget to carry out all of the Department's Abbott responsibilities and to account for the amount of Abbott funds it receives. Commissioner, also within 90 days, prepares a plan for evaluating the Abbott programs and reforms for implementation of a student-level database; and for establishment of baseline data progress,

benchmarks for each Abbott district linked to student curriculum standards. And formulating the plan, the Commissioner shall solicit the advice of Abbott stakeholders, and once finalized shall disseminate the plan to the public.” Have we begun reaching out to Abbott stakeholders and begin the process of making sure that we get input for this plan and that we’re online? Because, as you said, at the end of the day, what we really want to do is measure student outcomes. We want to make sure that everybody is on the same page. We want to make sure that we’re delivering an education system that has a positive impact on student outcomes. How are we doing with respect to that?

ASSISTANT COMMISSIONER MacINNES: Well, it’s a continuous process. And it’s not a simple one, and it’s intellectually a challenging one, which is, how do you evaluate something as complex as 31 school systems in the State of New Jersey with tremendous variety, and how do you judge the impact of additional State resources on that? And we’ve not come up with a satisfactory answer. We’ll continue to do that and we’ll continue to work with people who have knowledge about doing that -- information -- and who are affected by it and who run the school. We’ll continue to do that.

ASSEMBLYMAN STANLEY: Perhaps you and the Commissioner can pen a letter to myself and my Co-Chair, Senator Rice, with respect to exactly how we plan to get this plan initiated?

ASSISTANT COMMISSIONER MacINNES: How we plan to get the plan?

ASSEMBLYMAN STANLEY: How we plan to get the plan.

ASSISTANT COMMISSIONER MacINNES: We'll get the plan. We'll get the plan that's required.

ASSEMBLYMAN STANLEY: The problem is, is that if we continue to give answers like, "Well, we're working on them," or "We know that's important. It's difficult," we'll never get there. And so we just want to make sure and we want to communicate with you, so that at the end of the 90 days that we've had the type of input -- or beginning next week that we can begin to develop the kind of input that we envision when we put this language in the budget.

ASSISTANT COMMISSIONER MacINNES: Any time you have suggestions, I'm wide open to them, Mr. Chairman.

ASSEMBLYMAN STANLEY: Thank you.

SENATOR RICE: Assemblywoman; then we're going to go to the superintendents, okay? You're the final speaker to this speaker.

ASSEMBLYWOMAN HANDLIN: Thank you, Mr. Chairman. I appreciate your indulgence. I promised I will be very brief, and I will.

I have only one question, and it is this: Of course we know very little about how the billions of dollars were spent and how the contracts were let, but I wonder if you could tell us whether there were, to your knowledge, protections against nepotism and pay-to-play in the letting of the contracts? And if not, would your Department welcome such protections being built into the letting of these contracts in the future?

ASSISTANT COMMISSIONER MacINNES: I read newspapers. You do, too. So my only answer is based on that, because, in fact, the letting of contracts is not something that the Department of Education does. That is handled by the construction agency. And so -- and

also, not to be bureaucratic about it, the responsibility for facilities was only shifted to the Abbott Division in February. And so I don't have the kind of knowledge for the practices, that have now been widely exposed, as to how they got there and what statutory protection would prevent more of it from happening. But I'm sure that that would be a part of what Governor Corzine will consider and recommend.

ASSEMBLYWOMAN HANDLIN: And your Department would welcome those recommendations?

ASSISTANT COMMISSIONER MacINNES: Well, yes. I mean, I'm trying to say that the Department is in the business of receiving requests and approving them before handing them off to the construction or financing agency -- however that gets organized. And so that in terms of the issues of how contracts get let -- the real contracts, the big ones--

ASSEMBLYWOMAN HANDLIN: And the little ones.

ASSISTANT COMMISSIONER MacINNES: Yes. We play, as far as I can tell, virtually no role in that. That is entirely handled by the construction agency.

ASSEMBLYWOMAN HANDLIN: But again, in terms of -- you're obviously a policy-making agency, and the question I asked was whether your Department would welcome those protections?

ASSISTANT COMMISSIONER MacINNES: Well, we do.

ASSEMBLYWOMAN HANDLIN: Good.

ASSISTANT COMMISSIONER MacINNES: And, in fact, we're going to be incorporating that kind of thing in the regulations this year.

ASSEMBLYWOMAN HANDLIN: Thank you.

SENATOR RICE: Thank you, Gordon, for taking the questions and taking it back. On your way out, just make a note that there's a document circulating, that was put out, that indicates that the new Commissioner of Education indicated there would be at least seven districts audited. So I really need to know about Elizabeth -- what the seven are. So if you can--

ASSISTANT COMMISSIONER MacINNES: Can I just clarify that?

SENATOR RICE: Sure.

ASSISTANT COMMISSIONER MacINNES: There's confusion about this. There are audits that were certified to the Supreme Court, which will take place in all 31 districts. That will be done. There are also audits that have been done as a part of our budget review. And these are not really audits, they are-- We have retained outside accounting firms to assist with the review of some districts, and that's what the seven, I think, refers to. That was never intended to be the response to the certification to the Supreme Court.

SENATOR RICE: All right, no problem. Just work Elizabeth into the other four, okay? (laughter)

Coming up, we're going to start the superintendents now. I'm going to have the superintendent of East Orange here, Dr. Clarence Hoover. And we're going to bring up, also with him, the Honorable Mayor Bowser, a rising star in our county and in our party--

SENATOR LESNIAK: Who's a star already.

SENATOR RICE: --and now urban and municipalities and--

SENATOR LESNIAK: A rising star? He is a star. (laughter)

SENATOR RICE: You can always get closer to heaven.

(laughter)

Okay, Doc? Mayor? Mayor, Doc?

MAYOR ROBERT BOWSER: Good morning--

SENATOR RICE: Good morning.

MAYOR BOWSER: --Mr. Chairman, and to the Committee.

First let me say, Mayor Palmer of Trenton, who is the President of the U.S. Conference of Mayors, was unable to attend today because he had to go to Washington. And Dr. Hoover will give you a lot of the statistics that I think you're concerned about, particularly related to East Orange.

I just have a couple of remarks, because I don't like what I hear, here this morning. And I say that because education is not a Republican or a Democratic issue. It is not a rule, or an urban or suburban issue. It's about educating our children. Johnnie Cochran said, "We need to reemphasize the need for proper education because education is power. Not power to dominate others, but power to determine our own destinies." And certainly our children need to have that opportunity.

We have approximately 12,500 children in the East Orange School District. And I have long been an advocate saying that there is no direct correlation between how much dollars you spend and what you get from student performance. That seems to apply especially in the Abbott districts, where there are more outside costs that you would never see in a suburban district. There are added costs for school security, food programs, health programs, more special ed students, student counseling, busing, and unions. There are higher maintenance costs, and on and on. And then if

you throw in the most recent thing applying to gang prevention, you have added costs.

Like churches, the schools need to be the center of our community. But I find something very strange. A court decision was made a while back, and I'm not talking about education, but it was a court decision related to Mt. Laurel. That decision was based on economic discrimination and it was an attempt to arrive at a fair decision. But out of all of that, over a period of time, things happened. Now we have COAH rules that were never part of that decision or direction, and has been changed four times. We now have regional contribution agreements, where we have suburban towns selling their obligation for affordable housing, and the intent of the court decision has been lost in political rhetoric founded on racism, not economics. That's a real problem.

I also find that the court's decision on Abbott -- like my mayor-boss says over here -- is based on thorough and efficient education. And basically, that is for equal and fair education opportunity for the disadvantaged in areas around the State. That's how we got the Abbott district funding. But lo and behold, we have the same thing happening. And what I'm afraid I see is, Abbott district funding is now the next political target when we talk about property tax reform. All the discussions about property tax reform, whatever that is and whatever shape that it takes, will focus on education funding. But the bull's-eye is going to be centered on Abbott district funding.

Let me just tell the Committee this. Before I was married, I had another life. I worked as a civil engineer in my own business for a long time. I also worked for the Newark school system for about two years, two-

and-a-half years before the State took over that district. Then I worked for four years after the State was there.

Senator Rice, you're not even close to the amount of money that was messed up. The first year that the State took over, the funding for Newark was doubled. It went from something like \$580 million to almost a billion dollars in one year. And what I saw, just as one aside -- you talk about management and accountability -- I saw five Union electricians putting in four electrical outlets for two days. That's only one thing that I saw. But isn't it ironic that four of the districts that we talk about in Abbott are run by the State? That's a real problem.

Now, the problem with pointing fingers, that I see here this morning, is that if you point a finger, then three fingers are pointing back at you. So there's some responsibility that falls, and I believe that's where this Committee is going -- is that you have to make sure that you get the best bang for the buck. But then I get mixed signals.

In our school district, for instance, here's a letter that came from the State Department of Education. And it said that the State Department of Education would approve up to 5 percent for salary increases in the Abbott districts. Well, lo and behold, you know the unions jump right on top of that. And certainly, Irvington went up 5 percent and East Orange was next. And of course, they had Irvington to look at. So salaries went up 5 percent, and not just for one year, but for four years. I put some of the blame on the board, because they didn't do some of the things they're supposed to do. Just like this young lady was talking about, they have overcrowding in their classes. That's the responsibility of the school board to make sure they don't have overcrowding in the classes.

That's what they do. Don't look to the Board of Education to solve that problem. Here in Trenton, you have to make the appeal. Stop blaming everybody else for everything. You've got to do something.

Now we're talking about flat funding. And like I said, Dr. Hoover will talk about that, because it certainly has hurt us. And that's why I'm here. I don't come to Trenton too many times to ask for a lot of things. But what you're talking about affects my children and my school district. We are first in the whole country right now, in East Orange -- first in the sense that -- cities between 50,000 and 100,000 people -- we have the highest percentage of people of color, which means minorities are in our city, and we're number one in a lot of things -- bad health, low income. And we need all the help that we can get in order to compete.

Now, when the courts ruled about making sure that the physical facilities in the disadvantaged school districts had to be upgraded to today's standards, that was years after deliberations in court. Then they took two more years before anything started. And lo and behold, we get the SCC. Having been in the construction business and the engineering business, I hate to tell you some of those stories. But merely again, we're talking about what was the intent of the court.

Lo and behold, \$6.8 billion was allocated as a first phase of construction, because there is no way to do all the buildings that have been talked about, and all the numbers that you want reports about, when you talk about schools who were budgeted for \$200 a square foot, which is ridiculous in this day and age. There was no consideration of any environmental problems, particularly in the urban areas. SCC or somebody hired a real estate company out of Pennsylvania to do the appraisals and

transfers of title -- knew nothing about, I know in North Jersey anyway. Never talked about relocation. So budget figures went out the window.

But in addition to that, there was never any intent by the court that any of the money to be placed for the construction of these facilities would be shared, by the rule, in suburban areas, which 40 percent of that goes to each one of the buildings that they do. So you spent -- you heard Mr. MacInnes say it earlier -- \$2.6 billion has been totally allocated out of the first appropriation. Something is really wrong here. I just find -- it's hard for me to realize that even the Governor had to go sit in the court to make his point that we need to have flat funding. Flat funding -- what it does is -- and with the schedules with the Schools Construction Corporation, we have delays that have hurt scheduling, that have hurt classes. We've had increased costs for busing because we rent space in Maplewood, because the buildings were not getting ready, so we had to move them over to another area. We pay rental fees. But all of this is impact on, because of overcrowding in schools.

And the longer the delays, like Assemblyman Stanley said, the longer they go, the more it's going to cost. I don't care about the war in Iraq -- any construction project, whether Iraq was going on or not, is going to go up, as long as you don't keep working on the job. So we need adequate funding. We need adequate facilities. We need the equal opportunity for our kids to be able to learn and get educated, so they can contribute to our society. I had a task force for youth and gang and gun violence, for the League of Municipalities. There's no way to tell you what it means to keep our kids -- have them educated so they can make the proper choices. This system needs to be fixed, and I applaud your efforts to

root out all of those things that are necessary to straighten this whole mess out.

But certainly, I know, the East Orange school district cannot afford another year of flat funding. Maybe the audits will find certain things in districts which maybe are misappropriations or maybe there is mismanagement. But that's not why I'm here. I'm just here to say that, because our children need every opportunity -- they truly are our future -- if this stuff continues to go the way it is, it's like a ripple effect. It effects everything within our society. We stand to lose. We, the people, stand to lose, and this is why you are serving -- to try to correct this problem. Let's be a little bit more thoughtful and get a plan that works over a period of time. You are not going to fix this, just like you couldn't fix the budget the other week. It takes time in order to make this work.

Thank you for the opportunity to be heard this morning.
(applause)

SENATOR RICE: Thank you, Mayor.

Let me just say that we have a little bit more time to fix this than a new governor had to fix the budget, but we got through the budget. We still didn't fix it, but we'll concur with your remarks, and I think they were very important.

Doctor, do you want to give us more of the academic side there?

C L A R E N C E C. H O O V E R, Ed.D.: It's still morning -- good morning. (laughter)

SENATOR RICE: Good morning.

DR. HOOVER: I have been appointed Superintendent of East Orange Public Schools, July 1. So I've been on the job 19 days. Before that, I was Superintendent of Schools in Vineland, New Jersey, for five years. Flat funding in Vineland and in East Orange is problematic. It's problematic clearly because all the costs are rising.

East Orange is approximately 3.9 square miles, but we have schools of choice. Schools of choice require busing. Vineland is 69 square miles, had no schools of choice, but needed to bus. Fuel costs go up. Energy costs have gone up. Contractual obligations have gone up.

We had, in East Orange, my first board meeting -- July 5 -- parent coming to the podium speaking about something very essential -- Summer School -- and asking the question, why cannot there be Summer School in every elementary school? We had to cut back, in the budget, Summer School opportunities for our children and say, "You need to go to a school in a catchments area that you can walk to." Well, if you are 7-, 8-, 9-, 10-years-old, walking 8, 9, 10 blocks, it's not something your parents want you to do. And so a lot of our students did not go to Summer School. I have not said this publicly yet, but we're going to have Summer School, come hell or high water, in every elementary school next year. How are we going to do it, I don't know, but we can't do it with flat funding. (applause)

The next piece that you need to know-- We have taken money-- The State allows Abbott districts to keep 2 percent of their moneys in contingencies for things that might come up -- a roof, or boiler, or something. In our ability to meet the flat funding mandate, we have taken our 2 percent, which is approximately \$3.9 million, and given it up

for this year. So if something happens, dramatic, in East Orange, I have no dollars to fix it.

If, for example, the State aid payments come late, I have no way to get money to pay my salaries that come on the 15th and 30th of every month -- if something were to happen to State aid not coming through. You need to know that we have, in this flat funding process, some model programs that we thought were benefiting our students. We have a violence prevention/intervention program that goes around to schools and interacts with our students and staff to try and reduce violence, because in our urban area that is an issue. We have cut travel and professional development opportunities.

Now, in industry--

ASSEMBLYMAN STANLEY: I'm sorry, sir. I just want clarification. You said you have the violence prevention program and, now -- you had it last year, but you're not going to be able to have it this year?

DR. HOOVER: Correct.

We have school resource officers. We had to cut some of those. We've done a number of things to get down. We had an \$18 million problem in East Orange. We've done a number of things to get down to that \$18 million. We have looked at -- and this is something that we needed to look at; because I'm the first to say that, in my 19 days there -- overtime. I've now signed off on every purchase order and on overtime. And so we're going to cut back on overtime. I think that we need to do a better job, because we need to be as judicious as possible with the public's dollars. But there are some things that require overtime that we have to come up with those dollars.

We have delayed hiring some new staff. We needed supervisory staff to help in science. One of the things that's tested now, obviously, is science, and we don't have a supervisor of science. In the budget was going to be a supervisor of science; that position is on hold now. We have two math supervisors who are doing double duty, doing some other things with science. We have one language arts supervisor, and we need two. We have 12,500 students who need a quality education. Part of that comes from professional development. Who gives that? Well, supervisory staff who ought to be experts in their content area need to go in and demo lessons and work with teachers on a consistent basis. We've had to cut back on those opportunities. I have said, in my first couple days there, there'd be very little travel -- for me as a superintendent and for the rest of the staff. We're going to do it on our own if we can. Flat funding inhibits us.

When I asked staff about programs-- We had a student hotline program that, if you had an educational problem, you could call us up between 5:00 and 8:00 and we would help you walk through some answers. Gone. We're looking at some of the sports programs, to be quite frank, because I cannot support-- We need to have cuts across the board. So if, in fact, we're going to cut academic programs and after-school programs, which we're doing for this school year, we need to look at some other things also. That's problematic for us.

The last thing I want to say -- well, not the last thing, next to the last thing -- we have cut our advertisement budget. We need to compete to get quality teachers in East Orange. But we've cut the

advertisement budget as a way to make this \$18 million up. And so we will not be able to solicit as many advertisements as possible.

The safety net programs we put in place to help kids to make sure that they're going to be able to get the tutoring they need, the support they need, have been cut. We have more time on task in East Orange, and that meant that we thought students needed more than 180 days and more than 6.5 hours. And so time on task opportunities were provided for a group of students to give them extra time on Saturdays, extra time after school. Well, that's been cut in this budget as a result of flat funding.

The comment was made earlier about additional revenues coming into the district, and I think Senator Rice asked about that. And the comment was talked about special education, and Medicaid, and Medicare. Currently, school districts -- and this started, I guess, in 1992, '93 -- in New Jersey were given 15 cents on every dollar that we secured -- 15 cents on every dollar. The Commissioner, several weeks ago, said it was going to go up to 35 cents. But I want to tell you, whether it's 15 cents or 35 cents on the dollar, I'll lose money, because my staff's time to get those dollars outweighs the money I get back. So my staff -- we're losing money in East Orange.

The last thing -- the Mayor suggested to you that we have students who are in a different district, going to school. It is my understanding, and I wasn't there, but it's my understanding that SCC came into the district last year and said to East Orange officials that "We're going to fix up Garvin Elementary School. And while we're doing that, we're going to have some swing space for you and move your students to a different building." And in one case some of the students are in

Maplewood, which is right next door. This was last year. I met with SCC in my second week there to find out why no work had been started on Garvin Elementary School in a year. Students have been out of the building, parents are upset, teachers are upset. My first letter that I got was about Garvin -- when I walked in on July 1. And up until Monday of this week, there has been no movement on Garvin. That's crazy. The kids could have still been in Garvin last academic year. It didn't have to be the way it is.

Part of it is, I think, that there are -- there's distrust about school districts. But I want to tell you that there's 615 or so in New Jersey, and the majority of them are doing their damndest. You look at a few bad eggs and cast a lot on all of us. That is not fair. My integrity is very important to me, and I welcome an audit. I've just been at East Orange 19 days, and I welcome an audit in East Orange. I was in Vineland for five years. I welcomed an audit in Vineland. You can come in and look at our books. And if we've done something wrong, or we made some mistakes, we will correct them. We want critical friends to help us -- to help us, not throw stones at us.

Last, we've cut a number of things to get down to \$18 million. The most critical is using our surplus that we don't have. So next year's budget, we cannot come up with \$3.9 million in surplus, because we don't have it. This is a one-shot deal. I am very cautious about having that 3.9 in the budget reductions, because I'm not sure, if there's an emergency, how we're going to handle that. But prayer and working with the city is going to help somewhat, I believe.

Let me stop there and answer any questions you might have about East Orange for 19 days, or Vineland for five years.

SENATOR RICE: Doc, thank-- Certainly your experience is important to the process, primarily because, in Vineland and East Orange, there are some differences there and there are some similarities.

I am concerned about the 2 percent, because what may happen is, God forbid if there's a problem, you have nothing to work with. Then you're going to have colleagues of mine -- you'll have the administration saying, as the administrator you made a bad decision. It would have been the right decision to help kids and take your chances, because they lose either way. If you can't provide what they need, they lose. If you provide, they gain, but someone else gets hurts in the process. So it's decision-making time.

Let me also say that I don't attend school board meetings, statewide organizations -- locally I do. It's because my new colleagues on the legislative side-- You understand, when I first came and tried to get playgrounds opened back up, and other kinds of things that I knew may have helped us prevent some of the problems we're having today with the young people, everyone fought me in the academic arena. And when I raised the question to the school board people, the lady in charge at the time said, "We don't want playgrounds and after-school facilities open after school in Lavallette, New Jersey, because we have all these other things." Let me assure you that if I was to -- if people were honest with themselves, the majority of my 120 colleagues -- the majority, I didn't say all of them, because somebody might get offended -- have all these other things. And so they don't understand the need for us to have some things too. We

don't go to the beach. We can't get to the beach. And so we don't have the kind of family relations where we can spend time reading a book to the kid at the beach. We've got to read that book to the kid after school, because the parents can't read it, in many cases, at the level that they're at.

And so when I look at this, I get very much concerned, because it comes to a dollar and cents thing in one sense. But from a real cost-benefit analysis, I think most of my colleagues, given their academic backgrounds, are smart enough, even when they may not tell us sometimes, to know, from a cost-benefit analysis, it does make more sense to spend the money, long term. The problem is, we have biases down here. I can say that -- I've been here 20 years. We have some people who lack knowledge of our needs. We know more about theirs than they know about ours, because we go everywhere. And in some cases, you may have even a little racism. But more beyond that, you have the burden of the middle-class working people and a low-wage working people who are trying to pay for everything, who do want more for us, but the problem is they're being stretched out to their limits. And what if some of my colleagues get elected? Even though they may understand and we may think they don't, to get elected they have to go back and say those kinds of things people want to hear, or say the kinds of things they know are true, such as people being stretched out. I'm not sure how to get around all of this. But I know to get around it is not to target urban America in some of our rim districts as just bad people, bad management. It's to acknowledge their problems and let's correct where the problems are -- you're going to save dollars.

But at the same time, if we look at those non-urban and rim suburban districts, that everything seems to be peaches and cream. I know

that they are not. You're going to save some dollars there, too, that can go back into the budget. And so we do have a lot of work to do, and your information becomes important.

Let me say this, and anyone who wants to raise questions can. We'll go with the supers. You really need to make sure that, as you move along with school construction -- and I've said this to all the superintendents here -- we don't have a magic wand up here, but we are concerned. But as Co-Chair, I can say this to you: If there's a problem in the district or you're not getting answers, I want to know. Because the Department will tell you, I will pick the phone up and I will send a letter. But I will pick the phone up and somebody is going to tell me something. They can tell me something that you don't want to hear; they can tell me what you want to hear. But we want to know. Because I get concerned when a super tells me that -- I walk into District 19, no movement on Garvin School. And this is embarrassing, because it's not my district but I live right next door. I can walk one block into your city. We need communication with this Committee -- the Joint Committee. For those who understand, this is an oversight committee. So we need to know. I don't care what you said to the Commissioner, to SCC; I don't even care what you said to the Governor. What you said to them, we want to know. Even if we don't respond back to you, let us know so we can share the information, because somebody here is concerned. And that becomes important.

And with that, are there any comments or questions to the speakers from the Committee members?

Assemblyman.

ASSEMBLYMAN STANLEY: Yes, Senator.

I know we want to try to get through folks as quick as possible, because we've held the superintendents for a while. But just a specific question regarding East Orange. We saw some pictures of some very, very shoddy workmanship in the district. There were some pipes that were -- it looked like pipes to nowhere in the middle of the facility. I'm not exactly sure where they -- are you familiar with that, Mayor? Or maybe the new superintendent might be familiar with that? I just wanted to know if they had addressed those issues at all. Mayor, are you aware of that?

MAYOR BOWSER: Yes. You're referring to Campus 9--

ASSEMBLYMAN STANLEY: Yes.

MAYOR BOWSER: --which used to be Clifford Scott High School. After many, many fights, I believe it was taken care of. A lot of it had to do with the cafeteria area. And there was initial assessment of the work that had to be done, that wasn't done properly. So when the school got ready to open, all of a sudden things were not approved or acceptable for use. It took a little while to get it done -- something like six or eight months, but it was done, yes.

ASSEMBLYMAN STANLEY: Thank you.

Senator, would you like to go onto the next superintendent?

SENATOR RICE: Yes, okay.

ASSEMBLYMAN STANLEY: Thank you very much.

Richard Kaplan, from New Brunswick.

R I C H A R D K A P L A N: Let me be the first one to say good afternoon.

SENATOR RICE: Good afternoon, Richard.

MR. KAPLAN: This is my second time here before this Committee. I think we met once in October. I didn't get a chance to present, but you did, in fact, receive my paper and was kind enough to print it. I thank you for this opportunity.

I just want to share a quick background story and answer some of the questions from the legislators. I am currently the Superintendent in New Brunswick, New Jersey. I bring a different perspective than some of my colleagues. I'm a new, three-year superintendent of an Abbott district. I've served in suburbia, and I'm proud to say I served as former Assistant Commissioner during Governor Kean's administration, with Saul Cooperman. One of my accomplishments during that time will answer, I think, Assemblyman O'Toole's question and perhaps Senator Rice's question, and that is on accountability. Let me make it real clear -- it's easy. Here are the five areas. It's tested in court. It works. I'm not talking about implementation, but I'm talking in investigations and how it works.

Here are the five areas: Governance: How does a school board govern? Two, management: How do the superintendents and the supervisors in the district manage the school system? Three, what are the facilities of the school system? What are the conditions of the school system? What has the school system and the board of education done to make facilities attractive, to make them educationally conducive to learning? When I went to Camden in my first review, the Broadway School, in 1986, smelled from human feces. And I walked in the building and you smell it immediately. And here's what I said to the principal: "What is that smell? Where is it coming from? How long has it been there, and what have you done to communicate it with central office?" He

dragged me downstairs, showed me the open sewer pipe in a school building -- 1896. He walked me to his office and pulled out two file cabinets of memos. I picked up the phone. I called the county superintendent, and I told him to get his butt to that school. I then picked up the phone and called the Commissioner and said, "Here are the conditions, Commissioner; I recommend you close that school now until it is repaired."

Now, the big misnomer about Camden is they're poor. In 1986, they had a \$13 million surplus. I called-- The Commissioner said, "Kaplan, do it," because kids are in an unsafe and unhealthy environment. I called the then-superintendent to the building, along with his business administrator, and by the power vested in me at that time in the State of New Jersey, we closed that school. In eight hours, they brought in enough people to fix that problem, and opened the next day on a delayed opening.

Now, I said to them at the time, and I will say to you today, somewhere between six years and eight hours is probably the right amount of time for people to fix an unhealthy situation affecting children. (applause)

The fifth thing is curriculum: What's going on in the classroom? Those are the five things: Governance, management, finance, facilities, and curriculum. It must work, because it took over three major school systems in the State of New Jersey. I spent the longest time of any witness on a OL stand -- two solid months -- testifying. Now I'm not talking about the implementation after we left, but I am talking about what went on and how you can do accountability.

I agree with the Mayor of East Orange. I've been a career educator in New Jersey for 35 years. I started as a special ed teacher in

Perth Amboy, and then went on to Bayonne, and then became director of special ed in Long Branch. They all sound urban to me.

I then worked in New Providence -- sounds suburban to me; Madison -- sounds suburban to me. The Mayor is right -- kids are kids, problems are problems. Here's the problem. Let me define flat funding for you: Abbott flat funding is no increase in dollars -- none -- flat, zero. That's not what everybody else gets. That is not flat funding in suburbia, where I've been a superintendent in Boonton, in Morris County; Eatontown, in Monmouth County. Here's what flat funding is in an Abbott district: no money. Do it the same the next year that you did it the year before. Flat funding in suburban districts means you're not going to get any more aid, but go ahead and raise your tax levy. Here's what comes back to you: those three fingers that the Mayor talked about. It's in your hands. Not in the superintendents' of New Jersey, not in the boards' of education, and certainly not in the taxpayers'. It's in your hands.

And here's why it's in your hands: It's in your hands because you create the laws. You create statutes, along with the Executive Branch, who writes the code. And I've said this to your current Attorney General; and then acting, and now Commissioner: We're all going to be held flat. New Brunswick was one of the first five districts to go flat. We raised \$1.6 million of municipal aid. My mayor, Jim Cahill, has the understanding and capacity to know that there has to be some input from the local taxpayer. It can't go on forever being 100 percent funding scenario. We're reasonable people.

On the other hand -- on the other hand -- you cannot expect a discussion, a real discussion, a real problem solving to be a finger-pointing

event. Because all you're doing is, you are separating out the haves from the have-nots. And you also -- you -- are also creating the problem. And the problem is not the 589 operating districts out of 612. Five hundred and eighty-nine superintendents did not create the financial hardship.

Now, I spent a career of eight years in the Department of Education monitoring school districts. And let me tell you, some of them who aren't Abbotts were doing equally as harmful things as Abbotts.

Number two, let me tell you this: The one thing Commissioner Cooperman and Governor Kean wanted to accomplish was something that couldn't be done, which this Legislature, under Governor McGreevey, did -- and that is, decide to take care of the school infrastructure and build schools. That's a noble experiment. It's needed in New Jersey. We're not a new state. We've been here a long time. And schools in a lot of our major cities are old. They are over 100 years old. And no matter what we do, they're not going to get younger. (applause) And so, what has to happen here, and what did happen is, that because of the legislative courage, we invested \$8.9 billion.

And I heard Assemblyman O'Toole, before, talk about people going to jail, and this, that, and the other thing. He must know more than I do, or what's been reported by the press, but I didn't see anybody indicted. I didn't see any investigation. I didn't see anything. I have never seen an administration just walk from it. But it has. And I'm not here politically. I'm just wondering why the schools in New Jersey and, in eventuality, the taxpayers in New Jersey, are the target for the problem you have oversight to do. And it's time you address the real issues. And the problem's going to

be for you -- and you know it -- is that once you get into the issue, anything you do is going to go right back to property tax.

Now, I served on Whitman's Property Tax Commission. There were 58 recommendations. Like it or not, 55 of the 58 were implemented -- good, bad, or indifferent. We've had takeovers of State schools. We were the first in the nation to realize that we had a problem. That isn't the problem. The problem is one administration comes in, one administration comes out, one administration-- And you know what, we don't have an institutional memory. We spend time reinventing the wheel.

Do we want to talk about consolidation? I'll give you the answer. In 1984, we offered an incentive to consolidate school districts. Two communities -- Chatham Borough, Chatham Township -- agreed to do it. There's going to be a winner and there's going to be a loser in the tax base. So unless you fix property tax reform and how we fund schools, you're always going to have it. It was about a \$700,000 to a million dollar hit, which was determined to be paid in three payments over three years. Two of the three years, they were paid. They consolidated. They'd save money. They used each others facilities. There was one less superintendent, one less BA. And in the third year, the administration changed and Governor Florio redlined the payment.

So it isn't the politics of it, it's there are answers. There have been proven ways. We need to go back and look -- what did we do, how did it work? We need to bipartisanly decide how we're going to resolve New Jersey's issues and fix it, because it can be fixed.

In New Brunswick -- you asked about budget. How did I get to a flat funding? I asked for a 4.04 percent. My actual operational costs, in

contract alone, in the second year of the contract, was over 6 percent. My heat and light bills go up as much as anybody else's. But I read the tea leaves better than maybe some of my colleagues. And I didn't decide to go to the Supreme Court -- maybe because I know three of the justices. But I decided there was no way I was going to go in there. So I cut over 75 positions -- I transferred, I used attrition. And the Department was "nice enough" -- and I use this nice enough term in quotes -- to allow us to use carryover dollars, which they normally would debit from the State aid. So if you get 92 million, but they spoon-feed you and don't give you your NCLB money until June-- They created, in my case, \$3.6 million extra because they made me pay it; and stringing me out to get it, I could then carry it over and use it. So between a combination of carryover, attrition, and cuts, I could get through this year.

Now, let me talk to you about a 2 percent misnomer here -- and I'm sure another superintendent is going to talk about it. That 2 percent is not a requirement. That 2 percent is the max. So people who think they have to have the 2 percent surplus will find out that, when they need the money, the Department is going to tell them, "Oh, that's only a maximum."

Now, in terms of building construction, I too, like East Orange, have a program. We gutted the community of the Paul Robeson School to move into the same scenario -- a swing space. That building hasn't been touched in a year -- displaced an entire community of 600 children, moved them across town in a bus. Which, by the way, let me tell you that we were supposed to get \$4 million from the State to fund these transition activities, but then they changed the code in the last minute and put in the words *only for permanent facilities*. So unbudgeted, I got stuck with all the costs last year

to transport and to fit the swing space facility for computers. It cost us \$3 million of unbudgeted funds, going into that year, by taking it out of other programs that we did without.

Now here's the story: They paid \$2 million a year in rent. We have warehouse-style schools. We moved two full schools, the Redshaw School and this Robeson School, over to these swing-space facilities.

Transportation costs -- here's a real number. Last year it was \$140 a day, per route. This year, the vendors came in at 280 per day. And I rejected three bids. And I got them down to about 234 a day. And I've been advised by everyone, including my attorney, take it, because look at the gas prices. That's going to cost us an additional \$750,000, to transport kids who could have stayed in their own school, because nothing has happened. So I said, I want to move them back, but I don't want to spend the 50,000, between the professional movers -- because I can't use my custodians any more -- they have no backs left to move boxes, to pack boxes, to schlep boxes, to move furniture. So I said to the SCC, "Hey, it's sitting over there. I'm getting new furniture in the new building. Why don't we buy me the furniture now, and I'll put it in there and I'll be responsible for storage so I don't have to move all this stuff." And they thought that was a great idea; except after we picked the colors and the furniture that we were allotted, they backed out of the deal.

Here's why they backed out of the deal: I said, "Hey, listen, I want to make sure I stay on this list. I need a letter that, just because I'm rehabilitating the building, it doesn't disappear." That's when they got very squeamish and decided, "No, we can't do this." So while we heard from Assistant Commissioner MacInnes today-- And frankly, we're all going to

be meeting with Scott Weiner tomorrow -- that's why you moved your meeting to accommodate him. For us, here's the story: I don't think the money's there. Where's the money? Remember that commercial, "Where's the beef?" Where's the money? (laughter) (applause) Everything's been booked, but where is it?

Now, I'm going to tell you another story. The other school, Redshaw School, was supposed to be knocked down by now. The ground was supposed to be leveled. That was the other school we vacated. We waited and we waited and we waited, seven months. We yelled and screamed. I danced around. I did my tap dance. I called all my political friends, as you suggested, Senator, and you know what? Nothing happened. So here's the deal: They finally said, "Well, it's in DCA." Here's the game that's going on. And I'll give you the letters to prove it. The Department of Education's Facility Division was told by someone to sit on an approval letter, before it goes out to me, so DCA could take it. How do I know that? I'll tell you how I know. Because they were smart enough, or whatever, to send out the original letter that was dated six months prior. And when I called them and said, why does this have a date on here -- six months -- and I'm just receiving it? I was told -- they were told to sit on it, because they weren't prepared.

Now it goes into DCA, and DCA sits on it. It doesn't happen. Now, why is all that? I don't know. This is my conjecture, but why isn't it happening? If the money is booked, the project is there, what's the problem? So I find out, on Redshaw, the problem is it's a \$22 million project. They had a \$100,000 change order put in for additional asbestos removal. Hell, the building was built in early 1900. I guess they had

asbestos in those days, but I'm not a professional, so I don't know that. And so they sat on the change order decision for three months. Now, I have friends who are in construction and in economics. Right now, construction is running between one and two points per month. So this \$100,000 big decision, on a \$22 million project, probably cost the State another 600,000 until they got off their duff, and now the school's first being torn down. But it was held up this week, do you know why? I'll tell you why. Because they had to get a permit to knock it down, and they only had one permit to knock the back down. They needed three more permits to get the rest of it knocked down. This is absurd.

The inmates are running the asylum, and somebody up there and somebody in the administration needs to be accountable, because here's the bottom line. They're still paying \$2 million a year for warehouses, plus I'm stuck with all the up-charges of busing kids and doing other things that I shouldn't have to be doing, because we should be still squatting in our other building. And I should not have to uproot the community and deny the services.

So there are some real solutions. Here's the bottomline solution for New Brunswick -- it may not work everywhere, but it works in New Brunswick. New Brunswick has something called Devco. They put it together years ago. It builds and restores the community. We built, prior to my being the superintendent of New Brunswick, a new school -- the Lord Stirling School. It came in on time, under budget. We worked that out after a year of debating with SCC to do our high school. It's moving forward. There are communities that have a structure in place, a proven

record. They ought to be released to do that. You need to change the legislation.

While the Governor is getting Gordon's report and everybody is going to read it, I'm going to tell you this: This is one time you cannot look at the LEAs. You can't look at the urbans, you can't look at the suburbans, and you cannot look at the rurals and blame them. We're all blaming you, because you're the ones that had it, and what did you do with it? Screwed it up. So now, you're going to have to learn to trust some folks out here with proven records that have the capability to do this. And I recommend you change the legislation to let that happen in New Brunswick.

Thank you. (applause)

SENATOR RICE: Thank you very much.

Sure, there are several of us who have been involved in this process from day one who don't disagree with you at all in terms of even the system we had in place -- what should be done locally, what's not, what couldn't be done -- but it was more of the politics of the governor and other people. Keep in mind, the Legislature, whether people like to hear this or not-- It's not an indictment of anybody. I've been here a long time. I don't have the kind of relationships some people have with some of these folks doing this work, some of these people who are not doing the work, who played golf, etc. So a lot of stuff gets out there. But we said from day one, Ray Lindgren and others, when Michael Steele was in Irvington, that our architects can do these things, and get accountability by doing this. You guys draw the money down, that I have locally, but move the process with people's knowledge. We knew, at that time, we could assemble that a lot quicker than bringing someone in from wherever -- Pennsylvania or

someplace, that didn't know anything about the location, trying to find out how to assemble land, etc. So I don't want all my colleagues painted with this brush. It still takes 21 votes on our side, 41 in the other. In the Abbotts, someone's arguing the case. I think what's happening now is that we started with nothing, and as we move through the process, nobody listened. I think, because we have moved through the process and had such a terrible experience to date, that mainly there are some folks in the administration that have started to listen. There are colleagues on the legislative side who are starting to listen, and pay attention, and think. Now, we don't know what our collective wisdom is going to bring about in the next few weeks, but my feeling is what it brings about is going to be better than how we started. Because now, a lot of the knowledge and experience from where we started -- and as some of us said, we told you so. And that's where we are.

Assemblyman O'Toole has some questions for you.

ASSEMBLYMAN O'TOOLE: Thank you, Chair.

I agree with the last statement you said, about those school districts that have done well should be rewarded. I've long said that. And whether it's Abbott or non-Abbott, those who have done well should absolutely be allowed to continue their level of success. Whatever happened to you when you point one finger, three fingers go back -- but that's another day. But you asked me about the criminality aspect. I'll point you to two reports. I'll be more than happy to give you a chapter and verse, if you want to leave your card.

When the State Inspector General, Mary Jane Cooper, went in, at the direction of then-Acting Governor Codey, and was asked to look at

the Schools Construction Corporation, it was her conclusion, the career prosecutor said, and I quote, "Waste, incompetence, and mismanagement, that they burn through \$8 billion, under five years, getting less than half of their mission." And she talked about -- have you seen that report?

MR. KAPLAN: I remember the quote now, but my bottom line is, so what's happened?

ASSEMBLYMAN O'TOOLE: No, no. My question is, have you seen--

MR. KAPLAN: I saw the press release.

ASSEMBLYMAN O'TOOLE: Why don't I send you the report, because you said to me-- You said, Assemblyman O'Toole said that there's -- well, people actually went to jail. Let me tell you, in February of 2006, a Paterson school official admitted to a Federal judge he took \$47,000 in cash for a payoff that he received from companies that failed to complete \$8 million, in Newark. It was a day-care center -- owners indicted for stealing \$200,000 to pay for Jaguars, and places in Chicago and places in Hyannisport. There are a chapter and verse of folks who have, literally, just criminally stolen money. If you haven't heard about it, I'll be more than happy to give you a copy of the report, because you said--

MR. KAPLAN: I'd like to see it.

ASSEMBLYMAN O'TOOLE: And let me just finish, and then you can jump in.

MR. KAPLAN: Go ahead.

ASSEMBLYMAN O'TOOLE: Let's make no mistake about it: these questions, they demand to be asked. Where did the money go, whether it's Abbott or non-Abbott? And if the kids are being cheated in

Abbot or -- do we have to ask these questions? If people want to say it's racism, I say they are racists for saying we cannot ask those questions. Those questions have to be asked, period. And if those areas, like in New Brunswick -- you're telling me they're doing well, and you're now relying upon a concentration of local tax dollars to supplement your flat funding -- maybe that's something we should look at in all the areas. If the new New Brunswick experiment is working, if West New York is working, if Union City is working, let's use those as models and say, reward those schools. But those that are not working, we have to do something different.

MR. KAPLAN: I really would like to see that full report, because here's my--

ASSEMBLYMAN O'TOOLE: Give your card, I'll forward it.

MR. KAPLAN: I will.

Here's my understanding, and here's my experience. Local boards of education and administrations of the school districts, superintendents or whomever, have no say and touch no dollars as is related to SCC projects. We don't get a nickel to do anything. Here's what goes on: When the work gets pushed up to finally select an architect, we have one vote on a panel of four. The other three is SCC. One vote -- one vote -- three others from SCC. When the money is approved, we don't get a check like the non-Abbotts do when they put their 60 percent up for their 40 percent. No dollars come to us in the school district to administer any SCC project, zero. On the other hand, on the preschools -- I know something about that, because I've been a superintendent two years in New Brunswick -- I closed three of those preschools in New Brunswick. And the reason I closed them is because, they ran nice programs, but they didn't

meet the fiscal requirements. And I'll bet you my colleagues do the same thing.

There are two standards in preschool education -- one is that they provide a quality program; and two, the contract with the State Department of Education -- that they design it, we just take and rubber-stamp -- has to be met. And as the former Compliance Director, you can bet, New Brunswick, that we comply. I think there is some mixing here of what is and what isn't. And I think there's got to be a focus.

I always look to my legislators -- and you're all my legislators -- for statesmanship, for understanding the leadership that needs to be done. And I know a lot of you do. I just don't want to see this turned into, as a career educator and as a citizen of New Jersey for the last 57 years, I don't want to see this turned into 1960 all over again. I don't want to live through all that. Here's the problem: It's the haves and the have-nots.

I lead the charge to say dollars don't equate to anything. I agree with what the Mayor and some of you have, undoubtedly, said to me privately over the years. The bottom line is not how much money you put into it, it's what you get out. It's the leadership, it's the governance, it's how you do it. But don't think less of the Abbotts because you're being squeezed, because of the financial issues. That's just a smoke screen. The reality is the tough issues. And lots of smart people -- before you, during you, and long after you -- are going to have a hard time to decide what the right funding formula for New Jersey ought to be. It's not an easy task, and there's a lot of tough options here. But they're out there -- that's the reinvent-the-wheel piece of this. It's out there. You have the political courage to do it, that's why you're elected. That's why I'm the

superintendent of New Brunswick -- not that I had to, because I wanted to. Because I was the one who testified and convinced the Commissioner and Governor Kean that these communities were coming apart. They were the worst school systems. There are causative reasons for that. And the Legislature spent months trying to come up with a fair bill, until they finally passed a bill. And we were prudent in making our decisions that they needed to be taken over.

SENATOR RICE: Mr. Kaplan, let me thank you very much. Let me also just indicate to Assemblyman O'Toole and to my colleagues, yes, we need to ask those questions. We should be asking those questions. And a lot of us have been asking questions. And some places we got to ask some, we haven't. But answering the questions still should not be a barrier for us doing what we have to do in terms of the status and accountability. If we think it's not there -- we can't get an answer -- then there's nothing wrong with passing something to make sure it's there. So if we're duplicating the accountability, then we can always pull back. To do nothing, to me, is suicidal or foolish, and we can't wait. And so that's the difference. And to be quite frank about it, I know people don't like to use the word, and at my age I don't like to use it either, but sometimes people don't understand you unless you use vocabulary -- not to offend, in some cases it is racism. Because once we come up with the scenarios, there are still people who say, and they continually use, the word *them*. And when you say "them," to me, coming from the South, it's clear what they mean. And so -- it's not all the cases. And sometimes I think the word *racism* is used as a defense mechanism -- my people, my group, and others -- when we can't seem to get from point *A* to point *B* because of all the barriers. And

so we have to be clear, and I think we're going to have to remove all that language, if we can. But ask the questions.

But I also think that when the administration side is not responding quick enough, particularly with this education piece, then we need to stand them on their heads. We can't be so close to any of our governors, or our parties, that we're not going to do what's right for New Jersey first. Now, I'll say that again: I've been the victim of it by standing up. And if I can do it, then Republicans should be able to do it against your party, other Democrats should be able to do it against our party, and still survive because of the rights of the people. Hopefully, I might (indiscernible) them next year, but I've been there twice. Okay?

Okay, a couple of questions here.

Then we're going to move next to -- the next speaker is Dr. David Mooij. Okay? Then we may bring a couple up at a time.

ASSEMBLYWOMAN BECK: Thank you.

And Mr. Kaplan, I certainly appreciate your comments. I certainly admire the work that you've done over a course of a long and dedicated career. It was certainly good to hear from you. And I don't disagree. I think that we should be approaching the education issue holistically; and dividing school districts into Abbott and non-Abbott, I think, is not working, as we've heard multiple times -- including from Scott Weiner, who I understand you're meeting with tomorrow, who came before us in our last Committee hearing and said, "Here's some of the reality of the legacy at SCC that all of us -- you as legislators, this administration -- came into. There was no plan. There was never a holistic budget for a project. Imagine a project that includes the acquisition of lands and

predevelopment work, design work, and some construction work and, eventually, updating the school. You'd think there would have existed a budget for that project that could be managed. Didn't exist. It's about to exist. And most of our activities have been spent in the past few weeks, months, establishing the basis to get that kind of project-level budgeting done." I only say that because his testimony and that we've heard of others demands that, as a Legislature, we act to correct the problem.

And as I listened to the mayor and superintendent from East Orange, I certainly feel their pain and share their pain. Because in the Borough of Red Bank, where I live, where 70 percent of our public school is Latino, we have 92 percent of our students on free and reduced lunch. For the last five years we've cut our Summer program. We haven't done advertising. We cut our librarians. We don't have bilingual teachers any longer. We consolidated our English class, so we only have one English teacher now for 36 students. We have been doing this for the last five years, not one year. And I think all of that is simply to say -- not to be divisive, but to say we need change.

I was elected only six months ago, so obviously I'm a new member of this body. But I'm very committed to this issue because we can't keep doing what we have been doing.

And maybe, to our Chair's comment, I will tell you that the working families and the working poor of the Borough of Red Bank are not taking their kids to the beach and reading to them, they're working two and three jobs to pay the property taxes that send their kids to school every day. And again, I think this is incumbent that we, as legislators, have got to

make some hard decisions and change the system that we're currently operating in. It's, just simply, not working.

SENATOR RICE: Let me agree with you, Assemblywoman. I know Red Bank, and that's why they need help down there. And that's why we need to do our job here, in terms of school funding, and we have to do more for them. You can't, from my perspective, eliminate bilingual classes with that kind of population. I mean, you can get do it and get through it, but we have to make sure we fund that kind of education, the special needs and everything else. So we're on the same page. That's why I said this Committee -- this is an Abbott Committee, basically, but we try to distinguish between education -- who needs, and who does not need. But we try to stay focused, also, with the court mandate, that sometimes members want to get away from, because the court made the decision. We didn't make it. The court was right in some of their opinions, but we try to stay focused there by also helping other districts that we know need that help.

Okay, Doc.

DAVID A. MOOIJ: Good afternoon. Thanks for the opportunity to present before the Joint Committee.

I'd just like to make a follow-up comment to the presentation by Superintendent Kaplan regarding Pre-K. I do believe the Pre-K issue, as revealed in the *Bergen Record* -- I recall it being the *Bergen Evening Record*, from years in North Jersey -- is an issue that should not be confused with school funding per se, and what may be going on in SCC presently or in the past. It is, in fact, in the legislation, in code, a requirement that Abbott districts work with private providers. It has been the case in Neptune

Township, where we've had sufficient capacity as our projects have been completed, that we've attempted to bring children back into district who were in private providers, and who have been denied that opportunity -- and had to pursue legal recourse in order to reclaim our children, even though we could demonstrate, adequately, that we had better financial standards, higher educational standards, and certainly better facilities.

So I think that's an issue that the Legislature can deal with, in terms of code revision, in order to have those private providers -- or the districts seek back, when they are capable of handling that number of students, to bring them back to the district for a better education.

Our purpose here today is probably different than most of the others that are in the audience this morning. Last October, we were here and made a presentation, and it was somewhere in the neighborhood of 5:45 in the evening when there were two folks left behind the dais, and I was one of three superintendents left. And Senator Rice said to me, "Dave, I really wish that you had had an earlier opportunity to share the successes that are going on in Neptune so there could be some positive put on this process."

So I thank the Senator for allowing me to get on before dinner. (laughter) Our purpose here this afternoon is to thank the Joint Committee and the many other legislators who have labored diligently on behalf of fair and equitable education opportunities for all the children of New Jersey. Specifically, Neptune Township Board of Education, on behalf of the students, parents, staff, and the Township of Neptune community, thanks all responsible for a wonderful, new, and renovated facilities, and for continued, albeit, flat funding for the Fiscal Year 2007.

The title of our October 2005 testimony was “Building for the 21st Century.” We are pleased to be here today for the theme of “Educating in the 21st Century.” As requested in preliminary information received from the Committee Chairs, we will briefly discuss the Neptune Township’s recent facility, budgetary, and educational successes.

Preview: The Neptune Township School district is a moderate-sized Abbott district of about 4,800 students and approximately 600 employees, with one high school, one middle school, five elementary schools, and one early childhood facility. We’d like to share some information concerning Neptune’s cost-per-pupil ranking among the Abbott districts, excerpted from the New Jersey Department of Education’s Comparative Cost Spending Guide, which is published every year. Neptune ranks second in six categories, including cost per student, classroom instruction, support services, support service salary and benefits, salary and benefits for administration, and student/teacher ratio.

Addressing facilities: Since our Fall 2005 testimony before this Joint Legislative Committee, the district has dedicated two elementary schools, one renovated and expanded, the other totally new. This Fall we anticipate dedicating the renovated and expanded high school; and in early 2007, will complete the entire 2000 to 2005 long-range facility plan by opening the Midtown Community Elementary School.

When here last, we spoke of the design/build method of constructing a green and sustainable facility. We advised that the project was on time and it was on budget. And I’m pleased to be here today to report that this school, known as the Summerfield Elementary School, was completed on time and it was completed on budget. The \$21 million

school cost about \$198 per square foot. It was constructed with change orders amounting to no more than 1 percent of the total cost of the project. I'm sad to say that this procedure of design/build was the one and only design/build project in New Jersey under Schools Construction. And we believe that it offers great hope for the future of school construction in New Jersey if the Legislature, along with SCC and the Department of Ed, will carefully investigate its benefits.

Further, we are pleased to report that the school, having only been dedicated May 17, 2006 -- not coincidentally the anniversary of *Brown v. Board of Education* -- was host to the United States Green Building Council's June regional meeting; and just last week, the New Jersey Department of Environmental Protection's Office of Sustainable Communities' July meeting. Both programs detailed the interagency cooperation that yielded a superbly functional, operationally economical, and user-comfortable facility. We would encourage any and all to contact the district or the Schools Construction Corporation for more information on the benefits of building green with a design/build, rather than bid/build, approach.

Now, turning to a perspective on the budget: We are also here to share with the Committee that -- a strategy employed by the district, with the Department of Ed, specifically the Division of Abbott Implementation, regarding budgeting for mandated Abbott items. The district had independently identified requirements that were not meeting the needs of the district in delivery of educational services. Waiver requests were generated by the district and reviewed by the Department. On some we found agreement, on others we determined to be court mandated and,

thus, not alterable. This provided sufficient budgetary latitude to reallocate expenses to help offset the flat funding. The State required the municipality to -- if you will excuse the expression -- *ante up* a local fair share, as it did in some eight other districts in New Jersey. The Board of Education asked the taxpayers, above that, for a little less than a 1 percent increase to the local share requirement. However, that budget was turned down by the local voters. Nevertheless, effort by the district and cooperation with the Department of Education provided the means by which the '06/'07 school year could proceed without cuts, loss of educational program services, or reduction in staffing.

The third perspective is on education: So what does this all yield? What do the taxpayers of New Jersey, the taxpaying residents of the Township of Neptune, or better yet, what do the students of the district get after renovated and new facilities are constructed and budgets are finalized? They get an education that prepares them for the ever-changing world we live in. How do we know that they're reaping a benefit from all that has been financially sown? By the results of the elementary test scores showing strong gains in math and language arts. By the 20 and 30 percentile increases in our kindergarten students that have been through Neptune's Early Childhood program and in use of an effective curriculum called "Tools of the Mind." By the excitement and the enthusiasm generated by the new Small Learning Community concepts in our high school and middle school, about to kick off this Fall. By a strong professional program of training, assessment, and accountability. All these things are at work in the Neptune Township school district.

Further evidence of successes in the Neptune Township district are found from the return of district resident students who for years had attended private and parochial schools in lieu of the public schools. In 1993, nearly 1,000 went to schools outside of the public school district; this Fall that number will be down to around 500 -- in 13 years, a decrease of half. The Township's population hasn't shrunk, or aged out. The educated consumers, our parents, are shopping and recognizing the benefits of a public school education, and understanding the great opportunities being offered in Neptune and many public schools.

Lastly, we are here to encourage and to challenge you, the folks who control the destiny of districts such as Neptune Township to find ways to support public education in a fair and equitable manner, such that funding does not put animity between districts, based on their respective needs, district factor grouping, or funding level. There are a number of ideas that have been bandied about concerning how to accomplish this. Some suggest looking at other states that have already been through this process to determine what works and what doesn't work. Maybe it's time for New Jersey Smart -- not referring to the longitudinally tracking of data, but the suggested income tax method of funding schools. If its touted benefits are verifiable, this may be a big step in the quest to resolve New Jersey's school funding issues.

We know that the dynamic forces undergirding improvement in our schools would not have been possible if not for the risk takers in the Legislature and in the Office of the Governor. We implore you to continue to take risks -- risks that ensure the future of our towns, cities, states, and yes, even our country -- by investing in all New Jersey public schools.

Thank you.

SENATOR RICE: Thank you.

Just a quick question. What's the student population in Neptune?

MR. MOOIJ: It's about 4,800.

SENATOR RICE: Forty-eight hundred?

MR. MOOIJ: Correct.

SENATOR RICE: Okay, thank you.

Any questions, before I bring up the next speakers? (no response)

Thanks again, Doc.

What we're going to do now, I'm going to be bringing up -- to try to expedite things for everybody -- we're going to bring up -- one, two, three, I've got four mikes there. (referring to PA microphone) I guess they all work. Four speakers at one time, okay, and let you make your presentation. And then we can ask questions to anyone that we have it for.

I want to bring up Dr. Lindgren, from Newark. Is he still here, Doc? Ray, come on up.

Dr. Wendy Ruiz -- is it Kunz? I didn't write this --it looks like Ruiz to me, okay? Kunz -- I apologize. That's her fault.

You call it. Mr. Mark--

MS. SCHULZ: Cowell. Mark Cowell, from Pemberton.

Michael Glascoe, from Paterson.

SENATOR RICE: All right.

Okay. Why don't we start with the young lady first, gentlemen.

W E N D Y K U N Z: Thank you.

My name is Wendy Kunz. I'm an architect and educational facilities--

SENATOR RICE: Is your mike on? (referring to PA microphone)

MS. KUNZ: My name is Wendy Kunz. I'm an architect with the Camden City school district.

SENATOR RICE: Try another mike.

R A Y M O N D M. L I N D G R E N, Ed.D.: Is it supposed to be red or green when they speak?

SENATOR RICE: Red.

MS. KUNZ: My name is Wendy Kunz. I'm an architect with the Camden City Board of Education. I'm also a recognized professional educational facility planner. I've been with the district for not quite two years now. I bring greetings from our new interim superintendent, Dr. Leonard Fitts, who assigned me to come and speak to you today. And I welcome this opportunity.

A little bit of background, which most people already know. Camden has been judged the second poorest city of its size in the United States. It has been judged the most dangerous city, for two years running now, in the country. Camden City lacks many of the social and family support network items that most communities have, because the other jurisdictions have been selling off their obligations for low-income housing. Camden is pretty much the city of last resort for most of our residents. Though we have hard-working parents, we have hard-working students, the atmosphere in our city causes the school system -- the time spent in school

for our students -- to be the most stable environment they may experience all day.

I want to focus on several of our concerns, some of which you have heard before; and some are new, as I'm becoming more and more aware of the situation in the State and within the city. First of all, the highest priority for us has to be the Lanning Square Elementary School. You've heard about the closure of the school for safety reasons. They occurred three years ago. It's created overcrowded conditions in two neighboring schools -- Sumner Elementary School and the same Broadway Elementary School that Dr. Kaplan had noted. Broadway had been closed because of health and safety issues. We had to reopen it to house half the students from Lanning Square Elementary.

There's an 18-month delay in the work on Lanning Square -- the design and construction work on Lanning Square. It has not been approved in this latest round of funding. The delay costs -- let's say Mr. MacInnes said that he was unable to put a cost on new construction or the projects to be developed yet. We have an estimate prepared several years ago, when we put a conservative 0.08 percent per month delay onto that estimate. This project has increased by \$4.7 million if it was bid today, because we don't have land acquisition. That has not started. We don't have permits from DCA. We do not have approval from SCC to continue with the project. That price will only go up.

We have Camden High School, which has a number of issues. There is a fire alarm system that was supposed to be designed as a health and safety issue several years ago. The system, right now, in the building is

two separate systems that don't talk to each other and, in fact, one of them is incomplete and not functioning in accordance with local fire codes.

The project was moved from a health and safety issue to the capital plan when Camden High School was scheduled to be totally renovated. Unfortunately, that is now off the books, yet we still have -- the health and safety portion of that project has not been addressed. This has caused us to have a constant fire watch in place, where we dedicate staff to roaming the halls and reporting back that all is clear.

We have the Camden High School façade. This is an historic structure in Camden. It has deficiencies in the masonry walls around the top. We are experiencing pieces of masonry falling off the building in such sizes that they could kill somebody if they hit them. We have fenced off the building -- or the perimeter of the building. Students are allowed to enter in small alleyways created by the fencing. This project also has been delayed. It was once a health and safety issue that was converged to the capital plan. We still have this problem.

We have defective windows that are very large, but yet underdesigned. The windows have to be propped open with books, sticks -- whatever the teachers or students can find. The windows are subject to slamming shut at any point. If a student's arm or neck were out the window, they would be severely injured. If the window slams down from a high enough height, the glass breaks.

These issues at Camden High School need to be corrected. They are all health and safety issues that had been deleted from the SCC's work plan.

The science facilities in our high schools cannot really be called science facilities. We do not have a single science lab that is fully functional. The majority of our labs are very minimal, as far as a teacher demonstration desk, with no student work stations whatsoever. The science teachers have a difficult time at best, and in some cases cannot meet the core curriculum standards for science instruction in the State of New Jersey because they lack the proper facilities.

The district has submitted, several years in a row, over \$22 million worth of health and safety issues in our budgets. These have always been struck off by the Department of Education as unimportant. We have cases of fire doors that do not operate. We cannot get them open. The frames have rusted so bad, they shifted. The doors are in poor condition. We cannot get the money to maintain them and to repair them. Yet, when we go to the SCC to have these issues included in their capital plan, they tell us, "We don't have the funding." We have to go back to DOE. We're in this endless loop with no way out.

Permit delays on some of our projects exceed a year. At this rate of inflation that we're in right now, in the escalation of the construction industry, these permit delays have added the potential of another \$5 million worth of construction costs to our projects. The delays from the SCC in projects that have been suspended or projects that have just been held up and not bid have been expensive. I do have a handout that has the costs of each of the facilities, the amount of delay, the amount of additional escalation costs at this modest estimate -- which, unfortunately, does not yield a modest cost in total.

And finally, I would like to comment on the lack of the big picture from all the agencies we have to deal with. We have DCA -- Department of Community Affairs -- who is required to issue the permits for all school projects. They are underfunded; they are understaffed. The delays from the DCA in granting permits to construction projects are now running at least a year. In our experience, that's about \$5 million on each construction, with the delayed permit. We have the Department of Education and the SCC at odds with each other over funding. We have these health and safety projects that are left out, exposing our students to everyday dangers. We have projects and programs in the district, because of the lack of social and support network in the city and for our students and families -- we know that real learning cannot take place under these conditions, and the communities cannot provide the network -- so we have to make up the difference within the school system.

Back to the lack of the big picture from the different agencies. I think they have -- in my experience, in my less than two years being here -- demonstrated a myopic view, lack of a coordinated effort, and protection of power and turf in politics that are damaging the futures and the current safety of our students. The message that we have sent to our students is that they do not matter. And with this, I'm very sorry to be here today to talk to you about these issues, but these are issues that have to be brought up.

Thank you very much.

SENATOR RICE: Thank you.

Could you get your testimony back to us in writing, particularly -- what the concerns you raised? Because I'm concerned about it too. And

then I'm going to ask some questions later when the other speakers finish. I'm just writing them down, because I had some questions about Camden.

Why don't we move to Dr. Lindgren, and then we'll work back from this side, okay?

DR. LINDGREN: Thank you, Senator Rice, Assemblyman Stanley, members of the Joint Committee on Public Education (*sic*). I am Dr. Ray Lindgren, Executive Assistant to the Superintendent of the Newark Public Schools.

First let me express her disappointment. She had hoped -- Superintendent Bolden had hoped to be here. Unfortunately, it is less than two weeks since the Newark Public Schools and the Department of Education reached an agreement on a Fiscal Year 2007 budget, and she is back in the district, busy working with the rest of the staff to put the programs and staff in place so that we can have a good and proper opening of schools in September.

I am here to speak to you about the two issues you requested: the district's 2007 school budget and the impact of the mandate for a flat funded budget, and the status update on facilities. First, let me give you a brief overview of our district's budget. On March 31, 2006, after a great deal of effort and careful consideration of the need to address particularized student needs and provide proper educational programs, and consistent with the Department of Education's budget submission time line, the Newark Public Schools submitted a district budget for Fiscal Year 2007 totaling approximately \$820 million. Coupled with that was a request for Discretionary Educational Opportunity Aid in the amount of a little bit over \$82 million. This budget was based on student need, as is mandated,

and again reflected a very careful effort on behalf of the district to determine what truly were the needs of our students.

However, at that same time, the district was aware of the economic realities in both the community and the State of New Jersey, and we were aware of the Department of Education's mandate that districts adopt flat-funded budgets for Fiscal Year 2007. Again, there are time lines. We submitted a budget based on those time lines, but also continued to work as a district, as a community, and with the State to review that budget. There were ongoing work and conversations with the Department of Education from that time in March all the way through June. After tremendous effort on the part of the district and with tremendous work and support from the State, and as a result of many painful decisions and the use of a number of one-time-only solutions, the Newark Public Schools has submitted a flat-funded budget to the Department of Education, earlier this month.

We need to make it clear that in doing this we are in no way saying that the budget that we initially submitted in March was inflated, inappropriate, or did not truly reflect the needs of the children in Newark. As I said, we have achieved this flat-funded budget only after a tremendous amount of effort and taking a number of very painful steps. To just go over a few of those: All new programs for 2006/2007 have been removed from the budget. In many cases, these were programs which we know would have greatly benefited the students. As a district, two years ago we began implementing Read 180, which is a very effective program in helping students who are behind in literacy, particularly in the middle and lower high school grades, to get back on track and improve their reading scores.

We had hoped to expand that program. Because of budget constraints, we will not.

New staff positions, which would have brought down class size and provided critically needed services for our students, were likewise removed from the budget. As we have heard from other districts, funds for staff development, including both training and bringing in consultants, and the cost to attend local, State, and national conferences has been greatly reduced.

All funds for the purchase of equipment in the central office have been eliminated. Obviously, equipment wears out, equipment needs to be replaced. All we have done is postponed the inevitable. But we've said for this year: We will live without it. Likewise, funds for supplies and materials has been significantly reduced -- drastically reduced at the central office level, and to some extent reduced at the school level. Again, we will make do with what we have, but again it cuts into our supplies. Somewhat, it impacts on our ability to be effective and meet all of our needs, and will just increase needs at a later date.

The next two items are also items you've heard from other districts. At the State's direction, approximately \$24 million in anticipated carryover revenues have been redirected. This again, for Newark, represents the 2 percent that districts frequently have. That entire amount has been redirected to offset the cost of the budget. Newark will not have those funds available if there are emergencies, if there are other needs. Equally important, please understand we are removing the \$24 million and using it this year, and we are greatly cutting the budget to the bone. We understand that this reality is not going to end overnight. Clearly, the State

Legislature understands that, and has worked very hard in the last month to try to address budget concerns that have been growing in this state for over a decade.

In a year, we will be working on the Fiscal Year 2008 budget. That \$24 million will not be there. It is not likely that we will have that opportunity again. So if we come before you in a year to talk about flat funding, that is a one-time-only opportunity that we will not be able to employ. Similarly, in the Spring, the Department of Education put a freeze on spending on all of the Abbott districts, particularly in the State-operated districts where they already have internal auditors in place. And I remind you that, for the last 10 years, while Newark has been a State-operated school district, we have had State auditors within our district working with us and monitoring everything we do financially. Starting in May, they reviewed every requisition and put many of those requisitions on hold. As a result, many student activities which would have very much benefited the students did not occur. As a result, requisitions for some supplies and materials which were submitted in April were held. They were held in May. And in June, we were informed, "Well, if you spent that money now, it would be on materials that you could not use during the 2005/2006 school year, so now you can't spend it at all."

As the result of those actions, there was an additional carryover of approximately \$9 million that will likewise be applied to the Fiscal Year 2007 budget. Again, that will only happen once. And again, in the case of supplies, materials, it really brought us down to a very marginal level. You always need some supplies so that you have a buffer in case things happen. Well, we do not have much of anything left.

Likewise when we talk about supplies and materials, we took a hard look at items like textbook adoptions. And while we do have a regular cycle for adopting new curriculum and new textbooks, where it was at all possible we have put off acquiring new textbooks. That cannot happen forever. We can do that now. We recognize the need to be very careful and frugal with dollars now, but the time will come when those textbooks and materials will have to be replaced.

In addition, for many years the Newark Public Schools has been criticized because, by some measures, it is inefficient, and we recognize that. We have 43,000 students being educated in 74 schools and 85 school buildings. A number of our school buildings have less than 300 students in them. That is inefficient. We recognize that. In recognizing that, a basic tenant of our long-range facilities plan, first submitted in 1999 and now just resubmitted in the new version in 2005, calls for a far more effective and efficient structure. When the long-range facilities plan is fully implemented, we will have 15 less school buildings. And our elementary schools will average between 600 and 900 students. There will be no school of less than 550 students. That will be far more efficient. Unfortunately, that is not today.

So we continue to look for ways that we can reduce that inefficiency and impact on the budget. For 2006/2007, the district will be consolidating the Burnet and Warren Street Schools, and having all of those students attend one of those buildings, the Burnet Street School building. And we will be consolidating the Belmont Runyon, Avon Avenue, and Clinton Avenue Schools with the students who had been attending Clinton Avenue attending either Belmont Runyon or Avon Avenue. We should

point out that that consolidation is only possible because two years ago the district opened the new Belmont Runyon School building. The new Belmont Runyon School building opened because the Newark Public schools built that building. Perhaps in a perversely fortuitous situation, the old Belmont Runyon School was located on a site needed by the Department of Transportation for an exit ramp off of Route 78. So therefore, with major funding from the Department of Transportation, we were able to build one last building on our own. We built that school on time. We built that school at cost. It is open and serving the students. And not only is it providing an excellent school building, but it enabled us to be a bit more efficient by closing one other school and incorporating those students.

In talking about the budget, there are a few other points we would also like to make. We have already talked about the fact that we have applied some one-time-only factors. Again we remind people, the budget concerns are not going to disappear overnight, but some of these one-time-only solutions will. Part of the problem we face in the State is the fact that over the last decade plus, we have too often relied on one-time-only quick fixes. We need to remind you that a majority of our budget, like the budget of every other school district, is beyond our control. Approximately 70 percent of any district's budget is tied up in contracts and salaries. As another district mentioned earlier, we get approval from the State for those contract, which are averaging about 5 percent. Five percent increase is not flat funding. Somehow we have to fund those things.

In Newark, we also have an issue where, because our facilities are very antiquated, we have a very large population of students with particularized special needs that have to be placed in out-of-district placements. Ten percent of Newark's budget goes to pay for tuition and transportation for special needs students -- \$70 million. Those costs continue to rise. Every year we see an increase in tuition costs.

And finally, we would like to point out that while the State has mandated a flat-funded budget, it has also mandated significant increases in the district's required allocations to charter schools. Again, this is a figure that we do not determine. This is a figure that is given to us by the State. In Fiscal Year 2005, the Newark Public Schools expenses for charter schools was approximately \$20 million. In Fiscal Year 2006, that figure rose to approximately \$24 million. And for Fiscal Year 2007, the number we were given for charter schools is nearly \$28 million. Clearly, when it comes to charter schools, flat funding doesn't seem to apply.

As a result of the efforts of the people in the district and work with the State, putting needed programs and purchases on hold, and the use of a variety of one-time-only options, we do have a flat-funded budget for Fiscal Year 2007. And it is a budget that we do believe will meet the needs of the students. We are not going to sit here and say we are going to short-change our students. We would be derelict in our responsibility if we did so. But this is going to be a very, very difficult year. We know we're not alone, but again understand there will be problems, there will be difficulties, and the future is going to be very difficult when we reach this position again next year.

Turning now to school construction, I wish I could tell you that at least a few of the 40 new schools that the State is committed to build in Newark, that were approved over five years ago by the Department of Education, had been completed. Sadly, I cannot tell you that. Throughout the city, our schools, which average 95 years old, remain. In the Ironbound, where the average age of an elementary school is 135 years old -- 135 years -- most of the municipalities in the State of New Jersey were not incorporated 135 years ago, but our average schools were built -- five schools were slated to be built and were under design by the SCC. Not one of them is slated for construction. Throughout Newark, there are still schools surrounded by scaffolding to provide for the safety of the students and the community. In a number of those cases, the cost of scaffolding has now surpassed the cost of the needed repairs in those schools. The houses on Dewey Street and Ridge Street -- houses purchased by the SCC a year or more ago to provide sites for new schools -- remain standing, and boarded up, and vacant.

There is still a tremendous amount to be done to provide for the educational facilities critically needed for the children in Newark. But while I cannot say we have achieved anything near what is needed, I can say there are a few optimistic signs for the future. In the past four months, Scott Weiner, the CEO of SCC; Jerry Murphy, the CFO of SCC; and Barry Zubrow, Chairman of the SCC Board of Directors, have all made numerous visits to Newark. More importantly, they have met with Superintendent Bolden and other key representatives from the district and community. They have talked with us; they have listened. And as a result of their actions, there is evidence that some things are starting to move.

Last month, on June 24, Science High School held its graduation in the auditorium of their new school. For the seniors of the Class of 2006, for their families, and for our community, that was a very significant positive event. And we are very grateful to everyone from the SCC; from Parsons Brinckerhoff, the management firm for Newark; and from the State who made that happen. If things proceed as scheduled, the students and staff from Science High School will move into the new Science Park High School building this year. That is still a year behind when it was supposed to happen, but it will at last be happening. That will be the first SCC-built school in Newark to open.

The SCC has initiated steps to get the construction of the new Central High School, now two years behind schedule, back on track, with a hope for opening in the Winter of 2008. And construction of the new First Avenue Elementary is progressing well, and may actually even open before Central High School. That is three projects. Three more projects: The addition and renovation of Gladys Hillman-Jones Elementary/Middle School, and the construction of the replacement for Speedway Elementary, and the new Park School are all scheduled to go into the ground. That at least would get us up to six projects started.

There are some other optimistic signs as well. Wendy talked about some of the concerns that all of the Abbott districts have had with the standards that the State has set. In the last several years, we repeatedly heard from the SCC about the importance and the need to be efficient and to deal with cost-effectiveness. Unfortunately, too often the results were school designs that had minimal windows and almost no natural lightening in classrooms; school designs that had hallways that were eight feet wide,

next to an auditorium or cafeteria where at any one time there might be 400 students trying to move back and forth; interior hallway walls that were being made out of sheetrock instead of out of block construction; and exterior buildings that were to be built out of stucco, rather than brick or masonry. Yes, these buildings would be cheaper. But make no mistake, they would be cheap and they would not last. In a district where we need to have our buildings last for 100 years, it is frightening to think that we would get brand-new buildings that, in 20 to 30 years, would need to be replaced.

Now, in speaking to the new leadership at SCC, instead of seeing the focus on just what would be cheaper, we hear discussions of life-cycle analysis, which is a much better way to go. Talking about not just today's dollars and today's costs, but the costs to the State and the community for years to come. Too often in the past, the focus has been on why things couldn't happen. Suggestions have been made, "No, that won't happen because"-- It seems clear now that the focus is starting to shift to find ways to make things happen and to make them happen correctly. Instead of seeing things as insurmountable roadblocks, we now have a focus on resolving critical issues. Lines of communication, which have always been very good between the Newark Public Schools and the SCC in their Newark Office, have now shown signs of improving throughout the whole structure. And you need to understand that SCC is a very large structure with many layers, and it sometimes can become very difficult to get the communication clearly through all of those levels.

There are still major concerns to be sure. The present funding -- and I've heard a number of you discuss, where are we with the funding? --

the \$6 billion that was allocated is only scheduled to cover, at most, seven of Newark's 70 projects. Yes, that's pretty scary. We do have numbers. As part of our long-range facilities plan update, that we've just submitted, we were required -- every district was required to include in that submission projected costs, costs for construction, costs for land acquisition, costs for any remediation necessary. Those figures are in what has been submitted to the State.

Now, as Wendy said, that's based on today's dollars. And again, what we hear over and over again is, we need to think about a 1 to 2 percent increase every month. Not year, every month -- 10 to 20 percent increases every year. Again, projects that today cost \$20 million, within a few years will be approaching \$25 and \$30 million.

We do, also, make some recommendations to this Committee and to the State. We remind the Committee that the process the State created for the construction of new schools in the Abbott districts remains excessively complicated. Because the State does not trust Abbott districts, a whole new entity was created. And funds raised for school construction -- part of that \$6 billion -- must go to pay the salaries and provide facilities, materials, and support for the SCC. When you talk about what has been spent on Abbott districts, understand that the full cost of the SCC is factored into that cost.

Because the State does not trust the Abbott districts, every Abbott district has been assigned an outside management firm to oversee the process. And each year millions of dollars goes to pay those firms. Because the State does not trust the Abbott districts, every school project -- and I remind you, in Newark we have 70 of them -- must go through an

exhaustive feasibility and site investigation phase that takes at least a year. And in our experience, some of them have been going on for over three years, before the SCC will even start the acquisition and design phases. And each of those feasibility studies is costing over half a million dollars. It is taking time, it is taking dollars, and we are at the same time losing our critical sites.

We continue to believe that a number of Abbott districts can assume a much greater role and responsibility in the school construction process. With design oversight from the Department of Education, as is required for any school construction in New Jersey, and fiscal oversight from the SCC, as is provided for any non-Abbott district, we believe we could get the projects done, move the process forward, and do it more efficiently and certainly more timely. We therefore hope that this would be an option that is given serious consideration by the State, as it looks to revamp the Abbott school construction process.

Things are happening in the interim. We are pleased to say that there are some positive signs. If we are back in front of you next year, we truly hope to say we've opened an Abbott school. But again, there is still a long way to go and we need to work together to make the process work for the benefit of all the students.

SENATOR RICE: Thank you, Dr. Lindgren.

Next we have Pemberton -- this is Mark Cowell. It is Pemberton, okay.

MARK COWELL: Can you hear me, because-- (referring to PA microphone)

SENATOR RICE: Hit your button. Red means go here, and green means stop here. Bad engineering.

MR. COWELL: I think.

Yes. My name is Mark Cowell, and I'm the Superintendent of Schools in Pemberton Township. And I want to thank the-- Oh, it's not working again. (referring to PA microphone) There you go.

I want to thank the Co-Chairmen, Rice and Stanley, for taking the time, and also the other Committee members for taking time to listen to all the Abbott superintendents.

Before I begin my brief formal comments that I have, I have listened to other presenters here this morning and there are just a couple of things I'd like to add. First, we are one of those 13 Abbott districts who have not accepted flat funding. And I'll explain why in just a few moments.

I want to talk a little bit about the construction. I really wasn't going to dwell on that, because I felt that the main thrust of today's meeting was our budgets and the flat-funding concept. We're a school district where about two years ago the State purchased land to build an Early Childhood center. The land is just sitting there. We have about 500 4-year-olds who are in trailers, modulars, whatever you want to call them. And I really have some security issues with that whole situation, because we are a district that educates military children, and we're a very soft target for any kind of terrorists. And to have 4-year-old children outside of the building where they have to walk to use the cafeteria, I think, is a little ridiculous.

It seems to me that the SCC, over the last several years, has just thrown up roadblock after roadblock after roadblock. I'm sure you have

heard this from other superintendents; I don't need to dwell on that. We've had a construction plan approved for this Early Childhood center, and now the SCC, in the last year, has come back with numerous changes they'd like to make in it -- as my learned colleague next to me just said, using sheetrock for the walls instead of masonry or some other form. I think the State definitely could have saved money. They could have saved millions of dollars, maybe billions, by allowing the Abbott districts themselves to do the construction, like they allowed our suburban districts to do.

We, in Pemberton, took a little different approach when it came to this year's budget. We did not freeze our budget. There are some districts that froze their budget to try and save money so that they could put that toward next year's budget. But we took the philosophy that if we had budgeted that money for the children in a particular school year, then that money was earmarked for them, and that's exactly how we spent it -- the way it was planned.

We did not cancel our Summer School. I felt that Summer School was very important. It's critical for those high school students, or middle school students, or those who would have been retained if it were not for Summer School. They needed to go to Summer School, and we've written the Department of Education asking for approval of that, even though we went ahead and we started it. We felt that if we didn't get approval, we'd just have to figure out another way of paying for it.

We're an Abbott district who has had about seven years of near-perfect audits. So we are fiscally conservative. We are financially astute, and we are quite capable of running the district like any other

successful school district in New Jersey. Our test scores also are reflective of what a fine job we've done over the last five years. Our elementary test scores have really moved up. One of our schools got a benchmark award this year -- only one of two in Burlington County, the county in which my school district is located.

The other thing that we didn't do, we didn't hire all of the positions, under *Abbott V*, that an Abbott district could hire. We didn't put security guards in every school. We didn't put a parent resource coordinator in every school. We didn't put a social worker in every school. We tried to be conservative and look at it to say, do we really need all those positions in our district? And we felt that we didn't. Because as many of us have already told you, you can't paint every Abbott district with the same brush. We're all a little different. Pemberton is probably more unique of all, in that we have military children in our schools.

Now I'm going to go into my formal presentation that I had already written. Those were just some comments that I wanted to make. Based on the decision of the Supreme Court and directors from the Department of Education, the Pemberton Township School district complied with a request to submit a flat-funded budget for the 2006/2007 school year. However, in doing so, the district has had to compromise essential instruction and some mandated programs. The district's original budget was submitted at 111 million. After flat funding, the district resubmitted a budget at 102 million.

The Supreme Court order allowed the Abbott districts to request additional funding. Pemberton Township did just that. We submitted a request for an additional \$8.9 million. In working with the

State, the district was able to reduce the 8.9 million request by 4.2 million. We are presently awaiting a response on our request on the difference, that being 4.7 million.

What makes up the money that we cut? We cut out all supplemental requests that we were allowed to make under *Abbott V*. We reduced any kind of a capital outlay that was in our budget. We've reduced administrative positions. We eliminated our Academic Mastery Program, and that's more commonly called, in a lot of districts, *basic skills*.

In cutting the Academic Mastery Program, the district did, again, what the Department of Education has suggested -- that being, the reallocation of funds that resulted in some very tough choices for us. Those choices resulted in the loss of about 40 staff members, teachers, and teaching assistants. The district will still provide those remedial services, but in a different manner. All services this year will be in a push-in model, using classroom teachers; specialists such as art teachers, and music teachers, and phys-ed teachers; and also a reading specialist.

How about the \$4.7 million that we're still appealing, that we're still discussing with the State? What does it represent? It represents Summer School, that I just mentioned, that we decided to go ahead with. It represents many more teachers and other staff members. It represents reading recovery teachers. I have to say, our reading recovery program has been extremely successful. This is a program for first graders, and you take the lowest students in your district, as far as their scores. And I'm happy to say that 80 percent of the students who go into that program test out. And we have longitudinal studies that show they are not falling back.

Foreign language teachers in the elementary school that have to go. We have one math coach. A lot of Abbott districts have math coaches in every building, but we have one. An education tech coordinator would have to go. A social worker would have to go. Facilitators would have to go. Professional development has been greatly curtailed, and quite often eliminated.

Without this funding, a reduction of approximately 40 additional staff members would have to occur. A reduction of this magnitude would be devastating to the district's educational program. If you look at Pemberton Township School district, you will see that our system is somewhat unique among all the Abbott districts. We have children from poor families, which all Abbott districts have -- broken, single-parent homes, non-English speaking students, etc. In addition, we also educate the children of men and women who are fighting in Iraq and Afghanistan, and other hot spots around the world. Children of military families quite often need special counseling and other related services due to the absence of sometimes both parents.

Fort Dix, due to the BRAC realignment, has now become part of a mega-base that includes McGuire Air Force Base and Lakehurst Naval Station. Approximately 700 new homes are scheduled to be built at Fort Dix, bringing an additional 1,000 anticipated students to our district. This new influx we've noticed has already begun.

Now again, we have modulars which are sitting around our district with 4-year-olds in them. And now we're going to be bringing another 1,000 students, over the next two years, into Pemberton. There is no room in the inn for these students.

In making your decisions concerning any public school proposed legislation, I would hope that you would strongly consider the needs of not just Pemberton's Abbott students, but all the students in Abbott districts around the state.

And that's my brief comment. And I do have my formal statement for you. And I wanted to apologize for getting up from the table before my learned colleague has had a chance to speak, but I have a doctor's appointment at 3:00. So I do have to leave. So, again, I apologize to you in advance.

Thank you.

SENATOR RICE: Well, we're going to be raising some questions. I have one question for you, and then we'll let your learned colleague speak.

Pemberton -- do you not-- I'm a former military guy. I thought where we have allowed a large population, of educating the children of military personnel -- that the Federal Government has the means to assist us. Is that half being done in Pemberton?

Red. (referring to PA microphone)

DR. LINDGREN: Yes. That's called Impact Aid. And we do get Impact Aid, but we have about 100 and -- I don't know -- \$105 million budget. We get about \$800,000 in Impact Aid. And they contribute no taxes to the community at all.

SENATOR RICE: The reason I raised that is, is there a means to apply? When a state is moving in one direction or the costs are going up, is there an increase in Impact Aid from the Federal Government, or do our Legislators argue for those differences?

DR. LINDGREN: Well, we actually go to--

It stopped again. (referring to PA microphone)

SENATOR RICE: No. When I cut on, you have to go off.
(referring to PA microphone)

Red. You should be okay.

DR. LINDGREN: We actually go to Washington a couple times a year, trying to lobby with our Congressman down there to get additional funding for the military schools. But this funding is not just looking at New Jersey, but they fund all the military bases across the entire country. So they don't look just at what it would cost to educate a child in New Jersey.

SENATOR RICE: Okay. I'll let you go. I understand that. But it seems to me that our delegation, both parties, should be arguing anyplace we have that need -- throughout the country. Because I'm sure we're not the only state where budgets are harming the Federal location, if you will -- the location where the students are, where there needs to be some balance. But it's something, I guess, we're going to have to look at too.

DR. LINDGREN: But Senator Rice, you know the Federal Government is also hurting for money, and they're reallocating and cutting educational aid as well. So it's not going that well for the children in the military families either.

SENATOR RICE: Well, that's a Bush thing. I have to talk to him, too. (laughter)

Thank you very much.

DR. LINDGREN: All right.

Thank you.

SENATOR RICE: Next, we have -- one minute here -- Dr. Mike Glascoe? Is that Doctor?

MICHAEL E. GLASCOE, Ed.D.: Yes.

SENATOR RICE: It is Glascoe?

MR. GLASCOE: Yes, sir.

SENATOR RICE: Okay. Thank you.

MR. GLASCOE: Thank you, Senator Rice and Committee members. It's indeed a pleasure to have this opportunity to talk to you today about Paterson. I think, from all of the presentations, that we can all agree that there are still unfulfilled promises of that thorough and efficient education for our children, through the Abbott mandates. And that certainly rests with the topics that seem to permeate all of the presentations today, and that would be facilities, the supplemental funding, and certainly accountability.

So I would just like to try to paint a picture of what Paterson looks like, and where we are with those three topics. We're in desperate need of suitable space for both schools and administrative offices. We have unfinished school construction projects and woefully inadequate instructional facilities, and they continue to plague our school district despite the fact that poor facilities were one of the things factored in with the decision to become a State-operated district.

Consider what I call our *poster child facilities* -- Public School No. 16. It has one restroom on the second floor. It does not have a playground, and it has its nurse and guidance counselor hold their offices under the stairwells. As we wait for our 19 priority projects to be approved and

started, we have emergent problems that occur almost weekly. Consider these for the moment: We have two of our high schools -- Don Bosco and Eastside High School -- they need new boilers. They need this now, because if we don't move at this point in time, we won't have these boilers in operation when school begins in September. We have two other schools, P.S. 21 and P.S. 5, with ongoing water infiltration problems. And this continues to undermine the structure and finishes of those buildings. Add in poor indoor air quality issues, because of mold and the like, and you have health issues as well. Now, these projects were identified over two years ago, but they have yet to be funded.

Only one of our six approved projects from last year, last July, has started at this point in time. With these facility challenges, it places us in a very awkward position in meeting the needs of all of our children. Take, for instance, special education programs. They are absent in our school district simply because we don't have the facilities to house them. So what do we do? We sent them to other entities at a tremendous cost.

Let me fast forward a little bit to something very recent. Our central office staff is housed in several leased properties across our city, and most of them are woefully inadequate. You may or may not have heard about our main office experience, with the water leak problem and subsequent asbestos release, which really shut the main office down for nearly a week. Because of the condition of the building, it is likely to occur again.

As the State District Superintendent, I am truly embarrassed to say that this building does not have a Certificate of Occupancy, for obvious reasons. Now, this has been somewhat of a secret, I believe. People don't

like to talk about it. But I am a superintendent who is rather transparent, and I try to put those things out so that everybody knows what's going on. Now, we now have an opportunity to consolidate many of our offices in these leased buildings into one building, including the possibility of having additional space for preschool programming. This alone would be a cost savings of over \$4 million. Now we need the support and approval from the State to proceed. In a city where land and suitable building acquisitions are major challenges, further delay will certainly result in the loss of this great opportunity for our school district. Addressing these facility needs, and more, would improve our efficiency and the ability to meet the education needs of our children.

Flat funding severely limits our momentum in our educational reform, directly affecting the support staff needed for our great program, such as the 90-Minute Learning Blocks in language arts and math. This is a prescribed diagnostic program in grades K through 8, really getting underway this past school year. Flat funding will also hinder the full implementation of capital recommendations at the district and school levels. We have 20 schools that are identified as in need of improvement under No Child Left Behind. Six of those schools are in year five of No Child Left Behind. And as you know, we are a school district in need of improvement per No Child Left Behind.

Much-needed after-school programs will either be decreased or even discontinued in some of our schools. Flat funding will hamper our staff development processes and issues. School security will not be able to move forward. Programs like violence prevention, which we started this year -- and I heard another district talk about that. In all likelihood, we will

not continue that for the next school year. We have delayed our hiring of special education supervisors. We've put on hold needed programs in math, and unfulfilled positions to support that.

Paterson is in the midst of rebirth with the new superintendent, new organization. And you may or may not know that we now have a fully functioning Curriculum and Instruction Department. That has not been the case since 1997. In order to clearly put that Curriculum and Instruction Department in place, we need the supplemental funding to move our agenda forward. We've revised our budget per State Department mandates and the many requests of documentation. But we still request an additional \$14 million. And that's below the original 36 million. That was done because of the work that our district has done in providing the kinds of processes and accountability that has provided some cost savings.

We want to be held accountable for performance, but we need the tools that were promised and provided by law to do that. Yesterday, I celebrated my first year as State District Superintendent. Last July, I observed very little in the way of accountability measures and mandates from the State, as well as in our district. Now, I support accountability and I pledge to bring that to Paterson. But the loss of funding, coupled with increasing accountability for the same measures and expectations tied to that funding, seems somewhat illogical to me.

Paterson is a different school district today than it was yesterday, with accountability measures and operational procedures, as I mentioned before, that are firmly in place. But most importantly, we have increased our focus that rests squarely on our children. Simply put, our children are watching and waiting. And I heard early about the clock

running and stopping. I need to let you know that for our children, the clock never stops running. And so I would hope that some measures can be taken, or put into place, that we can have some measure of the supplemental funding so that we can continue our programs. As it stands now, we are on hold. As a transitioning superintendent last year, I watched the same process as Paterson and other Abbott school districts were gathering their materials to go to court. This is in July. In order to run a highly efficient school district, you work on the budget beginning in October. Hopefully, it's finished, put to bed, by the end of May. Then you begin the process of putting the pieces together for the next school year. Here we are in July and we're unable to do that, yet again for another year.

So I would hope that whatever accountability measures or changes in operational processes that are put in place, that we don't find ourselves in this position again next year.

Thank you.

SENATOR RICE: Thank you, Dr. Glascoe.

From our members, we have one of the group of speakers to come up, and then we'll conclude. But for the panel that is here, we need to ask the questions that you may have. Let me start off with a couple of quick ones, and then we'll try to be brief so we can get everybody out.

I'm concerned -- and anyone can answer this -- Dr. Lindgren -- I've always had a problem with charter schools -- and it ain't no use me lying about it, okay, for a lot of reasons; and the way we fund them, and the way we give them out to. But the flat-budget piece that was raised -- are we saying that the course of charter schools-- When we do a flat budget, that's not across the board, in terms of the transitions of dollars into the charters

that has to go to the student. I mean, can you give me some information on that?

DR. LINDGREN: Yes, Senator.

One of the things that the district has provided is, we get a statement from the State, from the Department of Education. They inform us of how much must be put in the budget for charter schools for the budget that you're developing. So again, that's not a figure that we determine. That's determined for us. And the three numbers I gave you -- approximately \$20 million for '05, 24 for '06, and 28 -- is the newest number we have received. When we receive our initial budget packet -- the materials to complete and send back to the State -- that particular line is completed for us.

SENATOR RICE: Okay. So regarding that, if the State tells you to remain flat, they are -- "number one, not thinking about inflation, but thinking about what you received last year" -- but they're not giving you the difference between the increase and the charter that they are mandating you to take?

DR. LINDGREN: That is correct. We asked if it would be possible that we would at least get the additional \$4 million in funding for charter schools. Basically, we were told we would have to adjust within the remainder of the budget to make up that \$4 million.

SENATOR RICE: Okay.

To Dr. (*sic*) Wendy Kunz, is it -- a lot of things not happening in Camden which really bothers me, if it doesn't bother anyone else. But is that tied directly to the overall economic plan, where we put all that money out there to rebuild Camden and nothing is basically happening right now?

Or are these projects or concerns, and things you have that nobody -- just not responding to one way or the other?

MS. KUNZ: I believe the answer is pretty complicated. Camden district has had a bad history in getting schools built in managing a district. The city has also had a bad history of mismanagement and corruption. Everybody, I think -- most people, I think, are interested in correcting that perception and that history, actuality. As far as the district goes, I have established a very strong working relationship with both the Department of Education and the Schools Construction Corporation that did not exist before I came to the district. I'm also the most highly qualified person from the district that's ever been in a position similar to mine. So I bring a wealth of experience to the corporate side and the education side. So we are making progress in that respect. There's also still difficulty in convincing the powers that be that economic development and redevelopment in the city is closely tied to the condition of the school systems. This figures into play when we're trying to identify school sites, trying to become a part of the planning process for all the community redevelopment plans and the neighborhood redevelopment plans.

There's a wealth of research that says that without the school present and part of the planning, that all the economic redevelopment efforts that they make are going to fail. And so far, the State has invested a lot of money in Camden towards this effort. The district wants to be, needs to be a key person, or a key entity, in these development plans.

SENATOR RICE: Thank you.

To Paterson, a question -- that I'm really concerned about the building, the lack of CO, and the problems there. But you mentioned

there's a possibility of consolidation, but you're waiting on the State to do some approval. Are you saying that the \$4 million necessary for acquisition, for relocated, wherever they're needed -- is that in place? Or are you just waiting for approval for the building to be inspected or some (indiscernible) for paper to move forward? Are you waiting for approval for both an okay for the dollars to move forward -- I mean, what is it you're waiting on? Because that's concerning as well.

DR. GLASCOE: We're waiting for the dollars to be approved. We may have some leverage in entering into a lease, with an opportunity to purchase, a building that would house our entire central office, and then some. And we have submitted that information to the State, and we're waiting for a response. In the meantime, I have taken it upon myself, because of fear of losing the opportunity, to continue a dialogue with the entity to make sure that we can keep things active. Hopefully, we will get something back from the State and we can move forward.

SENATOR RICE: Could you forward to the Committee additional information on that and express the urgent need? Because you are a State takeover district, and that angers me. The State takes over, they should make us look like heroes -- they make us look like bums, you know. But, okay.

Assemblyman Stanley has some questions, and any of my other colleagues.

ASSEMBLYMAN STANLEY: Thank you.

Unfortunately, I had a prior commitment that I've put off for a couple hours now, but I can't put off any longer. But I do want to say thank you for coming -- all of you. And from hearing your testimony, it

does not sound as though what we are doing here is not going to have an effect on outcomes next year. And I say that to say, we were -- according to the Supreme Court decision, these things were put in place. Abbott was established for a reason. It was because we wanted to improve outcomes. And it does not look like what we are seeing, or what the results of these cuts are, is not going to have any impact. In other words, these cuts will have a negative impact on outcomes next year.

And the other thing that I just want to mention is that the reason we have been -- and all due respect to all of my colleagues -- is because we were never able to develop the political will in the Legislature, and even among a consensus of perhaps people throughout the state, to put resources into these districts. They're districts with the least amount of political pull most of the time. And the majorities just have historically neglected these districts, which are primarily districts of color. So if you go around from person to person, or if you knock on a 1,000 doors or 10,000 doors, I'm not surprised that people won't feel that there's a need to invest. But the fact of the matter is, is that we need to make this investment. We need to make sure that what we're investing in is making a difference. But by the same token, we can't afford not to invest in the things that will make a difference.

Let me just ask you all, generally, can you honestly say that the things that you have cut will not have a negative impact on students? And I understand that there are issues with respect to trying to go to court, and the court probably puts a tremendous burden on the districts to overcome. But can you honestly say, on the record, that this will not have a negative

effect -- these cuts will not have a negative effect on children's outcomes next year?

SENATOR RICE: That's a question for any and all -- equal or--

ASSEMBLYMAN STANLEY: Yes. Certainly a question for all of you.

SENATOR RICE: --multiple choice. (laughter)

DR. GLASCOE: If I'm understanding the question, I would say that forcing us to run with a flat budget will severely hamper the educational needs of our children, without a question. I think you've heard the numbers of things that the superintendents are doing to tighten their belts. I mean, this is sound decision-making leadership management, if you will. But all the while, as I said before, the children are watching and waiting. The thing that bothers me about education, in general, when we look at budget cuts, is that superintendents and business managers are very good at following orders and managing things, and making cuts here or there. And we do it so well that you don't see the blood on the land. And so people walk away and say, "Well, they made it last year. They cut last year. So let's give it to them again this year." And so, it's a perpetuation of these kinds of things that really put us behind the eight ball. And then all of a sudden, something lands on top of you called *accountability*. And again, I love accountability. I'm all about accountability, but it has to be the right way. And so here comes the hammer that says, "Well, you know, you haven't done what you're supposed to do." As I said before, I just finished my first year, and I've already been told we haven't made any progress in just one year's time.

DR. LINDGREN: I certainly would concur with my colleague from Paterson. There is no question that making these cuts are going to result in less than (indiscernible), if we didn't have to. But you also have to weigh the options. We have gone to court before as a district and we have been successful. But that also does not come without cost. It takes time. It takes critical people off task. We weighed those options and said we couldn't afford that. I also would like to make one observation on something that the Assistant Commissioner said earlier. He talked about the process, and that the court had mandated that within 14 days of a district submitting a complete budget, the Department of Education had to get back to that district and fully review it.

I suspect, and my colleagues may correct me if I'm wrong, but I suspect Paterson still hasn't been told you have a complete budget. Because what they have done is, they have consistently said, "We need more information. We need more documentation," so you never get to the beginning of the 14 days. And we had no idea when we would ever get to the beginning of those 14 days, and we had to move a school district forward and provide for our students.

MS. KUNZ: I'm not on the education side, I'm on the construction side, but I do know that we have cut educational programming this year for much-needed progress in the district.

ASSEMBLYMAN STANLEY: Just one question. I just want to know, because I think this value-added system, I think this longitudinal tracking system that tracks student performance, as opposed to cohorts and sets of students, I think that's very important. Do you any of the districts have that currently in place?

DR. LINDGREN: Newark certainly has. We invested in the SASI system approximately six years ago. We are now -- I will say it's only been in the last year and a half that we've been implementing it in the elementary schools, so that we can get all the data in. So that we do have some of the capability in terms of the technology. There are still issues of getting all of the State data, the critical test data, inputted into that system. And we have been saying for years, it's very critical for the State to come up with a single system. And, yes, the Assistant Commissioner is correct. They are now coming up with a single coding system by which we can give each individual in the state -- each student an individual code. But that still doesn't mean, even in working with this new NJ Smart system -- there's still going to have to be a lot of hand inputting of data by districts, because they have not come up with a single system that's compatible so that data can go from one system into the other. And that is still a critical piece we need to put in place so that we can track, as you say.

What we do now is, we look at this year's third grade as opposed to last year's third grade, and not looking at the same cohort of students, and seeing, is an individual student making progress.

SENATOR RICE: Go ahead.

DR. GLASCOE: We're currently looking at a formative assessment tool in Paterson to do some of the same things. And I do want to point out, and I don't know whether it was a conflicting statement or maybe a misstatement by our Assistant Commissioner, when you're talking about cohorts -- cohorts is a wonderful way of getting down to the individual student and longitudinal studies of grades of students. And so that is the way to go to meet the needs of each and every student.

SENATOR RICE: Okay, Assemblyman?

ASSEMBLYMAN STANLEY: Thank you, Mr. Chairman.

SENATOR RICE: Okay.

The next speaker is going to be the Assemblywoman.

MS. SCHULZ: Oh, I thought you were-- I'm sorry.

SENATOR RICE: No, no, no. I'm still chairing. (laughter)

Let me just indicate that, before she speaks, Assemblyman, that it goes beyond what they said. That's the internal piece with the blood bath. But the accountability piece, you're right, Doc. I know for a fact someone is going to yell -- the classes that the students don't have books to take home. The superintendents are going to say, "Yes, we give them all books. Where did you get that from." Then the politics stuff -- and everybody is mobilized, coming to meetings and councils and boards, and beating up on everybody. Then the State will do another investigation on something that doesn't need to be investigated. Then you get school board elections rolling around, everybody is going to throw everybody out and play games. And you get 3,000 people to vote. You get one and two people in the county calling the shot, who're going to represent the people. So it does have an impact on cost, when it puts an analysis perspective that far beyond just remaining flat.

Assemblywoman.

ASSEMBLYWOMAN BECK: Thank you.

Just a statement, and then a couple of questions, which is that in hearing from Camden, Newark, and Paterson about the effects of flat funding, again, I can sympathize. The school districts that I represent, again, have been flat funded for five years. And in the Borough of Red

Bank, our primary school is located in a flood zone. And every time it rains, the first floor floods. And the geese have made their home there. So there is no playground. And in Marlboro they had to turn off the heat this year. And, indeed, we've had to lay off teachers, and we've laid off athletic programs. And we have a significant drug problem in Red Bank. The Monmouth County Prosecutor has a Narcotics Task Force operating out of Red Bank because of the heroin problem. We've had two students overdose in the last year. I can relate. I sympathize.

I think that's why we all have to put our collective thoughts together as to what the solution is. Clearly, the 6 billion that was spent is not enough money. If Newark has only completed six schools, it's not enough money. But the problem is, is the 6 billion that was spent wasn't spent wisely. And a lot of it went to waste and a lot of it never got to the kids. And I think, as we sit here and talk about this program going forward, the question has to be, how do we make absolutely sure that if there is additional funding -- which I'm not sure if the public is willing to accept the allocation of additional funding -- but if there is, how do we make it bulletproof that it gets to the kids?

And so to my question-- My question is for all three of you, which is that it -- there are apparently 97 projects pending in which design work has been completed. We were told by the SCC that those projects would cost us approximately \$4 billion, and that there are others remaining and which we haven't even got the cost estimates for. I'm wondering if each of you could kind of give me a sense of how much do you think your school district needs in order to complete its laundry list. I noted that Newark has 84 projects before the SCC, and you're saying you've got 40

new schools. What is the cost of that? Do we have a number? Do we have a sense? There's got to be some planning. And I'll tell you, the non-Abbotts -- as I keep using Red Bank, but that is my hometown -- tell you what, we've got some significant needs as well. And the public has no stomach for funding projects where the funding is not getting to the kids. So I think we all need to pull our heads together on this. I'd like to hear from you.

SENATOR RICE: Before you speak, let me say something, since Newark and Red Bank keep coming up. First of all, I agree with the assessment, as it relates to the need in Red Bank in a district of like kind. And there should be no flood zone, and we're trying to send our kids to no playgrounds. So I'll work with you in any way I have to.

I also want to make it clear: Newark is a State district takeover, number one. But number two, beyond that, when we said Newark has all these projects, they do because of need. When we talk about the amount of dollars that we spend in Newark or should be spent, the district does not spend the dollars on the school construction -- SCC does that. And it doesn't have to be Newark, it could be any district that's receiving it. And so we get a bad rap that we have a need in our district and we're not a part of-- And in the meanwhile, Newark is mismanaging, which isn't true. There's a need in other districts that we need to address. But the other districts, the Abbott districts, are not mismanaging the school construction dollars, that's why we changed and took a look at SCC in general. That's got to remain clear. Because then what happens is, we get into the wrong fight. I don't mind fighting for dollars. I don't mind sharing dollars. But if I'm going to fight a war -- I'm a Vietnam veteran -- and let me be a little bit

more specific and objective about what weapons I'm going to use, based on what I'm really fighting, etc. I don't want to be shooting at the wrong people for wrong reasons. We get shot at too much for the wrong reasons. We get shot at some times just to (indiscernible). So I want to be clear so when you respond then, you make it clear as to what our costs are.

And by the way, I know that many of the superintendents -- and Newark is one of those superintendents; Irvington is another one -- what they have been yelling from day one, "We can save you costs. Hold us accountable. Let us build these 40 schools ourselves. You keep the money. You pay the contractors, but just let us"-- It never happened. And so for the newcomers who may not have read it in the paper, the newcomers may not have heard the Legislature -- Newark, like several other districts -- Irvington is another one, East Orange is another one -- that's been crying from day one. Too many barriers are going to cost you a lot of money. We predicted that some of the things that happened with SCC were going to happen, and we get blamed for it because no one is listening.

What I hear now, if I'm correct, and then please respond to Assemblywoman's question, is that the SCC, or the State, or whoever is starting to move or think the way that we've been saying from day one -- move back this way and let more happen locally. And then, what I know that our Committee and other legislators are saying is that we're going to respect the Supreme Court mandate for Abbott. But Abbott is not the problem of the State, educationally. Educationally there are non-Abbott districts that need to be addressed. We can't isolate one from the other. So I think we're all finally coming full circle to get to the right page of this thing, which hopefully will put down some of the non- versus those

districts, big versus large, north versus south. So I had to at least preface some remarks prior to you speaking to set the stage right.

I'm a product of Newark and I love my city. And I get just as offended as anyone in Caldwell, Roseland, Livingston, Red Bank, any place else, Camden. But I know things they don't know. I don't mind being -- I'm a product of criticism when they're right. So eventually somebody is going to listen and understand where I live too, and what makes me the way I am. And I don't apologize for that. And I will work hard to correct the bad things.

Go ahead, whoever is going to respond.

DR. LINDGREN: Thank you, Senator.

And Assemblywoman, in response to your question, first of all, clarification on-- Yes, we do have, I think, by SCC's calculation, 84 projects, because for some reason they disassociate health and safety projects from construction projects. So many of those projects that are listed -- that's why it's different from the 70. And I should point out to you that because it has taken as long as it has to move the process forward, the SCC has already expended approximately \$150 million in Newark on health and safety to maintain those old buildings; in some cases, investing as much as half a million dollars in a building that we would have liked to have seen taken down by now, but unfortunately has not been replaced.

When, in 1999, the State approved-- Well, actually, it was 2001 that they actually approved Newark's original long-range facilities plan. The State calculation -- they put a price tag of \$1.6 billion on the Newark plan. We knew that was woefully inadequate. It was based on a ridiculously low cost per square foot for construction. It provided no

funding for land acquisition, no funding for remediation, no funding for design, no funding for relocation, no funding for the feasibility study, the payments to SCC itself, or the payments to the management funds.

In our new facilities plan, we have looked at the projects that we are putting forward, which are basically the projects that were in the original plan. Of these 70 school construction projects that Newark proposed, the State -- the Department of Education has already approved over 75 percent of them and passed them on to the SCC to actually complete them. The SCC has just never had the capacity to actually move on those projects. So saying that these were and we still believe are the best projects and the best design, that is basically what our program calls for. We have tried, to the best, using the best data we have, and using construction costs as of 2006, to put a price tag. And I will tell you, it is a price tag of closer to \$4 billion for the acquisition and construction of those buildings, part of which has already occurred. The State has expended well over half a million dollars on Newark. So a part of that has already been spent and part of it has been allocated for some of the projects that will be moving forward. But that does leave a substantial amount of money yet to be allocated, and that is predicated on 2006 dollars. And as time progresses, there will be increased costs. And again, I need to say that's construction costs. Those numbers do not include whatever it's going to cost to keep SCC running, to continue to pay Parson Brinckerhoff to be our management firm, to do all of the feasibility studies. And also, we have a number of other ways that we have recommended we can, as a district and a state, be more efficient. The State has mandated that each of Newark's projects be considered independently, be reviewed, be designed, be bid out

independently. As a result, we have worked so far with over 20 different architectural firms in designing our schools. We have said, why can't we identify, through bid, four or five outstanding firms that would really get to know what we are looking for, what our community is, the realities, the topology of our city, so they could help us design and be more efficient. We have been told we can't do that. So every time we have to look through about 60 different applicants, work with the State -- that's, again, where we have one vote and the SCC has three -- review them, and make another selection. We think we can be much more efficient and bring a lot of those other costs -- what are generally called the soft costs, but can be very expensive. And it is the soft costs that are driving up the costs of the Abbott construction, not really the hard costs, but all of those soft costs.

ASSEMBLYWOMAN BECK: So let me just make sure I understand. For the approximately 70 remaining, it's estimated -- only for construction costs -- is 4 billion, roughly?

DR. LINDGREN: Construction, land acquisition, reallocation, design -- that includes all of those costs. What it doesn't include are the other overhead costs that are--

ASSEMBLYWOMAN BECK: Right.

DR. LINDGREN: --because we are not doing it, because the State is doing it.

ASSEMBLYWOMAN BECK: Right, okay.

Is there a similar estimate for Paterson and Camden? Do we have a sense of what we're looking at with the scope of -- the financial obligation is?

MS. KUNZ: Speaking for Camden, I have assembled that cost. It's approximately \$1.2 billion for 40 facilities. We have 34 existing facilities and a proposed six facilities to meet what we know will be the growth in the population over the next five years. The real issue that I see is in the next 10 or 15 years. If Camden goes through a successful redevelopment, as being planned for right now, they're going to add over 10,000 new housing units within the next 10 years. I'm going to need 20 additional schools on top of this in that period of time. I know it's taken us six years from implementation to occupation for any of our schools. That's what it's running now, and it's only getting longer. We are going to be behind in the year 2010, when our next long-range facilities plan is due.

ASSEMBLYWOMAN BECK: Thank you.

DR. GLASCOE: With Paterson, I would have to turn to our long-range facilities plan and look at the 19 high priority projects, not factoring in all of the other costs involved with that. We're probably looking at pretty close to 90 million. Now, that number goes up as we speak, simply because the cost for construction and materials will certainly go up over the course of time.

Our problem is this: We're not looking at a five-year facilities plan. We're looking at a 15- to 20-year facilities plan. Because each day, each month, each year that we delay means that we're that further behind. If you look at our projects now that haven't even gotten started-- So we're two or three years out. So add five more years on top of that. Also factor in the emerging situations that we have with core facilities, damaged facilities, old facilities. You pile that money on, and we're going to be into the billions of dollars.

ASSEMBLYWOMAN BECK: So for all of the pending projects that you have before the SCC, you're thinking roughly \$90 million?

DR. GLASCOE: Yes. I would need to go back and look at that figure again, but that's my estimation.

ASSEMBLYWOMAN BECK: Okay.

Just one other quick question for the Superintendent from Newark, which is-- You had mentioned, in a review of all your facilities, the 74 schools and 89 -- I'm not sure what the other facilities are -- but 89 other school buildings -- that you've been looking at consolidation. As you're making your plans and approaching the SCC, is that part of your thinking? Maybe some you won't renovate, because you're going to consolidate them with another school?

DR. LINDGREN: Yes. Again, the reason we have that many buildings -- a few of which -- a number maybe -- a half dozen are leased facilities. We have annexes, because there's not enough room in School A for all the students. We find some space. Some of the warehousing -- you've heard from other people -- to provide space. Absolutely, the plan-- And, again, we have a very detailed plan that we work with, with the community and the city.

Also, you have to remember, when you have schools that are over a hundred years old, cities change. The new Central High School will be in a very different place than the existing Central High School, because the community has moved. So we also have to look at that and make sure that we have community schools embedded in the community.

Yes, we absolutely will be consolidating, and continuing to move down, and providing buildings that are also more efficient in terms of their maintenance, which will also cut down on costs.

ASSEMBLYWOMAN BECK: Thank you.

ASSEMBLYMAN VAS: Mr. Chairman.

SENATOR RICE: Yes, Assemblyman.

ASSEMBLYMAN VAS: I just have one question.

Has anyone studied the impact of these consolidations, which really are actually expansions of schools -- because these schools go from several hundred students to, in some places, over 1,000 to close to 2,000 students -- and whether or not that is impacting the quality of education, as well?

I mean, I realize that we're making these decisions for economic reasons. But there is an educational impact. Is somebody studying the educational impact of taking two elementary schools, that are 500 students apiece-- Because we can't find an appropriate site, one larger school gets built, and it's built for 900 or 1,000 students. But it turns out to be 1,300 in two years.

DR. LINDGREN: Excellent question, Assemblyman.

Certainly we need to make decisions based on education, not economic efficiency. And that has been something that has been a struggle. When we first started this process in 1999, the State gave us a model that they said we were supposed to follow. We were supposed to have elementary schools that were Pre-K through Grade 4; middle schools grade 5, 6, 7, 8; and high schools.

Newark changed that model. Initially we went with that model. We changed that in the year 2001, because in reviewing all the research, there is clear research out there that middle schools do not work, are not effective in general, and particularly not in urban centers, where you're putting in all of these individuals -- who are 12, 13, 14 -- together in large buildings. So we said that's not going to work, and we modified our structure.

We then had to look at both the research and the need to deal with the realities of efficiency to see what would provide for the best educational program. And that's what we believe we have done. What our plan and model calls for are elementary schools -- Pre-K through 8 elementary schools -- between 600 and 900 students, organized in the house plan so that there would be-- Within a complex there would be a Pre-K to Grade 2 house, between 200 and 300 students, that would have their own staff and their own sense of identity; a Grade 3 through 5 house, again of about 200 to 300 students; and a Grades 6 through 8 house, which really reflects the middle grades -- would have the appropriate science and other facilities they need, because of the learning, and likewise would have the content-trained individuals to teach the courses on that level so that, in effect, what we are looking to do is to have three schools embedded in one. One facility, one administration, one cafeteria, auditorium, etc. But then, within that building, three distinct houses so that they truly get-- Because you are right. When you make a school too large, then you begin creating other issues.

The other thing we have looked at-- Newark has 43,000 students. But for the most part they are in dense population areas. So we

can create a school between 600 and 900 students that still remains truly a community school, is embedded within the community. We don't have students coming large distances. And one of the reasons why that number varies from 600 to 900 is because of the particular community. In one community, 600 may be about what is reasonable for that particular area, whereas another is denser and 900 would work.

ASSEMBLYMAN VAS: As a follow-up question, what does that do to the corresponding school management team? If, in fact, you're creating a model where, in effect, you have academies -- small academies within a large school -- do you have an individual school management team for each one of the academies, or is there an overall school management team? And what kind of credentials are required for a school management team where certifications are different for P to 3 and P to 8, if you will?

DR. LINDGREN: You're also now getting into the whole No Child Left Behind requirements, in terms of having highly skilled professionals as your teachers and what the Federal government requires as that.

ASSEMBLYMAN VAS: And there's an operational cost to that, as well, obviously.

DR. LINDGREN: Absolutely. But, again, there's offsetting operational costs by having one custodial staff, one security staff, one administration for that entire complex.

It is a balancing act. We are looking to try to create the individual sense -- and a sense both within the staff, and the students, and within the parents -- of an identity within each academy. We are doing the

same thing in our high school, where we are looking to create -- within each comprehensive high school, which would have about 1,200 students.

ASSEMBLYMAN VAS: But my specific question though is, for each one of those academies, is there going to be a vice principal, or an assistant principal, or both?

DR. LINDGREN: There would be-- Well, in Newark, the title we use is *vice principal*. We would anticipate, if a school had 600 students, there would be a principal and two vice principals. And they would each be located-- One would be located in each of the academies and working directly with that academy.

SENATOR RICE: Okay, Assemblyman? (affirmative response)

Let me thank you very much.

I was going to raise the same question that the Assemblyman raised -- the impact.

I don't like large schools. East Side, in Newark, is a good example of a real fiasco. Now we're having a problem even finding a location to put it. There are other districts in New Jersey where you have a thousand-plus students going in one school. You just breed problems.

Suburban America, rural America-- In some areas you can do that. I've actually visited, at one time -- in Edison -- a school many years ago -- I guess it's still there -- where you pull up, it's like a campus. This was the grammar school. A little way down was the middle school. And then it was the high school. But that's because they had that land mass -- it was there.

When you get urban, it's nice to say you're going to consolidate. Economically, you might save some dollars. Once again, the

true cost (indiscernible) now, long-term may create more problems: gang problems, crime problems, community problems, people moving out, things like that. So you need to be cautious.

And I'm not so willing, as one legislator, to hear people in New Jersey, to hear my colleagues, to hear the Governor cry about dollars and then make mistakes. We'll cry about the dollars, and we'll cry with (indiscernible). We want accountability, and I don't want to abuse it. And I do believe that New Jerseyans do understand -- even the ones who read the headlines saying, "This was abused," -- because they're only reading headlines, they don't know the realities. And we go back and reinforce the headlines with our conversations, rather than going back and being honest, saying, "No. That's not the way it is," and document a form.

But we have to get the accountability. But the impact-- And we had talked more about that, to make sure that these new plans just went in, in the district that I represent. It's not one that you're getting weak knees on, because if you think the votes aren't near the Governor-- I'll fight what I need. I'll lose -- I'll fight -- but I'll fight if I'm right. So let's take a look at that, okay?

And the final thing--

Assemblywoman, you are right. It's interesting, because we keep asking questions at these meetings (indiscernible). And it's like everybody is going to give us a figure. It might not be totally accurate, but they can give us a figure. And the SCC -- we can't get -- nothing until August. They claim they're going to be so perfect in August, we don't have to worry about the real costs. But that's not going to happen, because it's going up, like you said, every day by percentages.

But let me thank all of you very much for your participation, and everybody for being kind.

This last group is coming up now. And, hopefully, we'll get everybody on the highway. I know it's a long day, and it's summertime. But this is important stuff for the children.

We'll next have Dr. John Rodecker. Is he still here? From Perth Amboy.

All right, we have Dr. Mary Stansky and Dr. Pethick, and Carla Siglam from the Charter Schools Association. The Charter School is still here?

All right. Okay.

Why don't we start with Dr. Rodecker, Perth Amboy? And we'll move, next, to Mary Stansky, and Dr. Pethick, and then to Ms. Carla Siglam.

Okay?

J O H N M. R O D E C K E R: As soon as I can work this microphone. (referring to PA microphone)

SENATOR RICE: Red button.

MR. RODECKER: Thank you, Mr. Chairman and members of the Committee. I know we've exceeded the four-hour mark, as far as your hearing testimony is concerned. And I appreciate your hanging in there.

I feel compelled to testify today, mainly because my Mayor happens to be an active member of this Committee. And if he can hang in there, I think I need to at least try to contribute on behalf of the Perth Amboy Public Schools.

Perth Amboy is an Abbott district. And as such, we share some characteristics with the other Abbott districts that have come before you today.

I have been Superintendent of Schools -- I've just completed my third year. However, I've worked in the district since 1975. And I've had the experience of the Supreme Court closing our district -- closing the public schools in July, back in either 1975 or 1976 -- which then begot the State income tax. So if nothing else, I have the eyes and the ears that go back 30 years. And I can at least give witness to what has happened with the Abbott movement.

However, before the term *Abbott* became popular, the 30 districts that were identified as being economically disadvantageous were called *special needs districts*. And I think that really goes to the core of what Abbott is all about. It's not about a person's name. It's more or less the characteristic of the school districts that have been identified as special needs and what constitutes those special needs.

In the order of which the testimony has been requested, however, I'll backtrack a little bit and talk about school construction. In the late 1980s, Perth Amboy was identified as a district moving in the right direction. However, its facilities were badly antiquated. We had schools that were constructed in the 1800s. And that made up the majority of our physical plant, not the exception. At that time, the district, of its own initiative, embarked on an energetic construction project that spent approximately \$85 million and upgraded or built six new -- renovated or built six new facilities, even before the legislation was passed mandating that Abbott school facilities be constructed by the State.

We have a lot of experience in school construction. And I think some of you have actually been in our district and have been in some of our schools. And I hope you will agree that there's certainly not more than what is necessary for an education. But it's a total school facility, as opposed to some of the dark and dank facilities that some of our students were in, going back 10 years, where the lighting was insufficient, the ventilation was nonexistent, and you had to actually go through one room-- To get from one side of the building to another, you had to go through a classroom on your way to get to the back of the building. That was taking place. So we've seen the downside of what antiquated facilities can do to a district and can do to a learning environment.

With our new facilities, we've learned some lessons. And we've actually -- once the legislation was passed, where the New Jersey Schools Construction Corporation took over the construction of Abbott facilities, we were first in line with plans that had already been developed. And we offered them to the SCC, and said, "Look, these buildings work. We'd like you to build them. Here are the plans." And I think that's one of the reasons why we were able to get two of our district facilities constructed.

Since SCC started, we have a new K-4 facility that is partially online. It will be totally online in September. And we have a preschool facility which houses 500 students that is probably as good as any preschool facility you'll see anywhere in the country.

And to answer Assemblyman Vas's concern and Senator Rice's concern about the size of those facilities, we took that in mind. We knew 500 is a big number for 3- and 4-year-olds. So the way-- The design of the building is such that there are four segments, which are color coded. And

the preschoolers identify with the green wing, or the yellow wing, or the blue wing, which dramatically cuts down on the size that they have to deal with every day.

So those are our success stories. And I would also point out that our elementary -- our K-4 elementary school-- We have four prototypes that have already been built. So we've been able to recognize the fact that you can have economies, once you identify a prototype that-- You don't have to reinvent the wheel every time you go to build a building. And we would invite anyone to experience or take advantage of what we have already started, and see what our elementary buildings are like, and see if they can be something that can be a model that can be taken forward as other districts need to construct their facilities.

About a year ago from this date, we were informed that two of our projects had made the infamous List of 59, which basically made the cut with the SCC and the remaining funds. I am sorry to tell you that, in one year's time -- 12 months have passed, and not one bit of progress has been made on either of the approved projects. Even though the district already owns the site, even though site work has been conducted lending itself to a quick start, if you will, for construction, we just haven't gotten anywhere. So I don't know if we thought we were getting something by being named to the List of 59, that this was an advantage. I'm here to tell you that nothing has happened. Not a shovel has been dug, not a brick has been put down. And we're just basically on hold.

One of the projects that didn't make it to the List of 59 was probably one of our most-needed projects, and that is our new high school. And I know every one of the Abbott districts that will testify today will tell

you of similar facility problems -- about overcrowding, about inadequate space, about class sizes that are too big. And I'm only adding to that list to tell you that we have over 2,200 students in a high school that was built for 1,400.

We had a competition. We had a national competition of architects to design a new Perth Amboy High School, with the blessing of the Department of Education and the blessing of the SCC. It was an exciting experience. We actually had models built of proposed high schools for Perth Amboy, and a jury of architects and local officials who ultimately selected the new Perth Amboy High School. And everybody was energetic. We had a lot of momentum going.

And then the plug was pulled. We even had a site identified, which was a housing site, and started relocating the residents because we knew this was where our new high school was going to be built. And, unfortunately, it stopped. And now we stand to lose the site that we had identified to a commercial entity, only to have to reacquire it, perhaps down the road, when money finally is available, at a cost probably a lot more than what we could have had the site for initially. So that is our big loss. And that is something that we have had to endure because of the construction issue in New Jersey.

One thing I would also point out, as far as swing space is concerned-- One of those projects that I told you made the List of 59 is another preschool. We have been very aggressive in having as many of our students -- our 3- and 4-year-old students in Perth Amboy enrolled in preschool. We have 500 students in the new facility. We have another 300 students in a former parochial high school, which is three stories. So every

day those kids have to climb three sets of stairs just to get to their classroom. But we find that that is a better alternative than not being able to service them. It's also a better alternative than having a waiting list. So we go on. And we've been doing this now for over five years.

Hopefully, when that log jam does break loose, we will get that facility built. And we see preschool in Perth Amboy as probably the biggest growing segment of our student population. And as was mentioned earlier, we've already acknowledged the fact that we think preschool is one of the most important cogs in the wheel, especially in an Abbott district. Because basic mechanics of education and learning are so important. And where a student in another environment might not be -- or might be getting that support at home, we see, in a lot of our students, that they are not getting the support at home.

And so we've put a lot of attention to our preschool program. We've been modifying the curriculum for the last several years. And we think that our program now is on the right track, and is producing the results that I think we all expected and was intended to produce.

In terms of our budget, we submitted a flat budget at the directive of the Commissioner of Education. We also instituted an appeal. Our appeal consisted of new facility funds in the amount of \$2.6 million and a general operating expense in the amount of \$3.2 million. This is after we went through self-examination and decided that we needed to cut almost \$2 million from our budget, because the State had asked us to do that.

There was \$3 million that we felt, if we had any belief in the Abbott movement so far, and we built an educational program that hopefully will pay dividends-- If we believed in that, then we needed to

have the money to continue it. We can't start dismantling what we've done in the last five years, at least in good conscience, because then we become counterproductive, and then we don't get the results that we are all striving to achieve.

So we do have an appeal before the Department of Education. And we, like other districts that have testified earlier, don't know where we are in the mix. We don't know when that 14-day clock is going to start ticking. We haven't been told. We've submitted as much documentation as has been requested and any additional information that we've been asked for. And right now we're kind of waiting for the next step to happen and then consider what our options would be.

I think when considering-- When the Legislature is faced with considering a new funding formula to address property taxes, I think you can't just discard what has been a 15-year process, with regard to the Abbott districts. I know people expect a lot in a short amount of time -- I have. And it's been a learning experience for me, since I've been the Superintendent over the last three years, and I can tell you that, with the money being spent, that I've seen growth. Are we where we want to be overnight? No. But I think we're doing the right things that are going to pay dividends. And I think our students are amazing. And our students in Perth Amboy continually surprise me, in terms of their ability and their ability to learn.

And when you consider Abbott, I want you to perhaps think of two things with regard to Perth Amboy. Number one is that 66 percent of our students come from a family whose native language is not English. So our students are coming into an English-speaking environment and going

home to a Spanish-speaking environment, and they're being successful. Our students can speak two languages. And a lot of them are literate in two languages. But it doesn't happen over night.

When you talk about No Child Left Behind, they give you a year to transfer a student from a non-English-speaking student to a literate, English-speaking student who can pass a test. I don't think any of us are capable of doing that in that period of time.

And the other thing I want you to consider about Abbott school districts is something that the Mayor picked up on at our high school graduation recently. And I'm sure he may have forgotten about it, but it stuck with me. When they introduced the 15 highest achieving students in our high school graduating class, Mayor Vas looked at them and said, "I know those kids, and I know the families they come from. They support education." And I think where you have students who come from families that support education, you see the results. And I think that's the core of the Abbott issue, and we've got to get more of that going. And we'll see more success.

Thank you.

SENATOR RICE: Thank you.

Ms. Stansky.

MARY T. STANSKY, Ed.D.: Good afternoon.

My name is Dr. Mary Stansky. I am Superintendent of the Gloucester City Schools, which is an Abbott district -- a small Abbott district in South Jersey. I am starting my eighth year as Superintendent there.

Many of us have spoken today, so I don't want to take up a lot of time reiterating the same things. I do have my formal comments here. But I would like to be as succinct as possible and get my point across.

As for facilities, Gloucester City-- And let me be very direct: \$32 million is what we need to build our middle school. We have spent \$36 million so far -- the State has spent -- to clear the area, to remediate it, to relocate all of our houses. And we are left with an empty lot in the center of town, which does not do a lot for our community.

Gloucester City could, very well, have built the school, probably under budget, in 18 months if we had been given the opportunity. We did build an elementary school, so we certainly have the capability. If any of you would like to really hear the horror stories about the SCC, I would invite you to call me. I would be glad to sit down and talk to you, and let you know the inside of -- the amount of waste that takes place and the types of decisions that are made, which make no sense.

Currently we are finishing the renovations to the high school. It will be able to house 617 students. And we have 905 in there. Since the middle school has not been built, which was the promise when we actually did the whole plan, we will have 300 unhoused students. We also have an over-hundred-year building housing Grades 4 through 6, and 327 as the capacity. We have 427 in there. So we have another hundred students still unhoused.

There's no end in site, and everything is stalled. We were in construction/design, so we could have proceeded. We were not one of the 59 chosen, and apparently that makes no difference. But we do really need to proceed if we are going to have facilities plans.

As to the budget, when we finally got some infusion of Abbott money-- Let me give you some success stories. Early literacy is, indeed, very important. In Grade 3, coming out of our Cold Springs school seven years ago, 28 percent of the children read on or above level. Our current results: we are up to 86 percent. Our HSPA scores in Language Arts literacy have gone up into the 90 percentile. Math did drag. We just took a 14 point increase this year. So the Abbott reform models of professional development, everything that we put in place, does work. Education is not magic dust. You can't say, "Oh, in one year you're going to improve everything that took decades of nonimprovement, of not having the money."

When I entered Gloucester City, as my first year as Superintendent, we were running out of paper. There was no paper to put memos on. With the infusion of some of the Abbott funding, we were able to revamp everything. And so we were able to really provide for our children.

The things that we are now going to have to cut to be flat funded-- By the way, we were not flat funded in Gloucester City. We were cut an extra million. So the revenues for 2005-2006 were cut by a million. So we are not even at flat funding. We will be appealing. And we don't know when our 14 days start. I will tell you that I've been meeting with the State. We're down to, actually, instructional programs. They were here last Monday. I said to them, "What information do you still need?" I had them all there in my office. We went through the budget, we gave them all the information, we put everything in the format they wanted. Before they left, I said, "Now, our 14 days is starting. Do you need anything else?"

“No, we’ve got it all.” “Good.” I came up here this morning. My (indiscernible) said, “Just got a call. They want more information.” So the 14 days -- I don’t know when it starts. And I will tell you, that is the reason most Abbott districts elect to just throw in the towel, because it’s ridiculous. It’s the middle of July, and I still don’t have a budget. And I have no idea how long this is going to drag out.

Gordon MacInnes spoke earlier about this semi -- the Medicaid aid. They did come down and say, “We’ve discovered that, next year, it’s projected you’ll have \$108,000 more in the Medicaid reimbursement.” I said, “What?” They said, “Yes, \$108,000.” I said, “That’s ridiculous. We just got a memo from the State commending Gloucester City, because we were able to eke out \$13,000 --” because, you know, the State keeps most of the money. We get the 15 percent. And it cost me \$25,000 to get the \$13,000. And they thought, “Oh, but next year you’re going to get \$108,000.” I said, “I don’t think so. So take that off your list.”

So I’d like to just give you the list of what we’re going to have to cut to get to flat funding. Counseling services: We provide private counseling services to the families of the district, so that kids will come to school who are in crisis and will be able to learn. We’ve been doing that for a number of years. And attendance is up. The average referrals we get per month, for families in crisis, is 15. So we had to cut that program.

Teachers: We did not hire teachers who left -- rehire teachers who left, increasing class sizes. Three special education teaching positions will not be funded. If we go over the code specifications, we have no money to hire another teacher. We’re a small district, by the way, which is difficult

to compare to the bigger districts. There's not a lot of fluff where you can go.

Security position: We had to eliminate a security position at the high school for the nighttime. We offer college classes at night, etc. That position has to be eliminated. We're on Route 130 and Route 295. A couple of months ago we had somebody who was being chased by the police and tried to get into our buildings, etc., because we're right on the highway. So we really do have a need for security during that time. That had to be cut.

Field trips are gone, cut out of the budget.

Technology: We cut \$75,000, which doesn't sound like a lot to a big district. But to a small district, that's a lot. We were going to purchase a student database that we would be able to interface with parents, homework hotline, that type of thing, and also track achievement better. Because we have a system, but it's not very -- it doesn't perform very well.

Summer curriculum committees: Every Summer we have curriculum committees to realign our curriculum, to evaluate what we have, to align it better with the New Jersey Core Standards, and to also make sure we have curriculum maps, all the things that you need to do to make sure that your kids are learning. They've been cut.

Instructional supplies: We cut, from every school, the instructional supplies in half.

Summer programs: We had to cut our Summer School. This has been a great way to keep kids from dropping out, by the way. Because if they think they can't go to the next grade, they're going to drop out. We

have a remedial Summer School program in Grades 6 through 12. And we have Summer enrichment in Grades 1 to 6. And we target kids who are not reading on-level and encourage them -- personally invite them to attend. So Summer School will be gone.

Professional development is completely gone. We have no money for that at all. It's going to be totally out of our district. That's unfortunate, because the way to get kids to learn is to bring in programs and help train teachers with strategies to make sure that they learn. We used to-- We have our Whole School Reform models, where we would contract with SFA, and PLN, and all the different programs we used. Those are gone. So the professional development will stop. We're going to try to just keep going as best we can, as to what we've learned so far.

Equipment: No new computers, no printers, and no lab equipment.

Operations and maintenance: We had to cut janitorial supplies. We also cut utilities; service contracts, including HVAC, trash pickup, and alarm services. We just hope nothing malfunctions, because, again, we have no fund balance. We had to move it all over.

Home instruction: We had to cut money out of that, although our home instruction costs have actually gone up. Because with the new discipline code, after four days you have to provide home instruction for anybody that you suspend. That's the new State discipline code. So we hope we'll make that.

SAC, our substance abuse counseling that provided supplies, research information, reading materials, and activities for the kids that were dependent on drugs-- We had to cut that -- part of that program.

Rehab connections is cut. That services our students for occupational therapy and physical therapy.

Purchase professional services: We cut money out of there. These are the services for outside evaluations for students for special ed.

Out-of-district placement: We had to cut that funding. And, again, we lack facilities. And if one more student comes in that needs an out-of-district placement, I'm not sure where we're going to find that money either. We just had a family sign up. Six of their children are special ed, two of them are out-of-district.

Even given all of this, it's important for the Committee to understand that we have an Early Childhood Program which is very successful. But our Early Childhood aid given from the State doesn't cover it. And I don't know that you realize that. Although the State has approved an operational plan for our Early Childhood center at \$3.13 million, our district only receives funding from the State for that at \$1.056 million. The rest of that money we have to find out of the general education budget.

So what I'm trying to say is that flat funding, plus cutting Gloucester City another million, is really having a serious effect on us. And when the State comes in and says, "Oh, we're going to help you reallocate," they pick things like courtesy busing. Yes, it's not mandated by law. However, I don't want a 3- or 4-year-old crossing Route 130 trying to get to the Early Childhood center. If you want a parent to bring them, that's great. But we know how parents are. Some of them won't bring them, or simply say, "Oh, I don't want them in the program then." So we provide services, outside the direct instruction, to make sure our kids come, also.

I think we need to really look at this. And I think funding to everybody, suburbans -- and I worked in suburban districts, too -- and urbans have to be funded so that the children can learn. And some-- It's very complex. Some children need more things than other children need. So you have to come up with a funding formula that really works.

Thank you very much.

SENATOR RICE: Thank you very much.

Next.

H. GORDON PETHICK: Good afternoon.

My name is Gordon Pethick. I'm the Superintendent in the Phillipsburg School District. I really appreciate the opportunity to have the time, that I can have this afternoon, to talk a little bit about our budget and our facilities.

I've been with the Phillipsburg school district for 30 -- I believe close to 35 years. Some days it seems like it's been 60 years, but it's only been around 35. And it seems like it repeatedly is becoming more difficult to be a superintendent in an Abbott district, almost on a daily basis, for various reasons -- facilities, of course, as well as budget.

I'd like to just reverse the order -- if that's allowable -- to go into the budget first, and just talk for a couple minutes on that.

Is that permissible?

SENATOR RICE: Anyone who gets a trailer for each year of service -- that's permissible. (laughter)

MR. PETHICK: Okay.

On March 13, 2006, the Phillipsburg school district adopted the 2006-2007 budget in the total amount of \$65,908,389. Included in

our original budget was a request for discretionary education opportunity aid in the amount of \$9,892,453. An adjustment in our education opportunity aid by the Department of Education resulted in our request for DEOA being revised to \$8,581,639.

On May 31, 2006, the Phillipsburg Board of Education adopted the budget in the total amount of \$59,061,750 in order to be in compliance with the Supreme Court's order of submitting a flat-funded budget. Budget appropriations were reduced by \$6,846,639, and revenues were increased by \$1,735,000. The revised revenues included increases in appropriations from free balance of \$1,700,000; miscellaneous revenue of \$25,000; and Medicaid of \$10,000. The additional appropriations from the balance is largely due to a spending freeze that was implemented in April. In other words, we took money from our free balance to support next year, as a revenue source. That is a train that's running down the end of the track. Next year we won't have that money to do that. Because this money -- the money now that we had in free balance will be used to operate the district.

The reduction in our budget appropriations included 30 new positions and 42 existing positions. The new positions included security guards at the elementary level, professional and paraprofessional staff for an alternative education program at the elementary level, Math coaches, a reading recovery teacher, and groundsman for our new high school site.

The existing positions that we are getting rid of included security guards at the secondary level, professional staff, the middle school alternative education program, reading recovery teachers, Math coaches, student assistance counsel -- SAC, in other words -- at the middle school, an in-school suspension teacher at the middle school, a school nurse, and

director -- central office director of elementary education. In other words, a main pillar in the operation of the district had to be removed because of the budget. And it wasn't fair for central office, if we're going to be taking out teachers and everything -- for central office, we had to make sure that this pairing was going to be fair. Of the \$6,846,639 reductions, we have appealed for \$3,479,758 to the DOE.

Now, that's the numbers. Okay? This (indicating) represents the interaction back and forth with the DOE. This is the budget guidance letter that came out on May 26, our budget appeal -- because we had to turn in a flat-funded budget. This was the budget appeal with the items that we were appealing, that we turned in, in chart form, detailing everything that we could possibly detail on those topics. Here's a request from the Department of Education for additional information to me on June 7. These are materials, that were requested from our business administrator by the fiscal manager, that were submitted on June 8 to the DOE. On June 13, I requested that the DOE clarify information on their June 7 request. We have paper going back and forth continuously here. That was sent in on June 13.

We go through another set of communications on June 21. I again asked, from the DOE, for a request on assistance, in terms of my June 13 memo. On June 28, we turned in this (indicating) packet of information, still not having complete clarification of what is needed. And within this document, these are some of the items that we had to remove out of our budget during this appeal process. And I would just like to highlight a couple of these so you have an understanding of the depth of the hit here.

A school-to-work coordinator at the high school, the supervisor of guidance K-12, an alternative learning program at the middle school. Incidentally, I received a call yesterday from the county superintendent of schools saying that a parent at our middle school had sent a letter to the Governor, asking about what her child was going to -- what program her child was going to attend, because the middle school was not going to have an alternative program. The county superintendent of schools called me on that. I don't have an answer, because it's like one big circle there. In-school suspension program at the middle school, reading teacher at the middle school. I mentioned the student assistance coordinator, reduction of Summer School classes. They had to be reduced. Summer School teachers at the middle school had to be reduced. The middle school's sports program was eliminated -- seventh and eighth grade.

As I go through this -- Summer curriculum work had to be curtailed to a great degree -- to a very large degree. Co-curricular purchased services was cut back. The number of field trips is greatly going to be diminished next year. Transportation associated with them--

As you go through this whole list-- When we get to the end -- and I'm not going to -- I don't want to go through every one of them, because this will be here. Textbooks -- we had to make sure that we were going for-- Our Math scores are coming up. I'm very, very pleased about that. We're using Trail Blazers. We're seeing Math-- Language/reading we're still working on. We have some ideas on where that has to go. But all of the other areas we really have to cut back on the textbooks because we don't have the money anymore. But our Math programs are making a difference. Our high school is doing very well. So there are some very

positive things that are happening. It's like turning the Queen Mary, in a sense -- trying to get everything going in order. And then every time you turn around, the budget's been cut, or the rules for the game have changed.

We've cut maintenance positions. We had a retirement. We're not filling that. We've cut custodial positions -- two custodial positions, security guards. The high school athletic account has been greatly diminished. The high school in-school suspension--

And the one item that I would like to mention -- and I hope I have it in here, which I should -- has to do with the question that was given to me. Because this material was submitted to the DOE. Then the DOE comes back with another request. This was the request of July 10. It's six pages of material that are being asked to be submitted now. Remember, the clock hasn't started. The clock never starts. I think the clock's died. (laughter) I don't think it's ever going to start.

But this is one of the questions the DOE asked me. And I would ask for any assistance that maybe any of you could help me with. This has to do with an in-school suspension program. It says, "What is the evidence that the in-school suspension program is more effective than home suspensions?" Okay? Now, I know none of you ended up on in-school at any one point in time in your careers. But an in-school program is basically where children break the rules to a point that you have them in a classroom where work is sent down. A teacher works with them during the day. The other alternative, when you don't have an in-school suspension program, is at home. You send them home. Well, you know what happens at home. They're watching T.V. They could be watching the soap operas. Who knows? But this is a question. What evidence is there that in-school

suspension is more effective than out-of-school, home suspension. I don't even know how to answer that. But this is one of the questions.

ASSEMBLYMAN O'TOOLE: Can I make a recommendation?

I appreciate the great detail. I think it would be easier for us, and for those members who are not here -- couldn't stick out the five-and-a-half hours -- if you could kind of consolidate that in a couple of pages. I'd love to help you with those problems. I really would.

And I say the same to all of you out there -- those who have not had an opportunity to speak. Because as you sit there and just read it, it's kind of-- I'll hear it. And as I'm driving back--

MR. PETHICK: I know. It's going to go over-- It's just going to go by.

ASSEMBLYMAN O'TOOLE: Listen. To be effective, so we didn't waste five-and-a-half hours, six hours-- I'd stay here 12 hours if it would advance the ball at all. If you could send a letter, through the Chair, to the Committee members, stating exactly what your concerns are and what help you need, I promise you we will make every effort, Republicans and Democrats, to move this thing along.

MR. PETHICK: I would appreciate that.

ASSEMBLYMAN O'TOOLE: Okay.

MR. PETHICK: Because this is the result of this July 10 request. And this is being sent out, as of today, from my office to the DOE.

ASSEMBLYMAN O'TOOLE: It's unbelievable.

I'm looking forward to your letter.

Thanks.

MR. PETHICK: So that is a sample of the material.

If we talk about facilities-- I don't know what I can say about facilities, except Phillipsburg has been one of the districts that has tried to move forward, in terms of getting a high school built. We've had a convocation. Many of you know about that. We had the convocation, through the student council. Our student council president, who was the president of the New Jersey Student Councils-- And we have a high school site. We have about \$16 million worth of work put into that site. It was a two-phase project. And the high school was not completed. It was on the original-- It was on the List of 59. Then it was cut off that list. And the site work was partially left on there. So the site work was completed.

We have some fields up there that have been built, because they were in that first phase. I have an artificial turf field that has a telephone pole in it -- power pole in it, I'm sorry, not telephone pole. I have a road to nowhere, because I have a problem with, how do I get onto the facility, because there was supposed to be deceleration lanes coming into this acreage. And they were not put in there. So now I have to go up through a back area and hopefully get some changes, so that we can get into that property to use it for physical education classes, and for some athletic programs if we can get everything in order by that time.

Right now we send-- We actually send some of our students to different centers around the town to have their physical education classes. As I say, we have 31 trailers at the high school site, which is unbelievable. In fact, when I spoke with Gordon MacInnes about three months ago about the fact that I may need some for next year-- I asked him if they would be covered. He said they probably would not be covered. So if I need trailers

next Summer -- because they get put in, in the Summer -- I don't know where the money is coming from for those trailers.

So we've got some real problems here. But any work you can do that would move this along, I would appreciate it. I will get you all of this material.

ASSEMBLYMAN O'TOOLE: Thank you.

SENATOR RICE: Let me thank you, also. And we'll give -- before the charter school -- members a chance to raise questions.

Let me say this, also. I spend my time holding hearings, of course. I have a transcriber here. And I ask members to come, recognizing all of them can't stay all day when they do participate. But we've been up and down this state, listening to people regarding Abbott districts. Superintendents never get a chance to really talk. And hopefully my members here -- particularly those who are on Appropriations. These are questions and issues that never come up in Appropriations. We talk about a lot of stuff.

We talk about schools. But they don't have a sense of your real needs and concerns. And that bothers me. And I believe that your district may be Senator Lance's district. Is that correct?

MR. PETHICK: That is correct.

SENATOR RICE: I'm going to talk to him, too, because I've visited there. I'm not sure what his sense is. But it seems to me that he should be furious, if he's going to come into the district -- unless you're so small, they don't care about your votes up there. And maybe that's what it is. But (indiscernible) care about those kids.

Now, I do have a question. When I visited there, initially your school district-- Your numbers have doubled in school construction. If I recall, you had about a \$50 million project going up there. It may be close to \$100 million, because the location shifted from one location to another location. Is that correct?

And there was a question about how you would actually do the formula up there. Did you ever get an answer to that?

MR. PETHICK: Well, what happened was, we have the high school--

SENATOR RICE: Because you're Abbott and non-Abbott.

MR. PETHICK: Right. But we have the high school site. And the high school site is composed of 50 acres for the school, and it's 76 acres separate from the school, which is recreation. Because we don't have room in our town to build that high school. And, by law, you can only-- The maximum you can have is 50 acres in a continuous site. So we purchased -- went into the agreement on that property based on that.

The project was approved as of July of last year. It was approved. In fact, I met with the people in central office and said, "You know, we finally have the facilities coming. Yada-yada." Well, that's when that memo came out with the 59. But that has not moved any further from there, Senator. We're basically waiting to see where that funding is going to come from, and how that's going to happen. But, right now, we're again running down a road here.

SENATOR RICE: When you send the documents to the Committee, would you make sure -- you send a memo or something -- to remind me to look into where they are with that situation--

MR. PETHICK: Yes, sir.

SENATOR RICE: --with the funding that land? Because it's already double its cost there.

Any other questions from members to any other speakers thus far?

Senator.

SENATOR BARK: I guess I really need to make a comment, because it seems to me that you're all having the same problem. And if you all have the same problem, there ought to be a solution. And as I hear it -- and I may be all wrong. But it seems to me that one of the things that happened is that we had a report from the Inspector General. And I remember asking, "Is this going to delay projects?" "Oh, no. Not more than three or four weeks." I don't think that was quite true, because it just seems to me that the whole thing has bogged down since that time. And I think this is tragic for a lot of reasons, but mostly because of what it is doing to children that have no place to go to school. And that really and truly bothers me a lot.

The second thing is that schools -- at least as I see some of the information, and hear some of the information -- is that we are building schools by SCC, who are not qualified -- in my opinion -- to build schools. They may be qualified to handle -- no, woops, I was going to say the money, but I don't think that's quite true. (laughter)

But the fact is that superintendents, and school boards, and DOE understand what you need to have in a school to make it work. And what we are getting instead is, SCC -- who I'm not quite sure. They're trying to go through a million architects. I'm not quite sure what that

means. I'm not sure what that is doing to help build good schools. It would seem to me, why not select between three and six qualified architects, and let districts pick from those. Or, certainly, what sped up the non-Abbotts -- where they already had an architect that they had worked with for years, that they could trust. They knew what was wanted, and so forth. That, for some reason, we can't do. I'm not sure why.

I think we ought to think about that, though. I really do. If a district has a qualified architect that they've worked for, for a long -- worked with a long time -- that they ought to be permitted to use that. I think that would speed things up dramatically. And all we need to do is find someone to have some oversight over the district as they spend the money. And I'm sure we can find a nice CPA, or somebody like that, who understands dollars and cents, and let them provide that oversight.

And I would hope that, somehow, we could give some consideration to all that I have just said, plus input from everybody else that could make my -- what I just said better.

And that's really all I have to say.

And I want to thank everybody for coming. I'm sorry that I had a couple of other appointments that I had to leave the room for, momentarily. But I assure you that my heart goes out to all of you. But, really, we need to take care of this ASAP. We have children involved.

Thank you.

SENATOR RICE: Senator, your comments are very well taken. Some of the speakers before had spoken in terms of bringing some things back to local control, and getting oversight, etc.

We have articulated, if you recall at various meetings, that August is supposed to be a “deadline” for all of these reports to the Governor. And as I understand, they’re moving in that direction. It’s starting to become ultimately clear to me that if, in fact, in August they’re not in that direction, we’re going to have to legislate that direction if they’re not there. Hopefully that’s not the case. I’m going to have to legislate it anyway.

But I don’t think we can keep saying that. Because you are correct. And there’s indication on record and documentation that it has caused a lot of waste with this in the past, when we got started. Our experience should be a good lesson for us.

Okay, Senator.

SENATOR BARK: Can I just make one more statement?

I would like to request, Senator, that you would write a letter to DOE, and make it very forceful, that they must understand school opens in a very short period of time. It’s something like 31, 41 -- maybe 45 days. And, believe it or not, after they’re given what they need to be given from DOE, they do need a little time to implement whatever they are given. So they can’t be given that the day before school opens. And I would hope that you would consider doing that.

SENATOR RICE: We’ll do that. In fact, we’ll have staff make a note, and we’ll kick it out tomorrow.

The final speaker is the young lady -- where’s my note, my name?

I have to get the name right.

CARLA HAYNES SIGLAM: May I say it for you, sir?

SENATOR RICE: Yes, why don't you say it. (laughter)

MS. HAYNES SIGLAM: It's Carla Haynes Siglam.

SENATOR RICE: Yes. Okay, I've got it. It's the Charter School Association, right?

MS. HAYNES SIGLAM: Yes.

SENATOR RICE: Okay. You're our final speaker.

Good afternoon.

MS. HAYNES SIGLAM: Good afternoon. This said "good morning" a long time ago, but it's after noon now.

I really commend you all for hanging in here as long as you have. It really has been something to hear from the superintendents, and the struggles that they're going through.

As I said, my name is Carla Haynes Siglam. I'm a resident of an Abbott district, myself the product of a public school education, and the mother of two public school students. I also Chair the Board of Trustees of the Greater Brunswick Charter School, in New Brunswick. And I'm here today representing the New Jersey Charter Public Schools Association.

The Association represents the families, teachers, and leaders of New Jersey's charter schools. And on their behalf, I thank you for the opportunity to present my testimony to implore you to keep your attention on all public school students.

But first, I do feel compelled to respond to a couple of statements made earlier, just for the point of making sure that the information that you do receive is factual. You said earlier that -- in one example in Newark, the charter school aid that the school, themselves, was responsible for paying had gone up about an average of \$4 million over the

last couple of years. And the question was, isn't there flat funding for charter schools? Well, there absolutely is. There are only two reasons why that dollar amount would increase. And that's either that there are more students enrolled in their school, or that the T&E, the thorough and efficient amount, increased.

And I'll just take a minute to -- and I do mean a minute -- just to read a little background information on charter school funding so you can understand. The current funding formulas require that charter schools receive 90 percent of the per-pupil spending of the local public school districts. The districts forward to the charter school an amount equal to the lesser of the 90 percent of the district's local program budget, or 90 percent of the thorough and efficient amount. And the State provides funds to bring the allocation up to the 90 percent of the local per-pupil spending, without the Abbott or facilities funds that the district received.

For the Abbott districts, Abbott aid comes over and above the district's program budget. Many Abbott districts now report program budgets lower than the T&E amount, even though their actual spending can be well in excess of that figure. According to the formula, charter students from Abbott districts are allocated 90 percent of that drastically reduced number, and far less than that amount of funding defined by the State as necessary to provide the students with that thorough and efficient education.

So, again, I just reiterate, if the amount that the school has to allocate to the charter school has increased, it's because either there are additional students enrolled in that charter school, or because the T&E

amount-- But that really does not increase the per-pupil spending for the charter schools.

The second point that was made was that 70 percent of the schools' budgets was tied up in salaries and contracts. For charter schools -- most of them, including Greater Brunswick Charter School -- it's 90 percent, because that figure includes our facilities costs.

But the bottom line here is, what are the children getting? It's clear that everyone agrees it's absolutely unconscionable for students to not get what they receive -- what they deserve, whether it's in the shape of facilities, the program delivery, or the staffing. You are in a position to truly address these issues through substantial public education funding, meticulous oversight, and accountability. And with that accountability, I mean allowing districts that have shown that they can address their own facilities needs to do just that.

And with that, I'll just take a few more minutes of your time, if you can bear, for testimony that I actually did come here with.

Charter schools are powerful engines for innovation in public education. Charter schools in New Jersey are embarking upon their tenth year of operation; and making great strides in educational innovation, teacher empowerment and, most importantly, student achievement. The members of the New Jersey Charter Public Schools Association are committed to student academic achievement first, ethical leadership, responsible governance, fiscal accountability, and a continuing focus on increasing quality.

Predominantly serving at-risk students, these uniquely accountable public schools are raising the bar higher and higher each year.

Here are a few examples. In Newark, Robert Treat Academy's fourth and eighth graders, and North Star Academy's eighth and eleventh graders are exceeding district and State averages. And over the past two years, every member of North Star's graduating class has gone on to college. At TEAM Academy, all eighth graders will go on to attend top high schools and will benefit from ongoing counseling to ensure they, too, go to college.

In Camden, students at Camden's Promise Charter School exceeded their district average on the eighth grade assessments in both Language Arts and Math combined, by more than 50 points.

In Asbury Park, Academy Charter High School's eleventh graders have exceeded their district average in Language Arts and Math for four years in a row.

In the context of all that progress, charter schools are facing serious challenges to their long-term survival, the single greatest of these challenges being the increasing impact of facilities costs on the schools' budgets.

Charter schools receive no State aid for the costs of their facilities. Instead, lease, purchase, and renovation costs come out of the general operating budgets to the detriment of each school's classroom needs, innovative programs, and supplemental services. It is a testament to the efficiency, creativity, and resolute spirit of the charter school leaders that charter schools are able to survive and thrive at all under such conditions. Many, however, have not.

In addition, though charter schools face the same rising costs as public districts and vocational schools, they are not able to access facilities funding from Federal, State, county, or local sources. As a result, many

charters receive a fraction of the funding that their neighboring district schools receive. Before consideration of Abbott funding, charter school operational budgets are about 70 percent lower than in district schools. In Abbott districts, the disparity is even greater.

For example, North Star Academy Charter School, in Newark, and Learning Community Charter School, in Jersey City, receive 40 percent less per-pupil funding than their district counterparts. Greater Brunswick Charter School receives 50 percent less than the New Brunswick district. So last year I sent my two daughters to Greater Brunswick Charter School, and basically, Greater Brunswick Charter School received funding for one child.

All public schools face challenges in the establishment of high-quality educational facilities for their students. They contend with rising costs of labor and land, and with the challenges of thorough and efficient school design in the context of limited funds. In urban areas, where schools are serving proportionately higher populations of low-income students, space is at a premium, environmental remediation is frequently required, and necessary renovations are often extensive. As public schools, charters face all of the above, with the additional challenges of raising capital funding where no State aid is provided. The Association has, and will continue to pursue, the means to help charter schools acquire facilities.

Recently, the U.S. Department of Education recognized the need for greater access to facilities funding in New Jersey, and awarded an \$8 million credit enhancement grant for charter school facilities to New Jersey Community Capital. While this grant will enable schools to access

cheaper credit, the lack of equity remains a huge barrier to schools' abilities to finance a facility.

Abbott initiatives speak to facilities that support thorough and efficient education, reforms aligned with the concept of community schools. And schools themselves make community centers. As a whole, charter schools excel in the areas of school reform and community building.

They are as unique as public schools, because they must deliver on their performance contract or face closure. The results I have described to you are happening without the benefit of Abbott funding and without the benefit of school construction aid. But operating without those entitlements is draining. To operate without adequate base funding is simply unfair to the children that we serve.

And I just want to make the point that the funding dollars are for each student -- each consumer of public education -- to receive what's considered a thorough and efficient education. Therefore, if that student is not in the district school, but in another public school -- a public charter school -- should not those dollars follow that student?

As the school construction program is reshaped and replenished, it's our goal to include charter schools along with other public schools in meeting their facilities needs and serving their children. And as you face the budget's structural deficit head-on, we urge you to keep in mind a revised funding formula for all public school students, one that provides a real, long-term improvement and that results in continually improving education for New Jersey's public school students, and better ensures our State's long-term success and viability.

Again, I thank you very much for the time, for sticking it out, and for allowing me to speak.

SENATOR RICE: We get elected to stick it out. Sometimes we don't recognize -- we don't come that much, except for the Appropriations people. They go beyond the call of duty.

Let me just say this to you. I understand your issue. And I can just say this for the record, because we are being recorded: there are differences and debates on charter school statistics. I mean, all of us can go to the worst districts and show you schools that are very successful, nationally, including schools in Newark. And we always question, how can Ann Street be doing so great, or Harriet Tubman? And do we have any other problems?

That's the charter school phenomenon, too. But the difference is that there's a regulation component that no one wants to talk about in charter schools. So they're not doing, in my estimation -- from the statistics -- any better. But the problem is the funding issue, etc.

It is the process, also. Because we give out charter school licenses like they're water. It's just boom, boom, boom. We don't do *A* before *B*, we don't know where the building is half the time, how they're going to deal with it, and some of them have never even opened. But we have to address that. But we do hear your issue, as it relates to: If we have charter schools, what we do with those?

And then you have this other debate that comes up, particularly in districts like mine. Charter schools -- the smart ones -- that are trying to do the right things made it very clear they're not the vulture people. And the vulture people keep trying to hide behind charter. So you have a real

confusing mess there. In the meanwhile, kids are losing every time someone tells a superintendent at the end of August that the school is not going to open, and you've got 300 more kids you've got to make arrangements for.

And so there are success stories. And I understand the politics of Robert Treat Academy. And I understand why Steve does so well up there for a lot of different reasons. But he's an exception to the rules, in terms of the relationship of getting some things done. And he does bounce people out, or at least threaten to do what he wants to do. We can't do it in public schools.

So I don't have any questions. But I do understand. And we're on the record, so I want to make sure that the Commissioner's office understands that if you're going to have charter schools, and they are functioning, that we have to make sure that one does not harm the other.

And the issue of flat funding-- I will look further into it. Because if it's per pupil, it seems to me that if I have an increased population in my student population, and you're telling me to use the same money from last year -- and maybe that's not what I'm hearing, but that's what's flat. My attitude is like, if you tell me that my budget's a hundred dollars, and I've got a couple more students so it's costing me 50 more -- you should tell me to keep the hundred, and you're going to put the 50 there to take care of those, too.

I have to find out what all of that means.

With that, I don't have any questions from myself.

Do any of you have any questions?

ASSEMBLYMAN O'TOOLE: Thank you, Chair. No thanks.

SENATOR RICE: Okay.

I thank all of you.

I thank the Committee members for being so patient. We're not going to do this every day, but we'll be doing it throughout the course.

Thank you.

Oh, let me also thank Ms. Linda Brokaw for staying, and sticking it out, and transcribing.

(MEETING CONCLUDED)