
Committee Meeting

of

JOINT COMMITTEE ON THE PUBLIC SCHOOLS

“The Committee will be receiving a presentation of the 2015-2016 school budgets of the four State Takeover Districts (Newark, Jersey City, Paterson, and Camden), with specific focus on deficits and shortfalls, and how those deficits and shortfalls will be addressed. The Committee will hear from the districts on how they are progressing toward regaining local control, and how meeting the QSAC requirements to facilitate return to local control will be impacted by these budget deficits and shortfalls”

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

DATE: December 15, 2015
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Ronald L. Rice, Co-Chair
Assemblywoman Mila M. Jasey, Co-Chair
Senator Nilsa Cruz-Perez
Senator Samuel D. Thompson
Assemblywoman Sheila Y. Oliver
Assemblyman Benjie E. Wimberly
Assemblyman David W. Wolfe



ALSO PRESENT:

Rebecca Sapp
Executive Assistant

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

SENATE

Hon. Ronald L. Rice
Co-Chair

Hon. Diane B. Allen
Hon. Christopher "Kip" Bateman
Hon. James Beach
Hon. Nilsa Cruz-Perez
Hon. Linda R. Greenstein
Hon. Samuel D. Thompson

ASSEMBLY

Hon. Mila M. Jasey
Co-Chair

Hon. Ralph R. Caputo
Hon. Betty Lou DeCroce
Hon. Sheila Y. Oliver
Hon. Donna M. Simon
Hon. Benjie E. Wimberly
Hon. David W. Wolfe



JOINT COMMITTEE ON THE PUBLIC SCHOOLS

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MEETING NOTICE

TO: Members of the Joint Committee on the Public Schools

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

The Joint Committee on the Public Schools will hold a meeting on Tuesday, December 15, 2015 in Committee Room 11 on the Fourth Floor of the State House Annex, beginning at 10:00 a.m.

The Committee will be receiving a presentation of the 2015-2016 school budgets of the four State Takeover Districts (Newark, Jersey City, Paterson, and Camden), with specific focus on deficits and shortfalls and how those deficits and shortfalls will be addressed. The Committee will hear from the districts on how they progressing toward regaining local control and how meeting the QSAC requirements to facilitate return to local control will be impacted by these budget deficits and shortfalls.

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

Issued December 4, 2015

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

ALL: Good morning.

SENATOR RICE: Let me say that again. It's like church when you come to this meeting.

Good morning.

ALL: Good morning. (louder)

SENATOR RICE: You know, if you bring all these people down here, you can say, "Good morning." We don't get intimidated in this Committee. We're religious people; we're spiritual. We're loving, and giving, and forgiving. (laughter)

Seriously, first of all, happy holidays to everybody; and Merry Christmas. I say those things; some people say it's offensive, but I say them. So this is Ron Rice, New Jersey State Senator; and I am Co-Chairman of the Joint Committee on the Public Schools.

This meeting this morning-- We'll get a roll call, but I just wanted to let you know the meeting this morning is to talk about the takeover districts -- the districts that are under State control -- budgets and financing, to see where we are. We always have a lot of meetings, but we never really get into in-depth discussions about the four takeover districts' budgets, and the needs, and the problems as to how we've gotten there.

And so before we get started, let me ask the staff to do a roll call.

MS. SAPP (Executive Assistant): Senator Cruz-Perez.

SENATOR CRUZ-PEREZ: Present.

MS. SAPP: Senator Thompson.

SENATOR THOMPSON: Here.

MS. SAPP: Assemblyman Wimberly.

ASSEMBLYMAN WIMBERLY: Here.

MS. SAPP: Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Here.

MS. SAPP: Assemblywoman Jasey.

ASSEMBLYWOMAN MILA M. JASEY (Co-Chair): Present.

MS. SAPP: Senator Rice.

SENATOR RICE: Here.

Okay. We're going to try not to be long; and we're going to ask the speakers-- The word I got is that the Commissioner, who kind of orchestrated my meeting arrangement-- You know, everybody sets my stage when I put a play on it. I understand they want everybody to sit together from the schools; and the State person is supposed to be sitting there too. So let me just see if the stage is set right for the roles you're playing. I just hope your scripts are right, because we never gave you the questions we're going to ask. But I think you all can handle those, since some of the Superintendents aren't here.

Okay, so Camden is here at the table; yes. And Jersey City is here; right, Luigi?

LUIGGI C. CAMPANA: Correct.

SENATOR RICE: Newark is here. Paterson, right?
(affirmative response)

The State?

PAUL CRUPI: Yes.

SENATOR RICE: Okay, got it. Okay, the stage is set.

All right. With that, let me just turn this over to the Co-Chair to greet you, and my members to greet you. And then we're going to get into our business, okay?

ASSEMBLYWOMAN JASEY: Good morning, and happy holidays to everyone.

I apologize for being late. My 91-year-old mom sometimes has issues in the morning. But the good news is she's fine, and I'm here.

I'm looking forward to hearing from each of you today because I have concerns about budget issues, and other issues as well. And certainly I'm hoping that we will hear that all four districts are moving towards returning to local control.

But my concern about local control, I will tell you, is that I don't want to see the State return control of districts that are destabilized, and running deficits, and having budget problems that, then, the local school boards will have to try to address. I don't think that's fair. I think that the State has an obligation to make sure that the district -- each district is strong and ready to be returned when that time comes.

So that's my bias, and that's where I'm coming from today. So I'm hoping to hear -- to get good information about where we are and if, in fact, we're moving in a positive direction toward that goal.

Thank you very much.

Senator.

SENATOR RICE: Thank you.

Senator.

SENATOR CRUZ-PEREZ: Yes; good morning, everyone. I want to wish everybody a healthy and prosperous New Year, and happy holidays to all of you.

I want to welcome all of you for coming this morning to testify in front of us, but especially Camden City Superintendent, Paymon Rouhanifard; and also the President of the Board, Kathryn Blackshear; and all the parents who are here from Camden City. It is so refreshing to see you guys coming over here to hear the testimony.

I just want to take this opportunity because, in the 20 years-- I have represented Camden City for 25 years. And in 20 years, I have seen 13 superintendents going through the school system. You have been there two years, and you have done a fantastic job. And I want to say it publicly, because in the two years that you have been in that position, you have had over 70 meetings with the community -- you engage the community. Obviously, this is a good group, and this is what you have established in every decision that you have made together with the Board. So I want to commend you for engaging the community in the process, and all of us. I know you have meetings on a regular basis with all of us, and that is refreshing. Because like I said, in 25 years you are the first Superintendent who has had that amount of meetings in the community. Thank you for your engagement, and keep up the good work. (applause)

SUPERINTENDENT PAYMON ROUHANIFARD:

Thank you.

SENATOR RICE: Senator Thompson.

SENATOR THOMPSON: Good morning, folks.

Thank you for coming out and informing us of what's going on in your district. We're here to listen, and learn, and see what we can do to help you out.

Thank you.

SENATOR RICE: Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Yes, I too would like to welcome you, and I think this is something for all of us to learn. I don't represent any of your districts, although I am very interested in, really, the concept of our education throughout the state. I am more interested in what you, as professionals, have to say rather than the politicians, because you're the ones who are there on the line; you're the ones who are trying to help the kids. And I think that's the important thing.

So anything you can suggest to us to make your lives better, and more efficient, and more profitable for the children I think is very, very important. And I am really glad there are parents here because, without your support, we would really be 50 steps backwards. So thanks a lot for coming, and we're just really here to listen to you.

Thank you.

SENATOR RICE: Thank you.

Assemblyman Wimberly.

ASSEMBLYMAN WIMBERLY: Thank you, Chairman.

Good morning, and happy holidays to all.

It is definitely good to be here amongst the school districts. I hope you will be back under local control soon.

I am a product of the Paterson Public Schools; my children attend the Paterson Public Schools; I have been employed with the

Paterson Public Schools for the last 26 years. So I have a great investment in public education and, particularly, the City of Paterson.

So I'm glad to see our BA representation here, our representation from various agencies, and our administration. We need to work diligently to get Paterson, and the other school districts, back to where they should be when it comes to finances, first of all; to facilities; and to having our students high achieving without many impediments.

So I am looking forward to this hearing this morning and, hopefully, this will be an ongoing dialogue until we get back to where we should be.

Thank you, Mr. Chairman.

SENATOR RICE: Thank you very much.

There are many concerns that plague our school districts throughout the state; and we know funding is one of those. We know that the formula impacts everyone, and the caps don't do us well. We also know that there have been deficits in some of the school districts, in terms of the takeover districts or State-operated districts. I'm not sure we'll hear this morning about Jersey City, which is moving towards local control; and I'm not sure about Camden. I do know that we had long discussions during budget over Paterson and Newark. Newark was faced with over a \$53 million budget deficit; some say as much as \$63 million or more. Paterson was at least \$26 million -- if I remember that debate and fight -- and we tried to help where we could.

And so one of the issues that we're having is -- and this goes to the State as well, because he has to carry this back -- I don't understand, and many of us do not understand how elected officials at the State level in

New Jersey, including the Governor, can go around the state and promulgate that the State is helping these districts; but the people in the districts aren't succeeding because of the failures of teachers, school board members, parents, and everybody else that they can lay it on; when, in fact, not one decision, basically, can be made without the State.

And so, technically, it's the State that's making decisions. So if in fact we have a \$63 million budget -- \$13 million if it's reduced; \$26 million, \$19 million, whatever it is -- we only have a deficit because of what the State Administration has done -- meaning, the Department of Education, with the approval and sanction of the Governor and the State Board of Education. That's all it can be. And the Legislature may be not forcing the State to do the right thing, or maybe we didn't do what we're supposed to do.

So if it's a \$53 million budget deficit, then someone needs to put it back. That's a little different than the traditional school districts, where all the authority is rested in the hands of the board on decision making, and contracts, and personnel, and salaries, and negotiations -- with the Superintendent. It's a big difference.

And so we need to find out where you are so we'll know what we have to do. Because to be quite frank about it, in some of these districts I believe a legal challenge should come to the State; I keep saying that. I'm not an attorney; I wish I was. I would pro bono it, because the Constitution says that every child in this state is entitled to a thorough and efficient education. (applause) And if in fact we are creating deficits -- meaning the State-run districts -- it means that we're taking away, directly or indirectly, and violating the Constitution -- the right to a thorough and efficient

education, because it means that we're cutting programs, and we're laying off teachers, and we're trying to figure out how to get this stuff done.

And so we need to hear from you today. I know it's going to be difficult for some of you to be as honest as you would like to be with us, because you're being overseen by the Department of Education today. And also you work for State-appointed Superintendents, who hired you. And so I'm going to just put that on the record and be honest about that. But do the best you can, and don't get offended if we get a little upset -- we try not to -- and if we ask the kinds of questions you don't like. But we need to know more, okay?

So with that being said, why don't we start-- I forgot the script.
(laughter) Department of Education, right?

Department of Education, why don't you start?

Okay, let me back up. See, I have to get the script, because I wasn't at rehearsal.

So let me have the Camden Superintendent. First of all, let me thank you, as a Superintendent, for-- We can agree and disagree on what Superintendents do, but I want to thank you for being the Superintendent, and a leader, by saying when we call -- because you have a responsibility to respond -- that you showed up personally. I'm not happy with the Superintendent of Newark -- and I'll be meeting with him; I'm going to set up a meeting -- and I'm not happy with the Superintendent of Paterson not clearing their calendars to come before the Joint Committee that oversees these schools. If they need something, they'll come before us. And if that's done because of the Department of Education-- The Commissioner, if he kept them away, then I'm disappointed in him because I always had a lot of

respect for him. And I've been starting to lose it, slowly, over the last year or so.

So I just want to be clear about that. This is me.

So I want to thank you. And state your name, and who you represent, and let's talk about your budget.

SUPERINTENDENT ROUHANIFARD: Hi. Do I need to push this button here?

UNIDENTIFIED MEMBER OF PANEL: I think so.

SUPERINTENDENT ROUHANIFARD: Or are we good? Can you guys hear me?

SENATOR RICE: Yes.

SUPERINTENDENT ROUHANIFARD: So good morning, Senator Rice. Thank you so much for convening this gathering. I'm Paymon Rouhanifard, Superintendent of Camden City Schools.

I also want to acknowledge Ms. Kathryn Blackshear, who is our Board President, and who is joining us today. And thank you, Senator Cruz-Perez, for your kind words. And also, again, I want to acknowledge a lot of the families who have joined us.

So I have a brief presentation here, and I'll go it through it very quickly, and certainly open it up to any questions following the presentation.

So at the highest level, our budget informs our strategic plan, which is called the *Camden Commitment*, which ultimately leads to student success. We're seeing early signs of progress. And to your point, Senator Rice, local control is something that we talk about very openly and publicly in Camden. We're in our third year as far as the State intervention goes,

and this is really hard, complicated work. And what's really important to our team is that we are accessible and communicative. As you heard from Senator Cruz-Perez, we held over 70 public meetings since I was appointed; that doesn't include our Board meetings, which I attend faithfully.

And so we try to gather community input at every last turn. It's not to say that every last person agrees with everything that we're doing; and certainly there are some in the audience here today who have a different point of view on some of the issues that we're discussing today. But I think what's important is that we're having that open, honest dialogue and that we build a path to local control in the not-too-distant future.

So just very, very briefly: Since my appointment, our graduation rate is up 6 percentage points. We're going to be releasing our updated graduation rate in the coming days. We had hired a Community School Coordinator at every single school, which is a really big deal. We have opened three new Renaissance Schools, partnering with three tremendously successful nonprofit organizations. We have more students than ever before enrolled in pre-K; over 20 percent increase in pre-K enrollment, and that's after a door-to-door campaign that we staged during my first year.

We survey our parents and staff every single year, and they're reporting that they're feeling safer inside of our schools and outside of our schools -- our students, parents, and staff. And we recently released School Information Cards which help parents better understand schools on an apples-to-apples basis.

So we recently released our Strategic Plan; I'll go over it at a very, very high level.

Our first promise, *Safe Students, Safe Schools*: The biggest mission that we're focused on right now is reducing out-of-school suspensions. It's a big concern for us. When you take students out of schools and put them in an unsupervised environment, that is absolutely the last thing we want; (indiscernible) that. We focus on other policies besides out-of-school suspensions.

When it comes to *21st Century School Buildings*, we're fighting to ensure that Camden High School gets a dramatic renovation through the School Development Authority, and we're also moving forward with two new Renaissance School construction projects; while also trying to improve our tech support for all of our students and staff. Half of our buildings in Camden were constructed before 1928, so this is a major concern for us.

Promise 3 is about *Excellent Schools*. And a big initiative for us underway is we just implemented K-12 math and literacy -- a new curriculum. And we are now building a social studies and science curriculum that will be implemented the following year. So we are in the midst of ensuring that -- we're troubleshooting all issues with our new curriculum, but we're really pleased to be able to roll that out.

A couple of other initiatives here. So we are working steadfastly to bring revamped, reconstituted career and technical education to Camden. This is through the renovation of Camden High School, where we intend to build a career and technical education-themed school there. And that is directly in line with the community feedback that we've been receiving; and, to be quite honest with you, Camden High -- there have been a lot of broken promises there over the last several years. In 2007, there was a commitment to renovate that school and create a vocational-

themed school -- and it never came to pass. And so here we are today, still fighting to ensure that those students and those families get what they deserve.

Parent Engagement is our fourth promise, and this is simply about tearing down roadblocks to ensure our families can better support their students. And one big initiative underway is a new common enrollment system, which will do away with the 17 unique applications that we have in the City of Camden today, with 9 different monthly deadlines. So it was a just a very Byzantine, complicated system, and we've streamlined it with just one application for all of our schools.

And then, lastly, is *Central Office Effectiveness*. We want to reduce costs to Central Office; and whenever we can do more with less with Central Office, those are more resources that go to the school level. And that would be a good segue over to our budget situation.

But the other thing I want to quickly note here is that, where at all possible in our procurement processes, we are giving preference to local vendors in Camden. And we think that's really important to build the local economy.

So to go back to budget driving our plans, which ultimately drives student success and local control: This was our budget process this past year. So for the 2015-2016 budget we consulted our principals, we informally called our school leaders; we consulted our labor leaders and other community members. And then we ultimately prioritized schools -- meaning that we will cut first the Central Office before we cut at the school level to the extent cuts are necessary.

So to cut to the chase, I know that oftentimes the elephant in the room is the distribution of funds as it relates to Renaissance Schools, charter schools, and traditional public schools. And in our open dialogue with our community, one thing that I think is really important to point out is that when we were budgeting for projected enrollment last year -- for the 2015-2016 budget, as you can see here on the left-hand side -- the District enrollment for traditional public schools -- under 60 percent; with charter schools making up, roughly, 30 percent; Renaissance Schools making up about 15 percent. So that's just enrollment.

When you look at funding -- which is the bar chart to the right -- the District gets significantly more funds vis-à-vis the enrollment. And what drives that is the chart to the far right -- the per-pupil funding for the District. So for our current year budget, we are spending approximately \$23,500 for every student within the District; whereas a Renaissance School receives approximately \$18,000; and charter schools are closer to about \$13,000-\$14,000 -- and that's driven by the formula. I know that there are some charter advocates who would say that charter schools should receive more funding, but the formula is the formula; and so I do think it's, again, important to point out that where at all possible we, of course, devote our resources to the school level; and at the school level in Camden, we are funded significantly at a higher rate than charter and Renaissance Schools.

We've also taken measures to mitigate the impact of declining enrollment at the District. So where families have made choices to enroll their student in a Renaissance or charter school, we have to focus our resources on the students who we're serving. And one important initiative

-- we have a shared service agreement with our Renaissance Schools for custodial and security services, so that those services are provided by the District, which allows us to keep those staff members with the District in serving our Renaissance Schools and serving those students. And that's particularly important in Camden, given custodial and security force for us -- because roughly 70 percent of those individuals are Camden residents. And so that allows it to kind of mitigate any impact of personnel losses.

We also, in collaboration with NJEA and CEA -- the Camden Education Association -- were able to do some significantly advanced planning relative to previous years, where all staff members gave us far-advance notification of any separations. So the earlier we know if a teacher is retiring or resigning, the better that we can plan accordingly. And so that was a big win this past year.

We also had a spending freeze that, again, prioritized cuts at the Central Office, or froze budgets at the Central Office. And again, huge cuts at the Central Office, so we cut Central Office expenses. My first year we cut non-personnel expenditures at the Central Office -- so basically like consultants and vendors -- by \$30 million. And this past year, we cut non-personnel by \$13 million. And I will also note, during my first year we actually cut the Central Office staff in half. So we have taken significant cuts in the Central Office to mitigate the impact at the school level.

We have one nurse for every school. All of our elementary schools have year-round computer teachers. We offer gym, music, art, world language, computer classes by certified teachers who, of course, offer all services as required by IEPs and for English-language learners.

The wraparound services are there, with regard to grief counseling. I mentioned Community School Coordinators earlier. Every school has at least one guidance counselor; larger schools, certainly, have more. Our school-based (indiscernible) services, which is really critical in a town like Camden, given the impact of poverty on our families, and just to make sure that those wraparound services are there -- that hasn't gone away.

So I just want to kind of focus on those resources not having gone away, in spite of some of the challenges, in terms of focusing our resources for the students who we're serving.

So I just want to, again, close it with the fact that our budget drives our priorities; and our priorities ultimately drive student success. We're seeing early signs of progress with our increased graduation rate, with improved enrollment in our Early Childhood. The earlier we can get our students in pre-K, the more likely they are to be successful later in life. And I mentioned our student safety improvement outcomes.

So there's a lot that we feel good about. And then ultimately, the conversation about local control -- that comes with student success, that comes with a more stabilized school district -- is tied to QSAC. So I want to share with you all what is basically hot off the press for us, with our latest QSAC results. We are actually going to share this at a Board meeting later this evening with our local community.

So the revised scores -- or I should say the finalized scores coming from the County, are on the far right. The headline here is that in March 2012-- Excuse me; I'm sorry. I'm trying to look over Val's head (laughter).

VALERIE WILSON: I'm sorry.

SUPERINTENDENT ROUHANIFARD: No, you're fine.

The headline here is that, for our 2014-2015 review, our scores were basically our self-administered scores; our self-review was almost directly in line with the County's assessment. And the County -- their officials would tell you that that is not the norm, in a good way, in that we were very honest in our self-assessment. We understand where our challenges are.

And in fact in Governance, the ultimate score of 66 percent is almost double what our self-assessment was. And that's because, since the time of the self-assessment in June, we had put out a brand-new policy manual which gave us a boost in the score.

So another headline here is that, across the five categories of Fiscal, Governance, Instruction and Program, Operations, and Personnel, we have improved in three of the five categories; and the other two were slightly down to flat. And so at the highest level, we are seeing improvements, and it starts with an honest self-assessment. You can't know what your challenges are to address those challenges until you're honest about acknowledging them. And I think that's our starting point; the County has been complimentary of us, in terms of being honest in our self-assessment. And again, we are seeing improvements in our outcomes.

So I'll just close it there. These are just some of the highlights in terms of the improvements in QSAC, and some of our growth areas since we submitted our QSAC in June. We are seeing significant progress in other areas -- I mentioned the curriculum with science and social studies now underway this year. And once that's complete, that will boost our

scores again. So this is a marathon, not a sprint; I'm sure you all can appreciate that. This is really, really hard, complicated work. Not every last person will agree on every last decision that we make, but we're going to continue to lead with transparency and honesty. And that's ultimately what's next for us -- just keeping our heads level, doing the hard work, and doing so transparently and honestly.

Thank you.

SENATOR RICE: Thank you very much.

I'm going to let the Senator from your District ask some questions in a moment; but I have a few I want to lead off with.

For the record, could you explain the difference between the Renaissance Schools -- explain what is a *Renaissance School*, *charter school*, and *traditional school*, for the record? Because we have parents and others here who may not understand those differences.

SUPERINTENDENT ROUHANIFARD: Yes, sir; and I am glad you asked that.

So a Renaissance School is a byproduct of the Urban Hope Act, which was, I think, approved in 2012. So the key difference between a Renaissance School and a charter school is that-- Well, first of all, they are similar in that a Renaissance School has the same autonomy as a charter school. They are dissimilar in that a Renaissance School serves a neighborhood. So a charter has a District-wide lottery, citywide lottery; a Renaissance School serves a specific catchment area. So any and all students who live in that catchment area have a guaranteed right to go to that Renaissance School, assuming that there are enough seats for the neighborhood. And so that's the key difference, number one.

The second thing is that they require a contract with the local District. So the District can stipulate the unique needs. And so, for example, in Camden, we made it very clear that social and emotional learning is a huge priority for us. And so we have mandated in their contracts that they provide wraparound services and a health clinic in all the Renaissance Schools. And so the local board would have to vote to approve those contracts.

And then thirdly, they're unique in that-- Those are the key differences: the contract with the local district, the neighborhood-- Actually, thirdly would be the construction. So they are mandated by the State to either significantly renovate an existing building or to build a new building from the ground up. So I would say those are the three key differences.

SENATOR RICE: Okay. What about special education? Are your charter schools-- They're required to address the special needs of students. How many charter schools do you have in Camden?

SUPERINTENDENT ROUHANIFARD: We have seven charter schools in Camden

SENATOR RICE: Are all of them addressing the needs -- the special education needs of the students?

SUPERINTENDENT ROUHANIFARD: So here's what I'll say. As you know, by State law, a charter school cannot turn away any student. And so we work closely with our charter school partners to ensure that's the case. We sometimes hear stories to the contrary; and I think it's always important to try and corroborate those stories.

What I will say is, when you look at the actual numbers -- and I think this is a byproduct of the fact that Renaissance Schools serve a specific neighborhood and they can't turn away students in that neighborhood -- our Renaissance Schools -- their special ed rate is almost equal to the District's. So the District is roughly 20 percent; Renaissance Schools are about 18 percent; and charter schools are roughly 9 percent. So those are the rough numbers across all three school types.

SENATOR RICE: Okay. I'm sure we may get back to the special need component in terms of the financing, the dollars, and how that plays out in itself.

What about buildings? Are you down there taking public assets and selling them, like some school districts? What are we doing with your schools? Are you closing buildings down there?

SUPERINTENDENT ROUHANIFARD: So with our Renaissance Schools, we partnered with them in addressing our buildings that were in dire straits, where we saw declining enrollment, and where we saw low student achievement. So this past school year, in approximately five of our schools, we did move forward with a partnership with our Renaissance Schools so that they are going in and renovating those buildings, and that they are serving those students as transformed new schools. So you can certainly call that a closure; we publicly discussed it as a transformation of that building to provide a higher level of education for those students and families. And there is a lot of demand for those schools, and you see that today in the audience.

SENATOR RICE: Where are the resources coming from -- school construction?

SUPERINTENDENT ROUHANIFARD: So with the construction, specifically, that is off of the per-pupil. So a Renaissance School -- they get less than a traditional District school in terms of per-pupil funding. So as I mentioned earlier, they get roughly \$18,000, where a traditional public school is \$23,000. But they get a little bit more than a charter school. And so with that additional per-pupil, they finance off of that per-pupil to then raise the funds necessary -- which they're mandated by State law, through the Urban Hope Act, to significantly renovate an existing building or build a new building from the ground up. And so that is what they are doing.

And this is actually a win-win for the District, because these are buildings that were absolute money pits for us -- where we didn't have the resources to be able to renovate them. The SDA-- We've been fighting to get Camden High renovated since 2007, as I mentioned. So our hands were tied, and this was our opportunity to renovate more buildings and to bring on successful nonprofit partners to be able to serve our students and families.

SENATOR RICE: Of all the dollars-- Can you account for the dollars that the charter schools are receiving from the State, as well as other sources; and Renaissance, from State and other sources? And if so, is that public information?

SUPERINTENDENT ROUHANIFARD: Yes, it's right here. So charter schools received \$58 million, and Renaissance Schools were budgeted for roughly \$39 million. And that's all public information.

But again, on a per-pupil, on a per-student basis, they're receiving less than the District.

SENATOR RICE: Well, that's-- You're talking about State dollars, is that correct?

SUPERINTENDENT ROUHANIFARD: Most of our revenue comes from the State. Some of our budget, roughly 2 percent, comes from the local tax levy; the majority comes from the State; and a small percentage comes from the Federal government.

SENATOR RICE: So if I wanted to look at your traditional school budget and revenues received, where the dollars are coming from -- local share, State share, etc. -- contributions -- I would be able to see that on paper. Is that correct?

SUPERINTENDENT ROUHANIFARD: Yes, sir.

SENATOR RICE: Okay. If I was to look at Renaissance and charter school budgets, would I see the same holistic -- the same type of review? Or am I only going to be looking at certain information, such as State information?

SUPERINTENDENT ROUHANIFARD: Well, ultimately, their Board meetings are just as public as ours, and they're a public entity, and they would have to be able to provide you the reports, in terms of the details that you are asking for. Now, we would need, kind of, the specifics of that to be able to respond with more detail. But certainly their finances are just as public as ours.

SENATOR RICE: Okay; we'll question that later with the Commissioner's Office.

All right. With that being said, let me just turn this over to Senator Cruz.

SENATOR CRUZ-PEREZ: I -- actually you addressed some of the issues I wanted the Superintendent to clarify about the difference between charter schools, Renaissance Schools, and the public schools; and the involvement of the public school in the Renaissance School.

Can you explain a little bit more about how many kids we have in special needs? And what are we doing -- are we sending them out of district to get the education, or are we keeping them in-house? And how are we dealing with the special ed these days?

SUPERINTENDENT ROUHANIFARD: So you're asking across all schools, or just the District?

SENATOR CRUZ-PEREZ: Just the District.

SUPERINTENDENT ROUHANIFARD: So with the District, we are sending a few hundred students out-of-district to meet their IEP requirements. A conversation that we've been having -- both internally at our Central Office and publicly -- is that, in the long run, we would like to build our programming and increase our capacities so that those students could be served in-district.

I do want to point out that with Renaissance Schools -- and this is stipulated in the Urban Hope Act -- that to the extent a student is referred to out-of-district placement, they have to pay for it. And so that creates an incentive for those students to be served within Camden. And that's unique, because charter schools -- the same provision does not exist. When a charter school sends a student out-of-district, that student is billed to us, the District. And so I do think that's an important distinction worth noting; I probably should have mentioned it.

SENATOR CRUZ-PEREZ: I don't have any more questions.

SENATOR RICE: Okay. I'm going to let my colleagues speak in a moment. I have a couple more questions I meant to ask you, and I will get back to you.

But did I hear you say you didn't have a budget deficit?

SUPERINTENDENT ROUHANIFARD: For 2015-2016, we balanced our budget.

SENATOR RICE: Okay. (applause)

Do you have lawsuits pending against the District?

UNIDENTIFIED MEMBER OF AUDIENCE: Yes.

SUPERINTENDENT ROUHANIFARD: I mean, I think every school district in America has lawsuits pending. (laughter) We have our handful, yes.

SENATOR RICE: All right. This you may know, or you may not; and if you don't know, you can send it to us. Over the last five years, do you know the number of lawsuits you have had against the District?

SUPERINTENDENT ROUHANIFARD: Not off the top of my head.

SENATOR RICE: Okay.

SUPERINTENDENT ROUHANIFARD: Our general counsel is here, and we'd be happy to follow up with you with a more specific answer.

SENATOR RICE: All right. So would you follow with this information?

SUPERINTENDENT ROUHANIFARD: Absolutely.

SENATOR RICE: And staff, would you send him a letter. We'd like to know the number of lawsuits against the District in the last five years.

SUPERINTENDENT ROUHANIFARD: Yes, sir.

SENATOR RICE: We need to know how many of those lawsuits were settled, what they were for -- types of complaint, and how many were settled, how many you won, and how many are presently pending, okay? Your attorney back there -- he wrote that down; he got it right. (laughter)

SUPERINTENDENT ROUHANIFARD: I was just making sure.

SENATOR RICE: Sure; okay.

Questions?

Okay, why don't we start with the Co-Chair, out of deference; and then we'll go to the Senator, then the Speaker. We'll do that, okay? Then Assemblyman Wolfe.

ASSEMBLYWOMAN JASEY: Good morning.

Thank you for the PowerPoint. I don't have a lot of information in my head about Camden, and now I do. I appreciate that.

A couple of quick questions: What's the enrollment of Camden?

SUPERINTENDENT ROUHANIFARD: Total enrollment is roughly 15,000 students

ASSEMBLYWOMAN JASEY: Roughly 15,000; okay.

And you described Renaissance -- the Renaissance School-- It sounds very much like a Community School. Are they the same, similar-- What's different about them?

SUPERINTENDENT ROUHANIFARD: Yes, I think *Community School* is a brand name, in terms of -- there's a very specific formula. And so the Community Schools that I've read about in Cincinnati, in New York City basically provide a very similar service that our Renaissance Schools, and even our traditional neighborhood public schools, do as well. I'd say the key difference is they don't have the full suite of partnerships with local community-based organizations; but we're certainly moving in that direction.

ASSEMBLYWOMAN JASEY: Okay. Yes, you mentioned that they provide wraparound services; they provide clinics -- or healthcare services.

SUPERINTENDENT ROUHANIFARD: Correct.

ASSEMBLYWOMAN JASEY: But I guess my question would be funding. Because correct me if I'm wrong, but I think -- my understanding of Community Schools is that for the additional funding that's needed, they have to raise it if their board is not able to provide it. Is that what's happening with your Renaissance Schools?

SUPERINTENDENT ROUHANIFARD: Well, they certainly each do their own fundraising. And we have a Camden Schools Foundation that supports some of our efforts within our traditional public schools, as well. But again, there is a little bit of a distinction between Renaissance, and traditional neighborhood district schools, and the Community Schools that I've been reading about that recently were announced in Newark, in

Cincinnati, and other places -- where they've gone a little bit above and beyond some of the services that we're offering. But we would like to move in that direction, and I actually mentioned that to the State Board of Education not too long ago -- just a couple of weeks ago.

ASSEMBLYWOMAN JASEY: Okay. And the last quick-- Actually, I have lots of questions, but we have a lot to cover today, so perhaps I'll reach out to you--

SUPERINTENDENT ROUHANIFARD: Sure.

ASSEMBLYWOMAN JASEY: --through my office.

But you talked about your enrollment -- your common enrollment. How does that work, and how does that differ from the One Newark enrollment plan?

SUPERINTENDENT ROUHANIFARD: So our common enrollment system is to streamline and make families' lives easier. I mentioned that, this past year and for a very long time in Camden, there were 17 unique applications for all the various school types, with 9 different monthly deadlines. So it's just to bring everything to one application. All of our schools are participating; every single charter, Renaissance, traditional public school participates. One thing that I-- I don't know the specifics of how One Newark worked, but one thing I can tell you is that our common enrollment program is optional. So if you're happy with the school that you are in, you don't have to do anything. And it provides a neighborhood preference. So you are guaranteed a seat in your neighborhood school, and that has nothing to do with the enrollment system itself; that's just a guarantee that we provide. So it's optional; it makes that application process easier for the families that are looking at

different types of schools, because we hear families all the time say that they have to go to one school seven different times just to fill out one application. And so think about what that is like across 17 different applications. So that's what we're intending to do here.

ASSEMBLYWOMAN JASEY: Right; thank you.

And last question -- I should have asked this when I asked about enrollment. How many schools do you have?

SUPERINTENDENT ROUHANIFARD: Including charter and Renaissance Schools, 36.

ASSEMBLYWOMAN JASEY: You have 36

SUPERINTENDENT ROUHANIFARD: Yes.

ASSEMBLYWOMAN JASEY: So more than one high school?

SUPERINTENDENT ROUHANIFARD: We have five high schools.

ASSEMBLYWOMAN JASEY: Five high schools.

SUPERINTENDENT ROUHANIFARD: Five District high schools and two charter high schools.

ASSEMBLYWOMAN JASEY: Okay; thank you so much.

ASSEMBLYWOMAN OLIVER: Yes, good morning. Oh, Senator Thompson.

SENATOR THOMPSON: Under your promise number one -- Safe Students, Safe Schools -- you indicate your goal is to, "Increase the number of students who feel safe in and around the school by at least 10 percent." The fact that you say you want to increase the number of students who feel safe and secure around the school by at least 10 percent suggests that there must be a significant number of students in your schools

who don't feel safe. Would you want to make an estimate how many students don't feel safe coming to school?

SUPERINTENDENT ROUHANIFARD: So our most recent student survey reflects that a little over 60 percent of our students report feeling safe going to and from school. And that's an improvement from years past. And I want to acknowledge Gary Frasier who, as a community leader -- and we haven't agreed on every last issue, but this is an area where we have been trying to work together on student safety, making sure our safe corridors program -- that's a partnership we have with the Camden County Police Department, so that we have police officers helping, boots on the ground, ensuring students feel safe during morning arrival and afternoon dismissal. But there is still a lot of work to be done because we want to work with the community; we want neighborhood partners standing alongside the Camden County Police Department. We've created a new parent Rangers Program to ensure that families are invested in this effort. But safety is a huge concern. And our public transportation infrastructure is not very good, and so you have a lot of students who are walking to school or taking a long bus ride to school.

SENATOR THOMPSON: You know, walking to school and so on-- I'm thinking in terms of at school -- they feel unsafe at school, 60 percent of students?

SUPERINTENDENT ROUHANIFARD: At school is less of a concern. We asked both questions.

SENATOR THOMPSON: I mean, going to and from school -- that's a different situation. But to me, if we're talking about-- That's a significant number of students in their school feeling unsafe at school every

day. I mean, that would -- I would find that astounding, if you were talking 60 percent.

SUPERINTENDENT ROUHANIFARD: Well, we have some challenges with bullying inside of school, and our families here can attest to that.

SENATOR THOMPSON: Now, let me say, while I don't represent the urban districts at the moment, that-- When I went to school myself, grades kindergarten through 5th grade, the schools I went to were in an urban district. And in fact, the U.S. Secretary of Education said, at that time, they were the worst schools in the nation. So I know what schools are like -- but not that kind of (indiscernible).

What did you say was the percent of your funding that does come from local taxes, and so on?

SUPERINTENDENT ROUHANIFARD: About 2 percent.

SENATOR THOMPSON: About 2 percent?

SUPERINTENDENT ROUHANIFARD: Yes, sir.

SENATOR THOMPSON: That's what I thought you said. Okay.

SUPERINTENDENT ROUHANIFARD: About \$7.5 million of our budget.

SENATOR THOMPSON: Generally speaking, your report sounded very good -- the work you're doing there; and I commend you for the efforts that you're making.

SUPERINTENDENT ROUHANIFARD: Thank you, sir.

SENATOR THOMPSON: Thank you.

ASSEMBLYWOMAN OLIVER: I'm sorry; good morning.

I have a couple of quick questions on Urban Hope.

If my memory serves me correctly, the legislation enables private investment into Renaissance Schools. Is that correct?

SUPERINTENDENT ROUHANIFARD: So the legislation stipulates that the school management -- so the nonprofit organizations, they have to actually be nonprofit; they can't be for-profit. The vendors that are helping build the school or servicing the school, in the same way that it works with our traditional public schools, can be for-profit.

ASSEMBLYWOMAN OLIVER: And does the legislation or other ancillary legislation permit tax credits to those who invest in construction or rehabilitation of the school?

SUPERINTENDENT ROUHANIFARD: I believe so, yes. Yes, ma'am.

ASSEMBLYWOMAN OLIVER: Do you know the ratio or formula for the tax credits that are provided for someone who would partner with you on a Renaissance project?

SUPERINTENDENT ROUHANIFARD: I don't know off the top of my head. We'd be happy to follow though.

ASSEMBLYWOMAN OLIVER: Could you -- would you please get that information? Because I think as the members of the Joint Committee seek to look at what the future bodes for public education in New Jersey, I think one of the premises of Urban Hope was to test out the ways in which there could be private sector participation in the provision of education. So I think it gets to be very important, because then you're not measuring teacup to teacup when you look at a traditional K-12 system, when you look at a charter system, when you look at a Renaissance School

system. I think the ability of outside investment to go into the operation of the school is a significant advantage that some of the other models don't have.

So I would be interested in knowing the tax credit capabilities for someone who wants to opt to do a Renaissance School. And in your case, in Camden, what does that tax credit structure look like.

The other thing I'm interested in knowing is the governance of a Renaissance School -- the governance structure.

SUPERINTENDENT ROUHANIFARD: What does the governance structure look like?

ASSEMBLYWOMAN OLIVER: Yes.

SUPERINTENDENT ROUHANIFARD: So it's similar to a charter school, in that they have an independent Board of Directors. Those board meetings are just as public as our board meetings, but it's very similar to a charter school in that regard.

ASSEMBLYWOMAN OLIVER: And what will you see in terms of board composition? Do you see civic leaders? Do you see clergy? Do you see community? What is the composition of the Renaissance governance body?

SUPERINTENDENT ROUHANIFARD: Well, I can't recall the board members off the top of my head, but I do know that the one I can think about is Mastery School. And I know that there's a local pastor who I personally know who is on their board; there a couple of other community leaders who are on their board. So my assumption is that's the case across the other two as well -- where they have good representation from the local community.

ASSEMBLYWOMAN OLIVER: Do you think parents are sought out to be members of the governing body? You don't know?

SUPERINTENDENT ROUHANIFARD: I can't answer that.

ASSEMBLYWOMAN OLIVER: Would you find that out?

SUPERINTENDENT ROUHANIFARD: I'd be happy to follow up with you.

ASSEMBLYWOMAN OLIVER: Thank you.

SUPERINTENDENT ROUHANIFARD: But the families that we hear from, they feel very much empowered by Parent Council--

ASSEMBLYWOMAN OLIVER: And that's great; I'm just interested in knowing if any parent sits on the governing body.

SUPERINTENDENT ROUHANIFARD: Yes; I'd be happy to follow up with you.

ASSEMBLYWOMAN OLIVER: Thank you.

SUPERINTENDENT ROUHANIFARD: We also have Parent Councils, in addition to their Boards.

ASSEMBLYWOMAN OLIVER: Governance body at the table; I understand that. But I'm interested in knowing, on the governing board is there a vote at that table from parents. That's what I'm trying to find out.

SUPERINTENDENT ROUHANIFARD: We'll follow up with you.

ASSEMBLYWOMAN OLIVER: Thank you.

And you're the smallest of the four districts, right? -- with an enrollment of 15,000?

SUPERINTENDENT ROUHANIFARD: I guess so, yes.

ASSEMBLYWOMAN OLIVER: Yes, you are. Which surprises me that you haven't been on a track for local control. Some of the other districts are significantly larger and more complex. From what you've described-- The other thing that is very interesting, though, is the number of schools that you have in Camden, per capita, when you look at the population. So I think when Senator Rice raised the issue about buildings and that sort of thing, it seems very interesting that you just have a student population of 15,000 and you have all those buildings.

SUPERINTENDENT ROUHANIFARD: So I think you're right, as far as we have a different scale. And we can, in many respects, wrap our arms around the challenge -- and the challenges are really, really severe. And so I have been very public about-- Look, I'm not the ultimate decision maker on this, as far as local control goes. But I personally think that we should not be in the middle of a 20-year State takeover; I think that we should revert control back to local communities sooner than that. And so because of our scale, we can try and address those challenges in a more timely manner. But I don't want to understate how pronounced those challenges are; on paper, we are one of, if not the, lowest performing school district in the state. And we have a lot of work to do in terms of some of the challenges that we inherited.

ASSEMBLYWOMAN OLIVER: And when we get to budget -- with a student population of 15,000, I heard you say you had 36 schools; that's inclusive of the five high schools?

SUPERINTENDENT ROUHANIFARD: That's all schools -- charter, Renaissance, and traditional.

ASSEMBLYWOMAN OLIVER: So on average, what is the building population? On average, across those 36 buildings?

SUPERINTENDENT ROUHANIFARD: I can follow up with a more precise answer, but the building utilization in some of our schools is quite low, to your point.

ASSEMBLYWOMAN OLIVER: And that's what I'm getting at.

SUPERINTENDENT ROUHANIFARD: Yes.

ASSEMBLYWOMAN OLIVER: That you probably have significantly underutilized buildings. And you know, Senator Thompson asked what was the contribution to your budget. And we heard 2 percent. One of the challenges for Newark has been reduction in student population, but we still have a number of buildings. And the issue gets to be: Are we utilizing severely challenged State funding to maintain an operational structure where we're wasting money?

So while you've done a great job in tamping down your deficit and that sort of thing, I would think that one of the challenges for the leadership in Camden is to begin to examine the operation of 36 buildings with a student population of 15,000, because you're heating, you're maintaining, you're providing security, and I am sure that that is a very significant cost.

SUPERINTENDENT ROUHANIFARD: We've begun to address that, but you're absolutely right that we have more work to do. In our first two years, two charter schools were closed -- both were under-enrolled -- and that helped address some inefficiencies in the system. And there was also a school that was basically 100 percent special education, and

it was not a neighborhood school and we phased that school out. And so we don't have-- We've begun to take some measures to address some of those deficiencies, but we have more work to do.

ASSEMBLYWOMAN OLIVER: And lastly, I'd just like to ask: Of the 15,000 students, how many of them are K-8, and how many of them are high school students?

SUPERINTENDENT ROUHANIFARD: Off the top of my head, I think we're around 2,000 to 3,000 in high school, and the balance in K-8. But we can follow up with a more specific answer.

ASSEMBLYWOMAN OLIVER: Okay. And, you know, we have a -- our former Assemblyman Whip Wilson and his wife would, with frequency, bring students from the Camden District down (*sic*).

SUPERINTENDENT ROUHANIFARD: Yes.

ASSEMBLYWOMAN OLIVER: And I know, through the years, I've had the opportunity to meet many of the students; and many of them were very good students, and many of them were headed on a trajectory to go to college. I'm interested in knowing in the past couple of years -- this is data you can submit to us -- what has been your historical trajectory of students graduating from the Camden District and going to college.

SUPERINTENDENT ROUHANIFARD: We can follow up with you.

ASSEMBLYWOMAN OLIVER: Thank you.

SENATOR RICE: Assemblyman Wolfe

ASSEMBLYMAN WOLFE: Yes, Ramon (*sic*)? (indicating pronunciation)

SUPERINTENDENT ROUHANIFARD: Yes.

ASSEMBLYMAN WOLFE: Is that how you say your name?

SUPERINTENDENT ROUHANIFARD: Paymon.

ASSEMBLYMAN WOLFE: Oh, Paymon; I'm sorry.

SUPERINTENDENT ROUHANIFARD: That's okay.

ASSEMBLYMAN WOLFE: Pardon me.

SUPERINTENDENT ROUHANIFARD: Not the first time.

ASSEMBLYMAN WOLFE: My mother was a Latin teacher; I never really got that stuff. (laughter)

Well, anyway, I want to thank you, really, for that report. We have a lot of reports that are basically gibberish; but you've really cut through very succinctly. And also your candor, I think, is certainly to be commended.

I have-- A lot of my questions were answered by my colleagues' questions. But I had issues with what was a Renaissance School that Nilsa had asked you. But I recall, several years ago I was on the Budget Committee and we had a hearing in Camden Community College -- Camden County Community College. And there was, basically, a demonstration by the charter school people; they were outside, they had placards and everything. And a number of those charter school students spoke; and I would say -- I don't remember how many -- but most of them talked about the reason they were in a charter school was because of safety. And I was very impressed; that was the very first thing you said, and I know Senator Thompson picked that up. So it was probably four or five years ago that I can recall that, and I think that really caught my eye when you mentioned that.

And also I was very impressed when you said you were trying to get your hands on the budget -- the first thing you did was cut your essential staff in half. I mean, that's not something that a heck of a lot of schools do -- they seem to build them up -- and I think that is very good.

But the last thing I just really want to say -- and I thank you, again, for your candor -- and this goes back to what Assemblywoman Oliver asked you about the State aid. And you indicated that 2 percent of the local aid goes to schools. And I think as a legislator, as are many legislators who do not represent urban areas or takeover districts, we are not basically dealing with, on an everyday basis, the lack of funding that's generated from the local community -- whether it has to do with-- Well, let me ask you. When was the last time there was a reevaluation in Camden? Do you know when that was?

SUPERINTENDENT ROUHANIFARD: A reevaluation?

ASSEMBLYMAN WOLFE: Right.

SENATOR CRUZ-PEREZ: Of the property?

ASSEMBLYMAN WOLFE: For property.

SUPERINTENDENT ROUHANIFARD: Oh--

SENATOR CRUZ-PEREZ: (Indiscernible).

ASSEMBLYMAN WOLFE: Okay.

SUPERINTENDENT ROUHANIFARD: In 2010.

ASSEMBLYMAN WOLFE: Okay; right. Well, that's very good, then. So you have a pretty accurate figure.

And, again, something that Assemblywoman Oliver asked you, about--

SENATOR CRUZ-PEREZ: About the property?

ASSEMBLYMAN WOLFE: Your status as a takeover district was rather recent. But I can recall -- I've been in the Legislature for a number of years. And almost annually there are legislators who are saying, "When is the State going to help Camden, the Camden schools?" And I'm very pleased; I'm not saying I'm glad you got taken over, but I'm glad that you are on a pathway to get things in order, educationally. And again, I was very impressed by your presentation.

SUPERINTENDENT ROUHANIFARD: Thank you very much.

ASSEMBLYMAN WOLFE: Thank you.

SENATOR RICE: Assemblyman Wimberly.

ASSEMBLYMAN WIMBERLY: Thank you, Chairman.

Just two quick questions, and excuse me if I missed it in your cuts and your cost saving factors. Did you have any staff layoffs? I know you talked about Central Office layoffs. Did you have any staff layoffs last year?

SUPERINTENDENT ROUHANIFARD: We did. So classrooms teachers -- 31 were impacted; last in, first out. A reduction in force, if you will.

ASSEMBLYMAN WIMBERLY: Of the 31, is that teachers, teacher assistants--

SUPERINTENDENT ROUHANIFARD: Teachers.

ASSEMBLYMAN WIMBERLY: Teachers; 31 teachers.

SUPERINTENDENT ROUHANIFARD: Yes, classroom teachers; yes, sir.

ASSEMBLYMAN WIMBERLY: How about instructional assistants?

SUPERINTENDENT ROUHANIFARD: I'd have to follow up with you on that. There were a few more on top of the 31, but we can follow up with you on that.

ASSEMBLYMAN WIMBERLY: And the second question: program cuts. Did you have any program cuts across the board -- maybe athletics, tutorial, SATs, after school programs -- anything of that sort?

SUPERINTENDENT ROUHANIFARD: I don't believe so, but we'll follow up with you on that. That was a priority we set out in the budget process -- to ensure that no extracurricular activities were touched. And so we still have a full suite of afterschool programming and athletics that are made available.

ASSEMBLYMAN WIMBERLY: Okay. And a general question that I will probably ask everybody is: What percentage of your student population has been classified as special education students?

SUPERINTENDENT ROUHANIFARD: Approximately 20 percent.

ASSEMBLYMAN WIMBERLY: Approximately 20 percent? Thank you.

SENATOR RICE: I have a couple more questions for you.

I need to go back-- Let me just say this for everybody. Those of us who are legislators, your residents -- whether they are pro or con to what's taking place in your school districts -- talk to us. And we never know who's right or wrong until we get in there. And I'll be coming to Camden, since I know that there are a lot of people -- even some of my colleagues --

who prefer I not come to Camden; but it is my responsibility to hear from people in the other districts as well.

But there are questions that do come to us from the constituency base, and I need to raise those as well. So I want to go back to try to address the team that was put together in Camden that's doing walk-throughs into the classrooms of traditional schools. And my understanding -- and you can tell me what the makeup of the team is, I think -- principals from the traditional schools, but also someone from Mastery and Uncommon charter schools. And I understand that Mastery and Uncommon charter schools, I believe, are your newest charters schools; and I think you told me you have seven charter schools. And some of us would like to know why just Mastery and Uncommon, when the other charter schools have been in Camden a lot longer -- why they're not a part of this walk-through team, if it's looking at strategies and, I guess, best practices. I'm not sure what they're looking at, okay? You may be looking at who to snatch out of the schools, okay? "Give this one up, give this one up." Can you kind of explain that to us -- what's going on there?

SUPERINTENDENT ROUHANIFARD: Yes. I'm glad you asked this, because I get that question a lot.

So first, just to zoom out as to why we do this: The reason we have this school visit process is because, the way that the State and Federal government evaluated our schools we think is very much a blunt instrument -- in that, for a very long time, the community had just been told that 22 out of 26 schools are failing; the bottom 5 percent of the State, therefore, failing. And so we wanted a more nuanced look as to how our schools are doing, and we also want it to apply to charter schools and Renaissance

Schools because families are looking not at governance, but they are just looking at all schools.

And so the school visit is 50 percent of an overall school evaluation. This is on the School Information Card. So it's half of the overall rating. The first half looks at student data; and it over-weights progress. So we look less at proficiency; we double-weight progress. Because even if you're lower proficiency, if you show progress we want to give credit where credit is due.

The other 50 percent is based on the school visit that you're referencing, Senator. And for the school visit, there are three parties that are represented: There's a District Liaison, or the District facilitator; there's a District principal; and there's one charter or Renaissance School principal or administrator. So two out of the three that are administering are from traditional public schools. And I think that's a common misunderstanding that people think it's the other way around -- that two out of three are Renaissance and charter. But two out of the three representatives are from the District. And the idea is that we just come together to look at each other's schools so we do the exact same thing.

Like, we're going into Leap Charter School, for example, this week. And two out of the three officials will be from the District in evaluating that school. And we have a shared rubric; and we ultimately come to a consensus as far as, qualitatively, how is this school doing? We take the qualitative; we marry it with the quantitative -- which, again, over-weights progress -- and then we get a school outcome rating. Which I think is, again, far more fair and nuanced than just saying 22 out of 26 schools are failing.

SENATOR RICE: Okay. And I guess one of the questions is: On the team, if in fact I'm the newcomer to the township or to the city and there are four or five other charter schools that have been there for a number of years, why is the new school selected to participate and not the others on the walk-throughs?

SUPERINTENDENT ROUHANIFARD: Why are the new schools selected? Because we want all schools to participate. I mean, really, the Renaissance Schools and the charter schools have the most to lose here.

SENATOR RICE: Now, hang on a moment. Maybe you don't understand. How many traditional schools on the team?

SUPERINTENDENT ROUHANIFARD: So there's a team of three individuals.

SENATOR RICE: Just three individuals.

SUPERINTENDENT ROUHANIFARD: Correct.

SENATOR RICE: Okay.

SUPERINTENDENT ROUHANIFARD: And then two out of the three are from the District -- traditional public schools.

SENATOR RICE: Okay. So it's just one charter school--

SUPERINTENDENT ROUHANIFARD: Correct.

SENATOR RICE: --that's on the team.

SUPERINTENDENT ROUHANIFARD: Out of the three. Yes, sir.

SENATOR RICE: Okay. Because there were indications that there may have been two.

SUPERINTENDENT ROUHANIFARD: It's a common misunderstanding.

SENATOR RICE: Okay.

SUPERINTENDENT ROUHANIFARD: We get that question a lot.

SENATOR RICE: So the one is from Mastery or from Uncommon?

SUPERINTENDENT ROUHANIFARD: It could be Mastery, Uncommon, KIPP, Leap, Camden's Promise -- it could be from any of our charter or Renaissance Schools.

SENATOR RICE: Oh, so it's not the same team all the time?

SUPERINTENDENT ROUHANIFARD: It's not the same team. We try to rotate it in and out--

SENATOR RICE: Oh, okay.

SUPERINTENDENT ROUHANIFARD: --so we have different viewpoints.

SENATOR RICE: Okay; that answers that.

Let's go back to something that is very dear to us. I said we would come back, because this seems to be a problem in all of our takeover districts: the special needs students versus the choice schools. You indicated before that -- and I think it was kind of vague; I don't think you tried to dance me, I just think it was vague (laughter) -- that the schools all have an obligation to service special needs students. And you kind of implied that's being done in all of the schools. I'm not sure if that's true. But one of the things that -- and I'm going to find out when I come down; that's not going to make, maybe, some people there who are in the Legislature happy. They would like us to stay away from Camden; go every place else.

But anyway, the question is, it is my understanding -- because this happens in the other takeover districts -- is that some of these special needs students who go to charter schools are sent back to traditional schools. They have been declassified, and the classification doesn't come back with them. It's also my understanding that Camden is no different than anyone else; that there's a person who -- is the Director of Special Services -- has implemented a practice, or it appears to be a practice, that deems children not eligible for special education; and they declassify those folks and put them back in a traditional classroom with no support systems. Now, we've seen that happen quite a bit. Can you talk about that in your District -- what is going on there?

SUPERINTENDENT ROUHANIFARD: Well, look. There's certainly a world of research that says that to the extent the IEP process would facilitate and allow for a student to be in the least restrictive setting possible, students are more successful. And so we believe that to be true. And what we see is that once you actually implement that process with fidelity -- the IEP reviews and everything it entails -- a lot of our students are overclassified. But we would certainly not make any decisions unilaterally. The Child Study Team ultimately makes that decision, that determination. And so parents have to be a part of that conversation.

But I think what you're alluding to is that we are pointing to the research, and we do believe that's an evidence-based approach. Our Early Childhood Program -- which, when I walked in the door, was clearly a bright spot in the District -- had, over the course of the five years prior to my appointment, seen the IEPs -- almost two-thirds of students who had an IEP were in self-contained settings. And that ratio has been flipped, and

now only a third are in self-contained settings. Our Early Childhood Department has received rave reviews from the State. And that's a process that they implemented with fidelity, and we're taking a similar approach with K-12 schools within the District.

SENATOR RICE: The State tends to give credit where they want to see successes. I don't believe in the State; I don't know a better way to evaluate districts without the State, but the State sometimes says we're doing good when we're doing bad. They say we change test scores, but we do nothing about it. We keep those schools up on the high level, and they will come and also change scores when you're doing good and say you're doing bad. So I don't put a lot of credence into what they say.

But the issue is an issue. So the IEP declassification of these students -- how long has that been going on? Since you've been there, basically?

SUPERINTENDENT ROUHANIFARD: Many, many years before I was appointed. Because the Early Childhood Department was doing that for a very many number of years before my appointment.

SENATOR RICE: Do you have any measurements of student success, or how many had to be reclassified or taken out?

SUPERINTENDENT ROUHANIFARD: We can follow up with specific numbers.

SENATOR RICE: Can you do that so we can take a look at it?

SUPERINTENDENT ROUHANIFARD: Yes.

SENATOR RICE: In fact, I would ask all of the Superintendents' reps to make a note to do that for us. Because it's happening in all the districts. And we'd like to know that students can

progress without being classified, that's for sure. But we'd also like to know that people aren't being declassified for other reasons -- economically, or some other particular reasons.

So that's what I needed, but you did good; and I appreciate your comments and stuff.

SUPERINTENDENT ROUHANIFARD: Sure.

SENATOR RICE: Let me shift over now.

Let me see, on the stage-- Now we go to-- We're going to hold that to the last. We're going to switch over now to Paterson Public School--

ASSEMBLYWOMAN OLIVER: I have one question.

SENATOR RICE: Excuse me; you have a question? I'm sorry, yes.

ASSEMBLYWOMAN OLIVER: One last question for Camden.

Inclusion and mainstreaming -- we all get that. Often, as legislators, we hear from parents who believe that their child's best interests will be fulfilled by an out-of-district placement. I know that school districts try to avoid that because of the cost. In Camden, can you give me a ballpark figure of how many students conceivably could be in out-of-district special ed placement?

SUPERINTENDENT ROUHANIFARD: I would have to follow up with an exact number. I believe it's approximately 200 students who are out-of-district

ASSEMBLYWOMAN OLIVER: Who are out-of-district.

SUPERINTENDENT ROUHANIFARD: But we'll follow up with an exact number.

ASSEMBLYWOMAN OLIVER: And, you know, that is one of the raging debates that I hear from parent advocacy organizations.

SUPERINTENDENT ROUHANIFARD: It's a big deal; you're right.

ASSEMBLYWOMAN OLIVER: Yes. And often even though, you know, we do want inclusions and mainstreaming -- and I'm going to get back to Assemblyman Wolfe's and Senator Thompson's commentary about safety -- often special need students are the subject of taunts, they are bullied, and there is harassment.

SUPERINTENDENT ROUHANIFARD: Safety is a big driver.

ASSEMBLYWOMAN OLIVER: And so a special needs child is in an inclusionary classroom where he or she is really experiencing second-class citizenship, and that is not in the best interest -- self-esteem is not being developed, social development. And I think that that's an issue that the Legislature is going to have to contend with, along with a Commissioner of Education. Because, in many instances, our special needs children are having bad experiences in mainstream classrooms.

SENATOR THOMPSON: I have one follow-up question.

SENATOR RICE: Yes, Senator.

SENATOR THOMPSON: One follow-up question on an earlier comment. The question had been raised about when students are sent out-of-district. (Indiscernible) these students are sent out-of-district, etc., and the question was who pays for it. And in particular, the subject came up, if a charter school sends a kid out-of-district for their needs, etc., and you said, "Well, the District pays for it." Well, if they were sent to charter school, but were sent out-of-district and the district is paying

for them, are they considered a charter school student anymore, or rather just a district student?

SUPERINTENDENT ROUHANIFARD: District student.

SENATOR THOMPSON: What's that?

SUPERINTENDENT ROUHANIFARD: District student.

SENATOR THOMPSON: So they're not really a charter school student; so that becomes a question that doesn't apply at all.

Thank you.

SENATOR RICE: Well, you know, and that becomes, also, a contradiction -- it doesn't become a contradiction if the charter schools address the special needs -- the way they're addressing them is sending them back on this side for the District to take care of it. And that's part of the problem that we need to take a look at, okay?

SENATOR THOMPSON: But now that wouldn't be counted as part of a number of special needs students in the charter schools. Their number that they have is decreased by one because they are no longer in the charter school.

SUPERINTENDENT ROUHANIFARD: Correct. And again, Renaissance Schools are responsible for those students, so that is different.

SENATOR RICE: Yes, but under the law, I think charters are responsible -- not to send them back, but to have the program within the charter schools, under law.

SUPERINTENDENT ROUHANIFARD: Correct. That is also--

SENATOR RICE: What is happening is that charters are not meeting that statutory responsibility. What they're doing is saying, "Go

back here.” Or the other thing they do is say, “Okay, I don’t know what they told you, Ms. Cruz, but your kid does not need these services, and so we’re going to declassify.”

SENATOR CRUZ-PEREZ: Yes.

SENATOR RICE: That’s what they’re doing. And that’s a very serious distorted picture that hasn’t really been attacked by the Legislature or drilled enough on. That’s what we’re talking about.

SENATOR THOMPSON: What I’m saying is whether or not they’re meeting their obligations, you still don’t know how many they do have that aren’t sent out-of-district, or so on,

SENATOR RICE: Yes.

SENATOR CRUZ-PEREZ: But a point of clarification: This is basically for students who have to be placed outside the Camden City School District or completely to the other different school districts. These are kids who have more severe disabilities, right?

SUPERINTENDENT ROUHANIFARD: Correct.

SENATOR THOMPSON: All right.

SUPERINTENDENT ROUHANIFARD: Exactly.

SENATOR CRUZ-PEREZ: But still--

SENATOR RICE: How many-- Annually, how many -- roughly, on the average -- charter school students come back to traditional public schools?

SUPERINTENDENT ROUHANIFARD: We’d have to follow up with you on that.

SENATOR RICE: Pardon?

SUPERINTENDENT ROUHANIFARD: We'd have to follow up with you on that. In terms of students who were enrolled in a charter school and then leave and come back to the district--

SENATOR RICE: Yes, to traditional schools--

SUPERINTENDENT ROUHANIFARD: I wouldn't know that off the top of my head.

SENATOR RICE: Would you get that to us for the last five years?

SUPERINTENDENT ROUHANIFARD: Yes.

SENATOR RICE: And would all the districts do that for us?

Hello, can all the districts do that for us? Okay?

MS. WILSON: Sure.

SENATOR RICE: We want to know the number of students who transition from traditional school to charters and back -- we know it occurs -- or they go elsewhere. They may not be back to traditional, but they left charter schools.

Do you know, do charter schools notify you -- well, I guess they have to, if you're paying -- if they leave the charter school and go elsewhere, you have documents of that? Or you just know there's a number that has left charter schools but didn't come back to your schools?

SUPERINTENDENT ROUHANIFARD: It's well-documented, because charters are paid based upon their average daily attendance.

SENATOR RICE: Okay.

SUPERINTENDENT ROUHANIFARD: And so that is very much taken into account.

SENATOR RICE: So you would have information as to the students who went from traditional to charter, if they came back to traditional; but you should also have information, then, of students who left charter but didn't come back to traditional. You don't know where they went, but they didn't come back. Is that right?

SUPERINTENDENT ROUHANIFARD: We should be able to follow up on all those data points.

SENATOR RICE: Okay, so--

SUPERINTENDENT ROUHANIFARD: Our new enrollment system actually helps address this challenge so that there is -- it's not this complicated black box in the system, that there is one centralized process. And so we have a much better look into what's actually happening today.

SENATOR RICE: So we want that information from all the superintendents; and the Commissioner needs to get that to us. Not just who comes back, but who left the system, period, so we'll know what those numbers look like. Because everything is about dollars right now, etc., and where those dollars are going, okay?

Once again, thank you.

Why don't we ask the representatives from Paterson to speak to us? And let Superintendent Donnie Evans know that unless he has some extreme emergency, that we're disappointed that he's not here. Because it appears as though, with this Committee, some people take it for granted. We went through this with the Commissioner of Education; we've gone through this with superintendents in the past. And this is a statutory committee, and we've just been kind because some of our members like to be kind and gentle. I don't. But we're going to start to hold people

accountable, and the Commissioner needs to know that. He needs to come here with them, if he has to; but don't send us second-tier people. I'd rather have the leadership here, like we have from Camden. Which is interesting: He answered all the questions without staff. I'd rather have the other superintendents come -- who can't answer questions, or don't want to answer, or are afraid to answer them -- with the staff. Let the staff people answer them, okay? The people in finance -- they probably know more than they know anyway. They're just going to listen to them, okay? And just have them come.

So the next time we have a meeting of superintendents, I expect those superintendents to be here, and I expect this Committee to support me on that. If not, I'm going to start asking for subpoena power again, and I will fight the Commissioner of Education if he denies them coming here. They have a statutory responsibility. Read the statute.

So with that, why don't you give us your best take? Do the best you can; we're not going to badger you. If we do, just take it with love, and take it back, because you're just a carrier and the messenger, okay?
(laughter)

DAISY AYALA: Thank you.

Good morning. My name is Daisy Ayala; I'm the School Business Administrator at Paterson Public Schools.

So what I have brought with me is giving you some information on how the budget process has been taking place in the last year, as well as the current year and the subsequent year.

So we have a budget process, but we actually changed that from a *budget*. We're calling it a *financial planning tool*, which has five pillars: the

planning, the preparation, the adoption, implementation, and evaluation. And I do have -- I did distribute some booklets; if you have it, you can go along with me.

On the left side is the PowerPoint presentation; on the right is material supporting some of the information in the PowerPoint presentation.

So the planning pillar, pretty much this year, was a new process. I met with all the school principals in order to understand their resource needs as well as their current operations. The other thing that we've looked at differently is, we're looking at budgets from a different perspective. The principal has the education piece of it; however, we need to tie that to the financial piece and the resources. So with that being said, some of the qualifications, in order for them to (indiscernible) up the dollar amount, has to be supported by data. As well as, any intervention that they see, they have to support that by data and they have to provide some kind of plan, and when are they committed to abandoning that intervention if it is not working, instead of just keeping it there -- constantly looking at it, ensuring that they are achieving their goals.

Part of our planning is also addressing the cliff. In 2003, the District was informed that in 2005 we would have approximately a \$15 million deficit. I'm glad to announce that we closed the year with \$43 million; which, of that, we used \$27 million for the 2015-2016 budget, and \$4 million for repair and maintenance of our buildings.

Some of the things that we've been looking at are the appropriation piece -- opportunities to reduce. So what we've done is we've

looked at processes and restructuring departments to consolidate positions. We will continue to do that as well.

We're looking at health benefits -- we will continue to do that -- which contributes \$12 million to help support some of our health benefit costs. We've actually looked at prescription options to ensure that -- maintain the cost driven, that the whole environment is facing right now, with some of the compound drugs. We are actually reviewing some of the cost drivers -- tuition and contracts, as well as anything that's outsourced -- custodial. So we're doing financial analysis to ensure that the outsource is a benefit -- cost-effective for the District. We're also looking at program support and supplementary services that are not required by regulations and have minimal effectiveness or no return on investments.

We've also looked at some of the class sizes and rosters to ensure that staffing is in accordance with the regulations and District goals.

Considering eliminating some of our grants: We have some grants that have a matching component to it. So if we accept a grant for \$50,000, we have to match it with another \$50,000, and we have to sustain it for another four years. That's just an extreme example. So we're looking at those grants, and not continuing them.

Another budget recommendation is to take a look at the possibility of furlough for the 2017-2018 budget planning. So it's not just looking at the 2016-2017 budget, but taking a look at moving forward.

Some of the revenues that we're looking at are to share opportunities and share services. One of the things that we have talked about: In food services, they run very well; but the opportunity of bringing

in more revenue, providing some services to charter schools or small, neighboring districts.

Take advantage of lease purchases. We actually have dollar constraints, so one of the things that we're looking at -- with technology, how can we provide the technology that they need and pay it out over three or four years.

And we are also looking at additional grants, in order to assist with some of the expenditures, that have no matching or no financial implication for the District.

Some of our cost drivers, of course, are charter school utilities, out-of-district tuition, insurance, technology, new schools opening, and operations. So those are some of our challenges as well.

So one of the projects that we're going to do is analyze that and see what's the best way to continue the effectiveness of that operation of that program, and you stretch the dollar the best that we can. Take a look at -- sometimes we have contracts; making sure that those contracts -- that for a one-year, eliminate it and it not appear in 2016-2017 budget. The other thing is, for expenditures, is review cost-effectiveness. For example, expanding the paperless initiative beyond the payroll. So currently, next-- In January, we'll be paperless -- payroll paperless; so that will give us an opportunity to reduce our staff in that department -- talking about consolidating positions. So sort of take that model and apply it to other parts of the Business Office. We've done that already in the Accounts Payable Department as well.

So this year, when we met with the principals, we talked about how they can best stretch the dollar, ensuring that the needs of our students

are met in the classroom. This was something that was new; we're working on it. It's a new process, as I mentioned. But I think that it will help us for accountability on both parts. So one of our statements for this year's budget is sharing the pain and ensuring that everything that we do is data-driven and it impacts the students in the classroom.

Pretty much, that's what I have on the PowerPoint presentation. Everything else is pretty simple -- basically, the approval process or the adoption process. One of the other things that we do periodically is, we monitor to ensure that we've met our target financially and then, if we need to, reassess, reassign, or reallocate funds. We do that, collectively, with the Cabinet.

So what the District has to say, considering the financial cliff that the District has faced, we continue to maintain true to our mission. Evidence of that is in your packet -- the increasing graduation rate of our students.

So we -- for college and career readiness, we provide together the best opportunity for a bright future. We will continue to do our best with the funding that we have. But with two new schools, some of the oldest schools in New Jersey, and the increasing operational costs, this will be a challenge.

With QSAC, we currently have Operation. We've been informed that we don't have the score for Finance and HR; but they told us that we have scored very high, and most likely those two areas will be given for local control. And we're also working with the Board members differently to prepare them for local control.

So that's pretty much what we have to say on our budget process. And as I mentioned, financially we are going with \$11 million, for the subsequent budget year, in our fund balance.

SENATOR RICE: Thank you very much.

Did you give your name for the record? You're Daisy, right? You're the School Business Administrator?

MS. AYALA: Yes; Daisy Ayala.

SENATOR RICE: Okay. I notice we have Eileen Shafer here.

MS. AYALA: Yes.

SENATOR RICE: All right. She's the Deputy Superintendent?

MS. AYALA: Yes, she is.

SENATOR RICE: Is she supposed to present, or is she here to make sure that Donnie gets the report that you did, good or bad?

MS. AYALA: I'm really not sure about that.

SENATOR RICE: Okay. Ms. Shafer, are you here to present, or are you just here to report back?

E I L E E N S H A F E R: (off mike) No. I'm here to represent the Superintendent, and to support our Business Administrator.

SENATOR RICE: So you don't have anything to add further, right?

MS. SHAFER: No.

SENATOR RICE: Okay, all right. So you're the overseer, okay. (laughter) We get that.

All right. So with that being said, a quick question. Well, first of all, just make sure -- and you should get something from staff -- that we get all the information about the lawsuits, if there are any at all. Also, I'm

going to raise this one question, at the end, to all of you about the charter schools. Because it appears that there is a definite impact -- direct -- on your financing. And we have to figure out where we're going.

We also know that there are failing charter schools in these districts, but no one talks about the failures because KIPP gets all the headlines because they spend all the money.

But with that, I'm going to turn this over to Assemblyman Ben Wimberly to respond; first, to the things that you are saying, and the concerns that he may have that he can share with the Committee members.

Assemblyman.

ASSEMBLYMAN WIMBERLY: Thank you, Chairman.

Good morning -- still, I believe -- because I don't want to get--
Good morning.

MS. AYALA: Good morning.

ASSEMBLYMAN WIMBERLY: And first, you know, as Senator Rice said, it's difficult for you to sit here and represent Dr. Evans, and be put in this position to answer questions that we would like to ask him directly. And for whatever reason that he's not here, it is somewhat disappointing, because there's no need to go around the way that we have to ask now.

The real meat of this issue is -- and I say it's one of the biggest travesties in education in the State of New Jersey history -- is last year's layoffs of staff in the City of Paterson. It was probably one of the things that just slid right under the radar. I mean, we tried to make legislation to put an additional \$19 million in the budget to save it -- the staff layoffs -- and then, really, to save students. But I'd like you to address quickly when

you're saying, you know-- You gave an \$11 million number. Last year we had 335 layoffs, I believe.

MS. AYALA: The information is in the packet.

ASSEMBLYMAN WIMBERLY: Okay. Can you share that, for the record, the exact number of layoffs? Because every time I tell somebody, nobody seems to believe that this type of layoff happens in 2015--

ASSEMBLYWOMAN OLIVER: Right.

ASSEMBLYMAN WIMBERLY: --in America.

MS. AYALA: Yes.

ASSEMBLYMAN WIMBERLY: Anywhere, not just here in New Jersey.

MS. AYALA: Yes. We had 361 layoffs. In that, we had two coordinators, three directors, three executives, three managers--

ASSEMBLYMAN WIMBERLY: Can you get to the staff numbers? That's fine. Can you give me the number of teachers who were laid off, and instructional assistants?

MS. AYALA: There were 197 teachers; 72 for IAs, and 57 for personal aides.

ASSEMBLYMAN WIMBERLY: And how many vacant positions are there, going into this year in the school district -- Paterson Public Schools?

MS. AYALA: None. Only the essential teaching positions.

ASSEMBLYMAN WIMBERLY: So there are no vacancies in those numbers? Or was I given wrong numbers -- that there were 213 vacancies at the end of last year?

MS. AYALA: They were removed from the budget last year.

ASSEMBLYMAN WIMBERLY: They were removed, but there were 213 positions that were not filled.

MS. AYALA: Correct.

ASSEMBLYMAN WIMBERLY: Okay. Now, the impact of this on, obviously, the student-teacher ratio. I know it's in the packet; could you share that number with us?

MS. AYALA: I don't have that number.

ASSEMBLYMAN WIMBERLY: Can you provide it, through our Chair?

MS. AYALA: Yes, because it varies from school to school.

ASSEMBLYMAN WIMBERLY: Okay. And what type of overcrowding in classrooms are you experiencing, are being reported to the Administration?

MS. AYALA: I don't have that information. Again, that varies from school to school.

ASSEMBLYMAN WIMBERLY: Ms. Shafer, maybe you could help her out with some of these numbers.

MS. SHAFER: (off mike) We have classes--

MS. SAPP: You'll have to sit; you'll have to sit.

ASSEMBLYMAN WIMBERLY: I'm sorry; it has to be on the record.

MS. SHAFER: It varies from one school to another. But there are classes--

ASSEMBLYMAN WIMBERLY: We're going to get you a chair. Could you hold one second; we'll get you a chair.

MS. SHAFER: It varies, but there are classes up to 40.

ASSEMBLYMAN WIMBERLY: That are 40 -- vacancies?

MS. SHAFER: There are 40 students.

ASSEMBLYMAN WIMBERLY: There are 40 to 1--

MS. SHAFER: Yes.

UNIDENTIFIED MEMBERS OF COMMITTEE: What?

ASSEMBLYMAN WIMBERLY: Okay; all right.

With those numbers-- And just for the record, Co-Chairwoman and Chairman, 119 of the people who were laid off were Paterson residents. So the layoff impact in the City of Paterson was an economical hit for the entire City. So if Johnny's mother gets laid off as an instructional assistant and she's unemployed, Johnny may go to school some days hungry. And this is something that -- a point that I just wanted to get across. There are 119 people, and most of those people of the 119 are in the higher-income level. And I know I've talked to the Superintendent about it; I know I spoke to you, and you made every effort to assist some of them, with the people who you're bringing back. But I think as a joint commission on public schools, we really have to look at these numbers and say, "This is just not acceptable; it's not acceptable."

And for our students, in particular-- I mean, obviously I get reports, off-record and on-record, for certain schools having substitute teachers who are filling in. Then I guess there was an issue -- even that was on-record, in the newspaper -- where they would put administrators' names in as teachers for classes. These classes were still being covered by substitutes. So are-- You understand, I think this was in the paper recently, and this was reported to me.

MS. SHAFER: Yes, the purpose for the administrator's name to be connected to that class is all for the purpose of the SGP scores that come out in January for student assessments.

ASSEMBLYMAN WIMBERLY: Okay. And just to move along, because I know everybody's going to have questions -- the program cuts have been well-documented. I know you've done a good a job -- the administration -- answering the questions. But for the record, can you share some of the program cuts that Paterson Public Schools has experienced, and will be experiencing in the future when you're looking at cuts?

MS. SHAFER: I mean, I can briefly tell you that there were some athletic cuts; and Daisy has some of the others listed. But just in the athletic area, we cut cheerleading, band, and wrestling.

ASSEMBLYMAN WIMBERLY: And tennis, I believe?

MS. SHAFER: And tennis; yes, tennis.

ASSEMBLYMAN WIMBERLY: Tennis also.

MS. SHAFER: Yes.

ASSEMBLYMAN WIMBERLY: All right. Now, the student population for Paterson Public Schools this year?

MS. SHAFER: Close to 29,000.

ASSEMBLYMAN WIMBERLY: And the break down, from grammar school to high school?

MS. SHAFER: About 9,000 are high school.

ASSEMBLYMAN WIMBERLY: And how many buildings?

MS. SHAFER: There are 54.

ASSEMBLYMAN WIMBERLY: There are 54 buildings.

All right. When you look at the cuts -- and, obviously, we've been under State takeover for 24 years; obviously, the surplus funds were being used to cover the gap of, I guess, the budget shortfall -- can you explain a little bit about that, and the use of surplus funds to help with the budget?

MS. AYALA: I can take that.

Yes, what we did is, once we created the budget there was a gap. So there was a sufficient fund balance to cover for that gap. It was \$72 million; and I don't have it in front of me, but if you look at the projection booklet, you'll see it in here -- where it shows that, in 2013, we had a \$69 million surplus in fund balance. We have used that in all the years, and also with the challenge of the cliff; to where we ended up last year with \$43 million.

ASSEMBLYMAN WIMBERLY: Okay. And do you still have sale of property as revenue included in the budget?

MS. AYALA: No, we don't.

ASSEMBLYMAN WIMBERLY: That has been removed?

MS. AYALA: Yes.

ASSEMBLYMAN WIMBERLY: By the State, or--

MS. AYALA: That has been removed by regulation.

ASSEMBLYMAN WIMBERLY: And do you have projected sales coming up that will benefit the budget?

MS. AYALA: No, we do not.

ASSEMBLYMAN WIMBERLY: Okay. Two facilities, real quick: What are the facilities that you obviously-- You know, it's been said, I think we have 19 buildings over 100 years old in the City of

Paterson; and we have two new buildings coming on. Is there going to be a closing of buildings to transfer students over to better facilities, or what is its status?

MS. AYALA: It's part of our budget process discussion; but that's too early in the game to make that determination because it has to be discussed at the Cabinet level.

ASSEMBLYMAN WIMBERLY: Okay. And two more questions for you, real quick. What is the impact of the vocational school, Passaic County Tech, on the Paterson Public School budget; and the issue, in particular, of them sending students back after October 30? What is the major fiscal impact of that?

And now, obviously we know Passaic County Tech is getting ready to increase to 1,200 more students; they have a STEM academy coming; everybody knows they cherry-pick the best students who go to the vocational school. What is the financial impact of Passaic County Tech to the Paterson Public Schools?

MS. AYALA: That has an additional impact of about \$2 million -- \$2.5 million.

ASSEMBLYMAN WIMBERLY: Is that an accurate number, \$2.5 million?

MS. AYALA: Yes. Well, actually, right now--

MS. SHAFER: Additional.

MS. AYALA: Oh, additional.

ASSEMBLYMAN WIMBERLY: Additional.

MS. AYALA: Right. So right now we're at \$21 million; so we're projecting \$24 million.

ASSEMBLYMAN WIMBERLY: You're projecting \$24 million. And about -- and if you don't have this number, you can provide this through the Chair -- about how many of our students, percentage-wise, returned back to District for various reasons after October 30?

MS. AYALA: I don't have that information.

ASSEMBLYMAN WIMBERLY: Is that something that you could get for us? Because I hear it all the time, and obviously we get a lot of parent complaints that, for various reasons, our students are returned back to District -- be it discipline, attendance, whatever it may be. But we still pick up the cost of that student for the remainder of the year. Is that accurate?

MS. AYALA: Yes, that does happen.

ASSEMBLYMAN WIMBERLY: Okay. Now, obviously, the staff concerns and contracts, you made mention to the compound drug issue -- and is there going to be a savings of \$13 million?

MS. AYALA: No, there's not going to be a savings--

ASSEMBLYMAN WIMBERLY: No?

MS. AYALA: --of \$13 million. What would have impacted this year was an additional cost of \$13 million--

ASSEMBLYMAN WIMBERLY: Okay.

MS. AYALA: --had we not addressed that.

ASSEMBLYMAN WIMBERLY: Now, have you addressed this? Is this final -- that this is going to happen with this (indiscernible)?

MS. AYALA: We have addressed it. It's going to the Board in January.

ASSEMBLYMAN WIMBERLY: For approval?

MS. AYALA: Yes.

ASSEMBLYMAN WIMBERLY: So what are you asking of the staff with this savings of \$13 million--

MS. AYALA: We're just pretty much asking the staff for an approval process, and if there are other means -- an alternative way that the doctor could provide the same medication. But it's more about a different form; it's very complicated, and I don't think this is the place or the time. So basically it's a--

ASSEMBLYMAN WIMBERLY: Well, if it's not the place or time, I don't want to put you on the-- If it's something that you can provide-- But what I do know is that you're working with a staff that worked without contracts for four years. And when the contract was settled, you had staff -- people getting retro pay of \$1,000. The staff morale is very low due to the lack of contracts and some of the issues that are faced -- overcrowding. Now you're asking them to take an additional hit with insurance. And I mean, I know what the public perception of -- that we have this lucrative package, according to our Governor, of insurance plans. But is this the best way to go when you're looking at staff?

MS. AYALA: We're not asking for them to take a hit. We're just asking them to follow a new process, a new procedure. You can go now and get a medication without going through an approval process. We're just implementing a step. They will eventually get whatever it is that the doctor deems necessary for that patient -- but a process.

ASSEMBLYMAN WIMBERLY: Well, I'm sorry, but just, in layman's terms, once the doctor gives you a prescription, isn't that good enough to say-- Now you have to put another layer of something on top of

that for somebody? I mean, like I said, I'm not putting you in a position-- I understand. But down the line, I would love to have a better understanding of this.

Now, you made mention to furlough.

MS. AYALA: It is just a recommendation for us to look at as we're looking at the financial plan.

ASSEMBLYMAN WIMBERLY: And can you help me with what the furlough is going to look like?

MS. AYALA: It's just a recommendation; it's not something that we planned or we talked about. It's just part of the process -- some of the recommendations that I've looked at in order to do some cost savings.

ASSEMBLYMAN WIMBERLY: But what is the furlough looking like? What are we saying? What is the furlough going to be? Are we going to operate on four-day school?

MS. AYALA: No, no. That we take two days and not get paid. Not work, and not get paid.

ASSEMBLYMAN WIMBERLY: Now, who is this that's not going to get paid?

MS. AYALA: That would be everyone in the District.

ASSEMBLYMAN WIMBERLY: And this is a State-operated school district. This is something that--- The thought of a furlough has to be one of the most insulting things to anybody in the School District. Because what Senator Rice said clearly is we have been under State operation for 24 years. The State has been in control of the finances -- not the teachers, not the parents, not the PTA, not the Education Fund -- but the State of New Jersey. And now we are facing a \$186 million fiscal cliff --

am I right? -- over a five-year period. A five-year period, \$186 million -- that has been run by the State of New Jersey. Now, I don't expect you to answer this, but just for the record, Senator Rice, this has to be the most ridiculous thing that we could hear in 2015. In 2015, this is going on. And this slid right under the record; it was vetoed by the Governor -- the additional funding. We have one of the highest property taxes-- Over the last five years, 44 percent increase in property taxes in Paterson -- 44 percent; 44 percent. Now, you're cutting this--

You know, we have 2,800 abandoned properties. We just had people here with retroactive property taxes that were astronomical. So to ask a furlough, to ask anything when it comes to compound drugs, you should really reconsider it; and you should look at the morale of not only the staff, but the impact that it's going to have on our students and our community.

So I know you're here just filling in; but these are questions that I think had to be put on the record. And I think people need to know what's going on in Paterson, and that this is not acceptable. You just compare Camden, with 31 layoffs, to the 300-and-something layoffs here; and we'll see Newark's layoff numbers and Jersey City -- wherever it may be -- I don't care where you're at, there cannot be a comparison in the United States to these numbers. And people expect our students to achieve. We are not giving our students a fair chance. (applause)

Thank you, Senator.

SENATOR RICE: Yes, I'm going to get everybody to ask questions of you. But I need to just kind of back up a little bit because I know the Superintendent of Camden has a 2 o'clock that he has to be at.

And this question is for everyone, so it will be asked of you again. There's this issue-- We're listening to the financial situations that we're locked into, and the various reasons why we have deficits in these takeover districts. And there's been this push for a number of years -- and the pushback -- to have-- Because a lot of the financial pieces are really driven, in terms of the deficits, by the charter school movement -- and that's throughout the country, and that's documented. Other states are trying to fix that -- whether charter schools can perform, and traditional schools districts don't have deficits because of it.

I've always believed we should set aside a separate pile of money for the quasi-traditional schools and the private stuff. Some are for-profit; some are nonprofit. New York does 990, so we know through transparency, exactly where every dime is going and how it's coming in. New Jersey, because of the relationship with the charter school people -- and I'm talking about the political relationship -- chose not to do that; and we need to revisit that, maybe, at some point in time. But there's been a bill sitting there; there's push to move it now. And the push is coming from not just the Legislature, but community residents to put a moratorium on charter schools.

Now, what has happened out there is that the people who fund the charter schools -- the Wall Street people, the hedge fund people, Eli Broad, and all these folks who our residents don't know about and don't care about, okay? -- what their intent is and what their agenda is. As a result of that, there's been this pushback. In fact, the charter school people had a constituency-based march on Mila Jasey's office during the course of the election because the charter school people didn't understand what the

moratorium meant. Without a moratorium, some of these charter schools are going to be hurt -- I can tell you that right now. And from my colleagues, who don't pay attention, all you hear about is TEAM Academy and KIPP. That is the national movement organization with big money: the private folks, and the hedge fund folks, and everybody you can think of -- the Waltons, the Eli Broads, the Koches -- that's who they are. Within these districts, you have other charter schools that are not part of those networks, and they are hurting right now. And some of them should have been closed going back a few years; some may need to be closed now. But we kept them open because we feel we shouldn't close them because our kids are there. We should fix them, get them to work since they're in play. Those are the ones that get ignored; those are the ones that the Governor throws money at through the Department of Education to keep them in line with the KIPPs and them, to not to make noise, particularly in the urban community -- black communities. But parents aren't aware of this.

So the question is, we need to know your take on moratoriums. And the reason we need to know that is because, when I talked to some constituents yesterday -- and some of them are here -- they were told that the legislation-- I'm going to revisit my bill, because the bill that the Assemblywoman was pushing, that everybody marched on her office on, was my bill. They should have marched on my office, and I would have marched them back down the street on South Orange Avenue, etc. (laughter)

But the point is that the understanding is that the bill -- and we're going to revisit it -- says-- At least, it was explained to them that if there is a school or charter school, for example, and the application was

approved, and it's in the process, and money has been spent, and it's moving forward, that that particular project wouldn't be allowed to go forward. I don't believe my legislation said that; like I said, I'm going to look at it, because that was never the intent. The only intent of a moratorium -- whether it's three years, one year, two years -- was to slow things down so the Legislature and the Administration could take a look at where we are with the failing schools, traditional and charter. So you don't look at them as charter and traditional; you look at failing schools, to help our kids.

The idea was that the way the process is -- because they never wanted to do State legislation, they did regulations -- if three of us up here, right now, want to open a charter school, all we have to do is say we're going to put in an application. And they're going to approve or reject us, whether we have money or not. That doesn't make a difference. We're saying don't give out any more applications for a period of time. Let's take Camden's Renaissance, Camden's charters, the Newark charters -- because we don't have Renaissance -- and the Paterson charters -- if they have any up there -- let's fix those schools that we know are failing, rather than close them down. Because on the traditional school side, we're sucking up money and we're closing failing schools down that we're responsible for the failures. Which means we're also responsible for the failures of some of the charter schools, but we're not paying attention to them.

And so, from Camden, you know, what is-- Do you have any resistance? And if so, what is your resistance against a moratorium that would say, "No more applications." Whatever is in process, goes; whatever is there, we fix -- for a year, two years, three years. What are your

reservations, if you have any? You may not even have any; I just need to know -- because we're missing something in the Legislature.

SUPERINTENDENT ROUHANIFARD: It's hard for me to weigh in on a statewide perspective. In Camden, we don't have any intentions, at this time, of growing our existing-- In terms of the number of nonprofit organizations serving charter school students or serving Renaissance School students, our existing school teams have their hands full. And some have growth plans just within their existing schools that they're trying to manage. So we're not actively looking for any applicants.

But I can't speak on behalf of other municipalities. At the end of the day what we hear, day in and day out, from families is that we need more great schools in Camden. And families don't -- the vast majority of families, I should say, don't think about it in terms of charter or traditional public schools. And I certainly wouldn't want to stand in the way of that conversation. And I know it's a different conversation in other cities across the state. (applause)

SENATOR RICE: Well, first of all, I like your response and I like your honesty. And you're right: What's happening is if there's anything new, and someone has something old, they want to go to new -- whether it works or not. And I know that for a fact, because I know what the residents tell me. The other thing is that the residents go to the new because they're thinking new; they have no experience with the new. They think the new may work, because we're not fixing the old. You know, it's like buying a new car and going in debt, when all you have to do is maybe change the transmission on the one you have -- but it's old, it's a different model.

So I like your response. And that's what a moratorium -- for those who are out here -- was intending to do, is to slow things down; and maybe put yourselves in the same position as a Camden and say, "Let's look at what we have." We can't keep throwing money away that we don't have; and we can't be asking for money because we are growing something that's not going to work.

But I know you have to leave; so yes, you can leave.

SUPERINTENDENT ROUHANIFARD: May I just quickly add?

So look, we agree on that notion, insofar as we need to improve the traditional district while also opening up new options for students and families. And that's what we've done in Camden. It's a parallel process, two-pronged approach, because we need to move with a sense of urgency. And you're right that a lot of families may choose the newer options because of certain qualities they have -- new buildings, so on, and so forth. But at the same time, to the extent those schools are getting great results, that's real important and we should celebrate in that.

The other thing I want to say, in terms of just, kind of, deficit and the theme of this conversation: One thing that I think is important to point out is that as we're managing this two-pronged approach in Camden. So just to do a really simple math formula: So pretend a school district has two students. One charter school opens up, and one student goes to a charter school and one is left in the district.

So a charter school gets, roughly, 70 cents on the dollar, right? So the one student moves over to the charter school; 70 cents for the charter school to serve that one student. What happens to the remaining

30 cents? It stays with the District, so the District has a \$1.30 to serve that one student.

Now there are certain fixed costs, like transportation, that have to be taken into account. But at the highest level, as students are -- as families are making that choice, our per-pupil goes up in the District, which helps us mitigate any impact at the school level. And so ultimately we have fewer students so, yes, you're right that the revenue goes down. We have fewer students, too; and the per-pupil goes up.

So I think that's important because, through strategic planning, we've been able to avoid larger scale impact at the school level. We may potentially see bigger challenges in the long run, but I think that's not an insignificant data point in all of this. (applause)

SENATOR RICE: Okay, thank you.

So hang on a moment.

Speaker Oliver.

SENATOR CRUZ-PEREZ: Thank you so much for coming.

SENATOR RICE: Speaker Oliver, before you leave, would like to know about your dropout rate in Camden.

SUPERINTENDENT ROUHANIFARD: Our graduation rate was 62 percent--

SENATOR RICE: No, dropout.

SUPERINTENDENT ROUHANIFARD: Yes. So the dropout rate is a little bit less than the remaining 38 percent gap, because some students are still working on their diplomas. So we can follow-up with an exact number, but it's about 30 percent.

SENATOR RICE: Okay. Through the Chair, get that to us, okay?

SUPERINTENDENT ROUHANIFARD: And, by the way, the reason we're leaving -- our Board President's son is getting married at 2:30 and we have to get her back for that. (laughter)

SENATOR RICE: Okay, all right.

ASSEMBLYWOMAN JASEY: Congratulations.

SENATOR RICE: Yes, thank you.

SUPERINTENDENT ROUHANIFARD: Thank you.

SENATOR RICE: Questions from members to Paterson? Do any members have questions for Paterson?

Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: I apologize; I was in and out during the presentation. I had some phone messages.

And I have been talking here to Senator Thompson; I've been looking through the data that you presented to us. And I really appreciate your candor, your honesty, and I am glad you were here. But I also share the frustration of our Chair that the Superintendent was not here. I assume the Superintendent is appointed by the State of New Jersey.

ASSEMBLYWOMAN JASEY: Yes.

ASSEMBLYMAN WOLFE: And just looking at this data; and listening to Assemblyman Wimberly's questioning, and having discussions with him over the last, probably, three years, maybe four years; and previous representatives from Paterson -- it's very obvious that things, basically, are the same as they have been for years.

UNIDENTIFIED MEMBER OF COMMITTEE: Or worse.

ASSEMBLYMAN WOLFE: And you're just trying to make do with what *was*, not what *is*, and I just really-- Without a Superintendent being here-- I'm not a financial expert, I was a psychology professor -- but it would seem to me you really need, like, a financial czar to come in and really cut through the mustard to help out those kids. Because I think that's the important thing: We're here to talk about kids; but here we're talking about schools, and buildings, and everything. And I think we really have an obligation, as legislators -- all of us -- to help out the districts that need the help. But not on a continual basis to keep pouring the money in -- more money, and more money, and the results don't seem that different.

So again, I'm not blaming you; I appreciate you being here, I appreciate your support. But I really would hope we have another meeting, Mr. Chairman, with the Superintendent -- just with that Superintendent; the State Superintendent. I have a lot of faith in Commissioner Hesper, but he's only been there a short time, and I don't know how long he's going to be here. But I really think we need to get to the bottom of this. I think this is maybe just, obviously, the tip of the iceberg.

So thank you for listening to my rambling.

Thank you.

SENATOR RICE: Yes, and then I will go to Mila. One of the things -- make a note, and you can take this back. I'm going to reach out and ask the Commissioner, and maybe even the State Board Chair, to come into a private, closed-door meeting with the members of the Joint Committee who want to be at that meeting. I think it's time that we have some dialogue, because the State Board has a responsibility to us too. I went down there personally and told them more than once. Regardless of

what anyone wants, they run the education system; that's the law. The Governor can't tell them what to do; we can't tell them what do. At the end of the day, that's how much authority they have there. They have subpoena power, but they're not utilizing what they need to help these districts.

So just make a note to remind me that we'll have that conversation. Because I have a lot of respect for David also -- the Commissioner. I just started to lose it, because I don't think he has stepped up. I think he just has to rubber-stamp people's stuff, and I thought he was stronger than that, being an attorney and knowing he can get a job someplace else if he has to.

So Assemblywoman.

ASSEMBLYWOMAN JASEY: Just very briefly.

I think we're all kind of on the same page, Assemblyman, because I was sitting here thinking, "We need a hearing just for Paterson," because I'm really frustrated with what's been going on there. And I'm not blaming you; I'm just saying-- As I said in my opening remarks, my greatest concern is that the State returns local control to districts that are so damaged, destabilized, and underfunded that they are going to fail. And then the community is blamed for that when, in fact, it is the State's responsibility, having been there for 20-plus years.

SENATOR RICE: Twenty-four.

ASSEMBLYWOMAN JASEY: Twenty-four. So I would support you, Senator Rice, in having that dialogue, that discussion -- a very serious discussion about what's happening there. Because, ultimately, we're

talking about children, we're talking about families, and we're talking about community.

The one question I had for you is, I understand that there was a job fair, not too long ago, in Paterson. I find that, having been a Board of Ed member myself, I find that astonishing to have a job fair in the middle of the year, basically. I'm assuming -- correct me if I'm wrong -- that this was because of the layoffs, and the fact that over 700 children showed up in September who had not been anticipated.

And so my question is, how many classrooms -- ballpark figure -- are being staffed by teachers or substitutes who are not certified in the subject area that they are teaching? Because one of my great concerns is we evaluate teachers and, certainly, students and school districts on how well students do on the State tests, when in fact how can we hold those students responsible for content if they're not being taught by certified staff members?

Now, these are assumptions on my part. Enlighten me.

MS. AYALA: Yes. That's part of the vacant positions that we had. We have had retirements over the summer; we also had some positions that were hard to fill. So that's why we had the job fair.

The majority of those positions have been filled; unfortunately, we have some difficult positions that we can't fill, and we -- Dr. Evans has actually put on some initiative to attract some teachers into those positions.

ASSEMBLYWOMAN JASEY: Thank you.

SENATOR RICE: Speaker Oliver -- Assemblywoman Oliver.

ASSEMBLYWOMAN OLIVER: Yes, good afternoon.

I certainly echo everything I've heard from my colleagues on the Joint Committee. And what I'm most focused on is the classroom ratio of 40 students and 1 teacher. Everything we know to ensure that students reach their maximum potential is the ability of there to be a smaller classroom size. And when you talk about students with challenges, students who often have a broad variety of social needs and require a lot of support services, being crammed into a classroom which could conceivably be over 100 years old, and there's one teacher -- what could we possibly expect to happen?

And I too, like Assemblyman Wolfe -- I'm disappointed that the State of New Jersey, for a 24-year period, has allowed this to fester in the City of Paterson. And then when you point to all of the other socioeconomic challenges that Paterson is confronted with -- changing demographics, growth and expansion of various cultural and ethnic minorities, language challenges, etc. -- it is clear that the Department of Education has been asleep at the switch. And who's paying the cost of this are all the citizens in the State of New Jersey.

But this has been extremely disappointing to hear about Paterson. To Assemblyman Wimberly's credit, and to Assemblywoman Sumter, and to Senator Pou, they have been up on their soapboxes for many years about the conditions in Paterson -- and it's falling on deaf ears.

This issue of surplus-- And when we were going through the budget process, it was brought to our attention that Paterson did have a surplus. But of course we know, under law, the districts can only maintain a 2 percent surplus. So did the State of New Jersey take that surplus away from you, as they conceivably could have, under the law?

MS. AYALA: No, they have not. Actually, we ended up -- we ended the year with 1.4 percent; we did not meet that 2 percent surplus.

ASSEMBLYWOMAN OLIVER: Okay. You know, the dichotomy and the differences of the four State takeover districts show the craziness of how the takeover law really works. Because on one hand, we heard from Camden -- with 15,000 students, 36 buildings -- and we listened to their financials; versus Paterson, having twice the number of students that Camden has, 29 buildings -- less buildings than the City of Paterson (*sic*) has -- with 50 percent less of population. There is some craziness going on that the Commissioner and the State Board of Education -- they are definitely asleep at the switch over there. (applause)

SENATOR RICE: Excuse me. We don't--

ASSEMBLYWOMAN OLIVER: Because there is no congruence with that. That's craziness. And we have yet to hear from Newark today.

With 9,000 high school students, one of things we know is that there are supplementary learning experiences that help a student fully develop. For the leadership to make a choice that we can't have cheerleading, that we can't have band, that we can't have tennis -- these are also conceivably extracurricular activities that can help a student perhaps land scholarship assistance for post-secondary education. So I'm very disturbed when I look at, and through the years have examined, the budget in Paterson, I see the kinds of salaries that have been paid to top-level administrators in the District. And for people to sit around a decision-making table and feel that we can do without 151, \$15,000-a-year classroom assistants; but we can keep all the top-tier, six-figure salaries --

there is some wrong policy making happening in that District. And I can understand why the Superintendent might not want to come here today and report this to us. (laughter) It's really disingenuous.

And then this issue I heard that you're going to move towards a process of trying to contain costs of prescriptions. And so help me understand: The employee goes to the doctor; they get a script for their medicine; but then you want that employee to now have to get a sign-off from someone in the District?

MS. AYALA: No. Actually, it's more-- For example, if you get a codeine Tylenol--

ASSEMBLYWOMAN OLIVER: Yes.

MS. AYALA: --you can take that with a glass of water.

ASSEMBLYWOMAN OLIVER: Yes.

MS. AYALA: They now have prescriptions that you can apply it.

ASSEMBLYWOMAN OLIVER: Yes.

MS. AYALA: So those are the prescriptions that have driven the cost outrageously.

ASSEMBLYWOMAN OLIVER: Yes.

MS. AYALA: So if it's truly necessary, there has to be an approval process. So if the doctor says, "It's needed," then fine. You move forward, and the doctor says, "That person can take the Tylenol codeine," then they'll prescribe the Tylenol codeine. That's just a very simple example.

ASSEMBLYWOMAN OLIVER: Okay, so what I'm trying to get at is if you are inserting -- that it's someone at the District level who gets involved in that--

MS. AYALA: I don't have the logistics; and no, it's--

ASSEMBLYWOMAN OLIVER: Well, all I want to put on the record--

MS. AYALA: It wouldn't be at the--

ASSEMBLYWOMAN OLIVER: All I want to put on the record is that you can't violate HIPAA law.

MS. AYALA: It won't be at the--

ASSEMBLYWOMAN OLIVER: And the District has no business, in my opinion--

MS. AYALA: No.

ASSEMBLYWOMAN OLIVER: --in the middle of determining what medications people need. That's none of your business; that's between the covered employee--

Now, when you purchase your annual insurance plan from whoever you get it from, or if you're in the State Health Benefits -- I don't know -- but here's the deal. Whoever the District -- and you're a Business Administrator -- if you are seeking to contain costs, you deal with that at the table with whatever insurance carrier you're going to use. And you deal with formularies and what processes are going to be put in place. But I would caution you to walk very warily around determining what medications and prescriptions employees need, and whether they can get something cheaper.

MS. AYALA: I'll give you another example. If you need an MRI, the doctor usually goes out for a pre-approval. That's the process. That will take a couple of days before you're approved for the MRI. It's similar -- the process is similar to that.

ASSEMBLYWOMAN OLIVER: Yes, but be cautious. Yes, be cautious of getting in the middle of that.

Let me also ask, as I conclude: What is the percentage of free and reduced lunch population in Paterson?

MS. AYALA: It is 100 percent.

ASSEMBLYWOMAN OLIVER: It is 100 percent; okay.

Mr. Chairman, what I want to say--

ASSEMBLYMAN WIMBERLY: I'm sorry; that can't be accurate.

ASSEMBLYWOMAN OLIVER: Yes -- 100 percent?

MS. AYALA: We don't do the free and reduced. We went with the other program -- that everyone gets free lunch and breakfast.

ASSEMBLYWOMAN OLIVER: And does the State Department of Agriculture reimburse you for 100 percent?

MS. AYALA: Correct, yes.

ASSEMBLYWOMAN OLIVER: Well, what would make any district not want to declare their whole school district free? I was not aware that the State operated a program that I can declare myself 100 percent and get reimbursed 100 percent. Because I'm certainly going home and telling the towns in my District to apply.

MS. AYALA: There is criteria that you have to meet.

ASSEMBLYWOMAN OLIVER: Okay.

MS. AYALA: I think you have to be, actually, 80 percent. And don't quote me on that; I'd have to go to the Food Service. But there were criteria that were looked at when we did the application. We actually qualified, so there is a qualifying process that has to be followed.

ASSEMBLYWOMAN OLIVER: And is this a Federal initiative?

MS. AYALA: Yes.

ASSEMBLYWOMAN OLIVER: Okay. All right, well, Mr. Chairman, I think we should ask the State Department of Ed and the Department of Agriculture to provide us with information on the program that allows a district to declare itself 100 percent free and reduced lunch.

But why I was asking that question with free and reduced -- you know, it's been a really grim picture that's been painted about Paterson here. And I would suspect, once we hear from the other districts, Paterson is probably, probably the most challenged. And I just -- I'm just floored. We've seen that there are high rates of arson going on in Paterson now. And those of us who have been around urban centers for the past 30 years sometimes know when you see high rates of arson like that, that sometimes property owners just want to cut their losses -- whether it's illegal to do that or not -- because every other day in Paterson there's a significant fire going on.

And you know, the challenges that are represented to the local leadership there-- And God bless Mayor Torres for coming back a second go-around, because he's certainly being challenged with things that he wasn't challenged with that first time around. But the State bears responsibility. You cannot have a population with the sociodemographic

characteristics that Paterson has, and the State will allow the layoff of upwards of 400, 500, 600 people in a school system that clearly, clearly is challenged; cut out all types of supplementary extracurricular support services for a student body; and then want to beat up on the educators in that District, based on evaluations and that they're not making students progressively move a grade level up or down.

I think that it is about time for this Legislature to stop being silent, as Assemblyman Wolfe pointed out, because we are investing inordinate amounts of money into public education in New Jersey, and clearly our students, and their parents, and families are not benefiting from it.

So I'm beginning to feel -- throw out all the State Superintendents; throw them all out, they're not doing anything, in my opinion. They're gatekeepers, they're maintaining status quo, and they're concerned about their own careers instead of making decisions that are best for the students who are in those districts.

That's all I have to say about Paterson.

SENATOR RICE: Senator Thompson.

SENATOR THOMPSON: Thank you, Mr. Chairman.

You know, in our packets we have here a report, *Paterson Public Schools, General Funds, Five-Year Budget Projection Summary*, which is dated November 18, 2013. This is two years old. And as I looked through it, and as I look over five-year budget projections, projected revenues, projected expenditures -- well, it showed for the current fiscal year there was a projected deficit of \$61.5 million, growing up to a deficit of \$115 million by 2017-2018.

It starts with what the actual was in 2012-2013. Obviously, these numbers are totally outdated at this point in time because we've already passed the 2013-2014 school year, and we're halfway through 2014-2015 (*sic*). Again this one had said-- In this current school year there was a projected deficit of \$61 million. The figures here on these projections are all based on -- as I thumbed through it, it seemed to suggest -- flat revenues from local taxes -- virtually flat, flat revenues from the State from 2012 on, etc. Obviously, that did not occur; otherwise, you wouldn't be operating right now if you had-- Right now, you're in the middle of the year with a \$61 million shortfall.

Could you provide us with more up-to-date and accurate figures as to what is the status today; and therefore, what will be the status in the forthcoming year? Because I don't know what I'm looking at, as I look at this. So clearly, you're not operating halfway through the school year, this year, with a \$61 million shortfall. Something happened there; I don't know whether it was an increase in local property taxes, or increased State funding, or whatever. I know you had a reduction in staff, but these figures are totally off and I don't see anything that is current in the packet that I have here.

MS. AYALA: Yes, and I apologize for not giving you-- We're still in the process of getting our audit done; because of the GASB 68, there's been a delay.

So for 2015, which just ended -- June 2015 -- we ended it with \$43 million, instead of a \$13 million deficit.

SENATOR THOMPSON: You did what? You did \$43 million what?

MS. AYALA: Surplus.

SENATOR THOMPSON: Surplus. So obviously there was a big change in the figures of revenues or expenditures -- one of the two -- but we have no idea what they are. And that will also impact what you're going to project for the future -- what they'll be.

MS. AYALA: It actually reduced the expenditures.

SENATOR THOMPSON: So, like I say, this was -- for today, this thing is totally useless. It's out-of-date and inaccurate as to what the current situation is, or the future projections. So if you could get us the updated stuff, that would be much more useful in seeing where we need to go rather than where we were in the past -- or we were never even there.

MS. AYALA: Okay.

SENATOR RICE: Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Yes. I have to apologize; I have to leave momentarily -- like, right now.

But I hope that-- We've only heard from two districts; I know we have two more districts to go. Perhaps we, as a Committee, could go visit two of these at a time, maybe, instead of going to four? I think that's very important.

And also, I think if we're going to meet with the Commissioner and someone from the State Board of Ed, I think we should also have the Superintendent from Paterson at that meeting.

And lastly, I will say I don't share my good Chairman's belief in charter schools. I think they're a little bit more positive than, maybe, some of the folks believe. (applause)

However, I understand we're competing for money; we're competing for dollars. And as we've heard already today, the resources are very, very scarce; and I think we really have to look very carefully at, are they allocated fairly? So I think there are positives and negatives on both sides.

So thank you very much from me, and I really appreciate the Chairman having this hearing, because it's a long time coming. And I hope we can pass this on to the other legislators who really need to know the status of these very important districts, because this is like the lifeblood of our state. These are our biggest cities. And I'm just thinking here -- I'm not trying to philosophize. I'm thinking of Ray (*sic*) Kramer, who used to be the Mayor of Paterson. I remember he ran for Governor once. I never knew him, but I was going to vote for him -- but he never ran. And Congressman Pascrell -- a good friend of mine. You know, a lot of really, really positive, uplifting people from that community. Benjie, you really got a job here to do, and I really think we have an obligation to try to help them.

So thank you.

SENATOR RICE: Yes, before you leave, Assemblyman, let me be clear on the record, because I've been saying this for like 20 years, it seems like. You have never heard me say I was -- not you, personally -- the public has never heard me say I am anti-charter schools.

ASSEMBLYMAN WOLFE: Well, I never said that.

SENATOR RICE: No, no. That's why I said not you. But the public comes down here because the people brainwashed them -- that these folks are against charter schools. In fact, I don't hear most of my members

say that they're against charter schools. We say we are pro-choice; but we want accountability, we want processes, and systems. And that's how they play the public against us. The notion of a moratorium is not to stop the charters; it's to slow things down like you do anything else, etc.

But I want to be clear for the charter school people who are here, who continue to employ-- I'm not sure if you are paying as much attention to what is being said up here, or from there, (indicates) in terms of that. I think that the Superintendent of Camden did a great job, because he said that he's not looking for additional growth right now because he can't manage what he has. That's all we're asking.

So I want to thank you for being here, Assemblyman.

We're going to let the Paterson representatives -- you can go if you want to, now. You can stay and listen. And Assemblyman Wolfe is right, because we just had the conversation -- the Co-Chair and I -- that we're going to, as we move into the session, we're going to come into all the districts. We'll figure out whether we do two at a time, or what have you. We think that's important, and we're not going to come in -- and the residents can take this back -- we're not going to come in to have people yelling and screaming. We're going to come in to get factual information. We're going to hear from people, but we control our meetings. It's not going to be like a local council meeting or a school board meeting. We don't roll that way, because the law doesn't allow us, okay? So we will do that.

ASSEMBLYWOMAN JASEY: Since you raised the issue, I want to go on record as well.

Since the Senator and I were the sponsors of the moratorium bill, I want to clarify, once again, that I have never been anti-charter or anti-choice; but rather, concerned about what is happening between -- in the competition for funds between our regular public schools and our charter schools. And I also feel -- and I think today is a good time to raise this issue -- we have had the charter school bill for 20 years; and during that time, the Legislature has failed to -- the Department of Ed has failed to give the Legislature a true evaluation of how we're doing, how they're doing; whether or not the charter school law, as originally intended, is being met; whether those goals are being met or not. I don't have an opinion on that, because we don't have that information from the Department.

And I think that in our role as oversight, having oversight of all the public schools in New Jersey, it is the role of this Committee and others in the Legislature to ask for that information. And it is not us versus them, or-- I'm not an educator and I would never dictate which way to go. However, when it comes to making sure that every child has the opportunity for an excellent education, that is our responsibility.

UNIDENTIFIED MEMBER OF AUDIENCE: (Indiscernible)

ASSEMBLYWOMAN JASEY: Excuse me. And that is what we're trying to get at here.

So I thank you for your attention, and I look forward to those meetings that we're going to have.

ASSEMBLYMAN WIMBERLY: Chairman, I'm sorry. I just wanted to--

SENATOR RICE: Sure. They are not holding you up now.
(laughter)

ASSEMBLYMAN WIMBERLY: I'm sorry, Assemblywoman.

SENATOR RICE: It's not for you; it's for them. We're on the same page.

ASSEMBLYMAN WIMBERLY: I know the Senator made reference to this -- is the impact of -- I guess it was asked by the State. I'm not sure exactly how the scenario is -- but for us to increase our tax levy. Now, our current tax levy is -- is it \$37 million?

MS. AYALA: That is correct.

ASSEMBLYMAN WIMBERLY: And was there an ask of an increase of \$5 million?

MS. AYALA: No. Just by the cap, it was \$700,000.

ASSEMBLYMAN WIMBERLY: So what was the issue with the local City Council? Wasn't there an issue with an increase of the tax levy for the School District?

MS. AYALA: That is correct.

ASSEMBLYMAN WIMBERLY: And it was only \$700,000?

MS. AYALA: That is correct.

ASSEMBLYMAN WIMBERLY: And the City Council voted "no" on that increase of \$700,000? Now, did that have a major impact on what you think happened with the State of New Jersey as far as refunding? Would that be the issue with us not increasing our tax levy?

MS. AYALA: No, not that I'm aware of.

ASSEMBLYMAN WIMBERLY: Not at all?

MS. AYALA: Not that I'm aware of.

ASSEMBLYMAN WIMBERLY: Okay. Because, well, the bottom line is, I just always try to paint the picture that people think

Paterson doesn't pay their fair share of taxes. And I'm a homeowner in the City of Paterson; and anybody can look for records. Over a five-year period, our property taxes have increased 41 percent. You know, even back to 2010, the increase was 29 percent. And when we had an increase of 29 percent of property taxes, obviously there were issues -- not increased in the funding for schools -- but we had a layoff of 125 police officers in the City of Paterson. For a two-year period, employees were on furlough for those two years. So when you used the word *furlough* -- that was just not a good situation. For two years, you're talking about people -- the average salary of a city employee in the City of Paterson, in the working class, is probably under \$30,000. I think our median income is \$34,000. So I don't want anybody to think that we're not paying our fair share of taxes -- I mean, Paterson Public Schools and the residents of Paterson. And obviously I received wrong numbers -- that the increment was to be more from the Department of Education and the State of New Jersey, asking us to increase our tax levy; not that it was at the number of -- asking us to go up a lot higher than \$700,000.

MS. AYALA: Well, we're allowed to do it, according to the formula in the budget software. So whatever that was, that was the dollar amount that was presented.

ASSEMBLYMAN WIMBERLY: Okay.

MS. AYALA: It was under \$1 million.

ASSEMBLYMAN WIMBERLY: It was under \$1 million.

MS. AYALA: Yes.

ASSEMBLYMAN WIMBERLY: And the City Council did vote "no."

MS. AYALA: Correct.

ASSEMBLYMAN WIMBERLY: Thank you.

SENATOR RICE: Okay. Thank you very much. I know the hour is getting late, but I think it's important that we do this; and patience is a virtue anyway.

What we're going to do now, we're asking Jersey City-- Mr. Campana, are you ready there? I don't want -- I know you have a bad leg. I don't know how much pain you're in, so hopefully we don't hurt it more.
(laughter)

MR. CAMPANA: I'm okay.

SENATOR RICE: All right.

MR. CAMPANA: Good afternoon.

SENATOR RICE: Good afternoon.

MR. CAMPANA: Let me start by just kind of giving you a sense, from my perspective of a Business Administrator, where I am at, at any given point in time.

I'm in last year's fiscal year, wrapping up. As you know, the audit for districts will be submitted sometime this month; there is an extension this year. That audit determines what's going to happen for the 2016-2017 school year. And then I'm also in this school year, looking at what can be done that helps to bridge a gap, if a gap is anticipated in the review of the budget process.

Jersey City has been somewhat fortunate. We have not experienced a deficit situation; we have not experienced a layoff situation, or furlough, nor a reduction in programs for kids. None of that has

happened. However, it has been challenging, as you all may know, given what's happened across the state.

But there has been a lot of effort -- I'm in my third year -- there has been a lot of effort at looking at best practices. So the best practices that have been incorporated have been some of the very same things that have been mentioned earlier: joining procurement cooperatives to keep costs down. We follow general guidelines on brokers and carriers, and making sure that we went from commission to flat fees; to having language that provides more transparency in what may have been, at one point, considered arrangements that were not being brought to the surface that were costing districts a lot of money.

I'm seeing a \$1.2 million reduction in what the auditors asked us to put into our Workman's Comp fund because of what we have been able to do. So there are residuals that take place based on these best practices.

I'm engaged with the BPU on energy savings programs, which has a direct effect on our energy and the ability to bring in improvements to the school facilities -- of which I face the same situation other BAs face in the urban districts. Over one-third of our schools are 100 years old; there's another 80 percent that are beyond 50 years old. So the statistics seem to be pretty much the same.

While there may be good news, there are some extreme challenges that we face on an ongoing basis. And what is it that I have to try to juggle, with the Superintendent, when it comes to the finances of the District? When I look at trend data, and I look at State aid -- while State aid has been relatively flat, the amount of dollars to go back into actual

school operations has been less. If I give you trend data for school years 2012-2013 through what we just completed, 2014-2015 -- which is a three-year cycle -- even though our enrollment went up by 1,400 students, we did not see an extra dollar in the aid that went directly into school operations. As a matter of fact, we saw a reduction of about \$13 million.

This particular fiscal year that I'm in -- we have seen a reduction of dollars to go into programs of approximately \$6 million.

So there's the challenge -- looking to, how do I make up for those dollars. And again, it comes from these best practices; other opportunities to save. We've also incorporated a staff reconciliation-staff realignment, based on enrollment and based on what we look at in terms of where should staff really be assigned. Should there be one aide, should there be two aides? And as opposed to layoffs, what we've done, through attrition and through retirements, is been able to ensure that we're able to bring and put staff in those locations that actually need them -- avoiding what is the layoff situation.

Aside from getting less dollars to go into operation, we've also seen a trend that started this past budget cycle -- where, in the pre-K allotment to the District, we're asked to pick up additional expenses for special education pre-K. So that's a couple of million dollars coming out of the operations budget, going into making sure that our pre-K population can get the services that are needed.

Another big impact in the budget as I balance -- normally when you have the need to keep and not reduce programs for students, the first thing we look at is, can we do anything with facilities. So we struggle with facilities because you start looking at non-instructional operations and

looking at where can you reduce. But what complicates it for us even more -- despite whatever savings we may be able to garnish from energy programs we're in, from anything else we find that we can streamline -- is that we are dependent on the School Development Authority for emergent projects. If we don't respond, or let's say we're not funded for emergent projects, somewhere along the way it's going to surface during the year, and you're going to have to then dedicate dollars to those emergent projects. And in the meantime, sometimes you are allocating resources in your custodial facilities operation to do repairs and maintenance

As a former Abbott District -- since terminology has changed -- we're dependent on the School Development Authority for these types of projects. The last time approvals were made was 2011. So we're, right now, cycling out of those approvals from 2011. So I can tell you that within, maybe, a year, a year-and-a-half, we will have no more projects coming to completion from the approval of 2011.

We submitted to the SDA a list of emergent projects totaling approximately \$41 million. And as I indicated, we have seen none of that. So that's that other challenge that's there for the District.

The other SDA issue that we have is with the pre-K population; again, it's a challenge. We have close to 50 classroom trailers that house our pre-K population, due to what had been a prior commitment of building some Early Childhood Centers which never materialized. And we have a large expense in maintaining classrooms trailers; some of them over a 15-year period. They pass inspections; they pass all the normal reviews that take place on a year-to-year basis. But the overcrowding and the lack of space in that pre-K population doesn't allow for there to be a full realization

of the need for that particular population, as most of the urban districts are trying to attain.

Local control: The School District achieved Fiscal and Governance over three years ago. The District has been has been operating, for the most part, as a regular operating district. The Board has been voting on all aspects of the operations. And there hasn't been, at least up to now, any incident where there has been a need to have a veto of a vote. We were just handed over, in writing, Personnel and Operations. And the full return of local control for Personnel and Operations is pending a transition plan, that is being drafted now, that will be submitted to the Commissioner's Office. I believe we have a deadline of early January.

And the last item that is being worked on is Programs and Instructions. And there is an anticipation that that will be resolved, in terms of a separate transition plan, to -- best time possible -- returning the District to local control April 2016.

So in summary, that's where we are. I will tell you -- some of you have known me for a long time. I've been involved in a lot of government institutions; and when I look at what's happened in Jersey City, I will tell you that I think stability with the Superintendent has been critical. I don't have the exact numbers, but our graduation rates have risen; our suspension rates for our students have dropped; our dropout rates have dropped. So there has been some consistent progress that's been made in the School District.

But I think, in all cases, leadership makes a big difference. And I certainly hope that the stability is maintained and that we're able to go forward and meet the challenges of really going back to local control. That

has been something that the population in Jersey City has voiced on a number of occasions.

SENATOR RICE: Mr. Campana -- Luigi, we affectionately call you -- I've known you a long time and I know your background. But I also know your sincerity and your seriousness. And I want to commend you because, coming out of Newark, you know what it is like to have a School District control led for over 20 year. And for you to accept the challenge to go into a Jersey City school district and do as well as you have with things you inherited out of the gate, I just think is commendable.

I think part of that may be because of how you were sensitized to Newark -- that you recognized things in the system were not being done that should have been done. I think, like you said, you probably have some leadership there -- regardless of where your leadership comes from -- that's working with you. And you're kind of on the same page. A lot of districts don't have that; we had just the opposite, you know.

But the concern I do have -- and I'm just happy to know Jersey City is going back to local control, and we were happy to hear, and we saluted them when we heard the announcement, those of us in Newark, Paterson, etc. And hopefully we can follow. We think things are more difficult, we think on our side it's more political with the State, than it is for the education wanting to accomplish something.

But the SDA piece bothered me, and we know we're going to have to have some school construction hearings. And I think that one of the things we're going to do , when we come into Jersey City-- And to the Superintendents who are here and those who have left, we said this and we mean it. We're going to set up a schedule and we're going to come and

hold hearings in your districts. I think one of the things I want to make a note on -- have our staff make a note on -- when we come into Jersey City, one of the things we want to pay real close attention to is the SDA concerns -- you know, emergents and just new school construction. Because as the Assemblywoman said -- the Co-Chair -- turning the district over to local control, and finances are put in place, and you seem to, like, be starting in square one where it's your ball game. But you have your resources in place to move, so either you're going to fail or you're going to succeed. But not to have the capital side in place, or at least some movement to do it, kids aren't going to do well -- I don't care how much money you spend -- if the building doesn't reflect the needs of the modern times we're in. And that's wiring and everything else. You're not going to save money once you get the District back, if you say you have to transfer from operations or someplace that you can legally transfer because you're spending too much on heat because you can't patch all the cracks up. We get that, okay? So that's the one thing that we're going to do.

Obviously, you don't have a deficit this time, because you're still in between fiscal year here and here. And do you anticipate a deficit at all at this point?

MR. CAMPANA: No. I've looked at the preliminary audit and the fund balance that is generated. And one of the things that is important to understand about fund balance -- we may call it *surplus*, we may call it different things. I call it *fund balance* because these are dollars that may have been in the finances of the District even before my time of arrival. It's how you utilize that fund balance. Those dollars circulate year, to year, to year to avoid a deficit; many times you allocate those fund balance

resources to cover your gap. As you're going year-to-year, and you're creating saving plans or you're doing something -- even if it's a one-time savings -- it adds to the fund balance. And then it helps you to balance your budget when you look at the fact that, "Yes, I'm going to be short \$4 million or \$5 million" -- you're grabbing those dollars from fund balance.

What set many school districts back -- which included Jersey City, and when I was in Roselle -- was there was a point in time where the surplus was taken beyond the 2 percent. The State came in and snatched it--

SENATOR RICE: Snatched it.

MR. CAMPANA: --snatched those surpluses, and it was in the millions of dollars. And that created a challenge for districts and them being able to balance budgets.

So we make adjustments as BAs in how to handle anything beyond the 2 percent. And what's become part of our strategies has been anything beyond that 2 percent automatically is going to help you cover the increases that take place on a normal basis. We have seen, based on the contribution to the medical plans, less of a burden on the school district operations. We're going to be entering, next year, the fourth tier. So the pressure that used to be there at one time isn't there as much. I know it's a challenge, though, for the union, because when you look at the bottom figure of what is the take-home pay, for the most part it doesn't look like after the contributions are made -- anyone's taking home any more, and sometimes a few dollars less than what had been the case the previous year. So those are challenges we also face.

We just finished all of our union negotiations, so we closed that door. But it was also very challenging, very stressful having to go through those negotiations.

So we seem to be, right now, in a good position. And I'm just hopeful that the stability piece stays in place. Like I said, it makes a big difference for a school district to maintain stability with its Superintendent at the helm.

SENATOR RICE: Okay.

Questions?

ASSEMBLYWOMAN JASEY: Just very quickly.

Thank you very much.

Going back to the fund balance -- the State imposed the 2 percent cap on the fund balance. I know -- I remember from my Board of Ed years -- we had a local policy of 6 percent.

MR. CAMPANA: Correct.

ASSEMBLYWOMAN JASEY: How has that impacted you -- well, I think I can guess -- but certainly, when emergent projects occur, you have to fix the roof, or the boiler, or whatever it is, right? What would -- if you care to say -- what do you think would be a more reasonable fund balance for districts to carry, based on your experience over the years?

MR. CAMPANA: We are only able to carry 2 percent.

ASSEMBLYWOMAN JASEY: Right.

MR. CAMPANA: And this has nothing to do with the tax levy.

ASSEMBLYWOMAN JASEY: No, I know.

MR. CAMPANA: This is just what we're able to carry. I think 3, 4 percent makes a lot more sense--

ASSEMBLYWOMAN JASEY: Okay.

MR. CAMPANA: --for any district that might be able to generate 3, 4 percent. Because what I'm finding as I communicate and have my discussions with my peers, even getting to 2 percent is becoming a challenge for a lot of school districts. So right now, one of the strategies that I have to use is, not only do I have to look at fund balance from the year that I'm closing out; to balance my budget, I also have to look at any available fund balance I have in this current year that I can project to close the gap to prevent a deficit.

So we're taking from two years, now, from when -- at one point, prior to the fund balance being taken back from the State, we may have only had to worry about looking at fund balance from the previous year. Now I'm looking at the previous year, and I'm also taking some of what I can anticipate would be fund balance for that particular current year that I'm in.

ASSEMBLYWOMAN JASEY: Just a couple of quick questions.

You mentioned that enrollment is up by about 1,400 students. So you're growing.

MR. CAMPANA: Yes. And we also just completed a demographic study, and it's online on our website. And through the year 2018, we are seeing more growth -- in the 12, 13, 14 percent -- of the population.

One of the things that I've done is look at the development that's taken place in Jersey City; and looking at the residential construction, which is what the demographic study focused on, so that you can have an idea of what to anticipate. So we are anticipating, as we're going through

this process, where the growth is going to take place. Space utilization was also part of that report; so we're looking at where there may have to be some rezoning of schools to be able to accommodate where the growth is actually taking place.

There are two new schools being built currently by the SDA that were approved prior to the 2011 time period. So we do see those two additional schools helping to make the adjustments in the projections of the demographic study. And looking at what, right now, are, in some cases, overutilization of schools in those areas where you're seeing the majority of the development in Jersey City.

ASSEMBLYWOMAN JASEY: So speaking of development -- if you know how many of those -- generally speaking, how many of those new developments -- new construction have pilots that, therefore, don't contribute to sharing the cost of educating additional students?

MR. CAMPANA: I'm not sure; I don't have all those particular details.

ASSEMBLYWOMAN JASEY: Okay.

MR. CAMPANA: But I will tell you that in the case of Jersey City, the percent of the tax levy to the budget is approximately 17 percent.

ASSEMBLYWOMAN JASEY: Okay. And my last question has to do with number of buildings. What's your total student enrollment?

MR. CAMPANA: Our total enrollment is estimated to be about 29,000. We have approximately 40 buildings that we manage.

ASSEMBLYWOMAN JASEY: Okay. And how many charter schools do you have?

MR. CAMPANA: There are approximately 20 at this time.

ASSEMBLYWOMAN JASEY: There are 20?

MR. CAMPANA: Correct. With an enrollment of approximately 6,000, and with a contribution from the District coffers of about \$59 million.

ASSEMBLYWOMAN JASEY: Thank you.

SENATOR RICE: Let me get some clarity here. You have 60 schools, or you have 20 buildings?

MR. CAMPANA: We have 40 buildings that we're managing.

SENATOR RICE: All right. So are you saying that -- you're not saying that 50 percent of your school district is charter schools?

MR. CAMPANA: Oh, no.

ASSEMBLYWOMAN JASEY: Six thousand kids.

MR. CAMPANA: The charter school number is 20, which is separate. So we run 40 schools; there are 20 schools that are charters. So when you look at schools in Jersey City that are combined -- if you combine the numbers of charter and our schools, it's a total of 60.

SENATOR RICE: Okay.

Anyone else have a question? I was going to raise something.
Assemblywoman.

ASSEMBLYWOMAN OLIVER: Oh, hi, Luigi. (laughter) It's so very good to see you.

MR. CAMPANA: Thank you.

ASSEMBLYWOMAN OLIVER: When you commented that you had been doing this work a long time, I had to smile because I said, "But we're still laboring in the vineyards." So I'm very glad to see that you're sharing your expertise in Jersey City.

Jersey City is a community I know very well. My maternal family is from Jersey City; I spend a lot of time in and out of there. And without a doubt, we were fortunate to have one of your former Superintendents as a member of our caucus, and that is the late Superintendent Charles Epps--

MR. CAMPANA: Yes.

ASSEMBLYWOMAN OLIVER: --whom I had a great deal of respect for; who was totally dedicated to the children of Jersey City. And despite what the local, on-the-ground wars were, I know that Charlie Epps made major contributions to the Jersey City school system. So I'm glad to hear that that work is continuing.

Fifty trailers for pre-K. And I guess this goes back to when Governor Whitman first had to begin to implement the provision of 3- and 4-year-old pre-K.

MR. CAMPANA: Correct.

ASSEMBLYWOMAN OLIVER: And we knew at that time that we didn't have the physical capacity to accommodate those children.

MR. CAMPANA: Correct.

ASSEMBLYWOMAN OLIVER: So what a lot of districts have done is solely rely on partnerships with private nonprofits. To what extent does that exist in Jersey City?

MR. CAMPANA: It does exist. We do have partners that we have contracts with that provide the preschool curriculum and program. But the District still has an in-house component that works with a large number -- a large percentage of those children in the pre-K.

We have been known and we have gotten recognition for the instructional programs. So there is -- at least from my perspective I see a strong desire by parents to have their child in our pre-K program, versus them being in a place somewhere else.

ASSEMBLYWOMAN OLIVER: Do you have a ballpark figure of how many contracted pre-Ks you have?

MR. CAMPANA: I know that there's a handful, because we have a separate account that handles the review and the ongoing components.

ASSEMBLYWOMAN OLIVER: Okay. But you don't have a hundred; you don't have a--

MR. CAMPANA: No, it's not a hundred.

ASSEMBLYWOMAN OLIVER: So Jersey City, basically, is being their own deliverer of pre-K.

MR. CAMPANA: Yes. I found Jersey City to be kind of unique because it still has a very strong focus on in-house operations.

ASSEMBLYWOMAN OLIVER: Okay.

MR. CAMPANA: We have a full in-house food service operation; we have a full facility custodial in-house operation; we have a full in-house security operation. So the District has not gone that route of farming out those services. They've always managed to find a way to maintain that service in-house; and obviously, there are a lot of advantages when you're able to bring local residents into the schools and maintain that harmony of the mix of the population that's there.

ASSEMBLYWOMAN OLIVER: All right. If you haven't already, pick up Freeholder Billy O'Dea's book--

MR. CAMPANA: Yes.

ASSEMBLYWOMAN OLIVER: --*The Legacy of Haguesville*.

MR. CAMPANA: I certainly will.

ASSEMBLYWOMAN OLIVER: And you'll understand why you do in-house operations.

MR. CAMPANA: I sure will. (laughter)

ASSEMBLYWOMAN OLIVER: Luigi, let me ask you just a couple of other things. And Assemblywoman Jasey touched upon it.

There has been a lot of discussion from time to time, as communities' demographics change -- "Do we need to reexamine those schools that have been -- those districts that have been identified as special needs districts by the Supreme Court ruling?" And certainly there's been a lot of chatter in the past couple of years about Jersey City, as we see the Gold Coast develop; as we see Goldman Sachs; as we see the corporate structures -- the hotels. And as we see downtown Jersey City becoming the new Manhattan. Now, when the announcement was made that the Governor was committed to local control for Jersey City, I'll tell you -- conspiracy theorist that I am -- my first reaction was, "Is that because we're going to move towards Jersey City no longer needing to be a special needs district, based on the changing demographics?"

Your resident population that is moving into the gold towers is high-wage earners; you've upped up your millionaire population in the town. And to what degree does Jersey City have concern that they may have to step up and contribute more to the operation of their schools? I do know abatement has been a big issue in Jersey City.

MR. CAMPANA: Yes.

ASSEMBLYWOMAN OLIVER: And that certainly has taken money off the table for those districts. But what is the sentiment? And with the 20 charters -- something that I hear on the ground is that the new downtown Manhattan millennials (*sic*) are preferring charter education versus enrollment in the traditional neighborhood schools.

MR. CAMPANA: I haven't seen that trend, and I interact with a lot of the parents' groups. And I do see that there are a number of schools in those areas of development that are fought after. Even though they're over utilized, parents would rather place their children in those schools -- which is a good thing, from my perspective.

What I've also realized, in looking at the populations that are moving in, currently it is not a population that has children--

ASSEMBLYWOMAN OLIVER: Children.

MR. CAMPANA: --or that's planning to have a lot of children. And when I look at the data and the trends in Jersey City of the percentage of population that is free and reduced lunch in terms of children, we're at about 70 percent; maybe 1 or 2 points higher. So those trends are hard to go away overnight. So I'm not seeing the need for children being any less than what it is right now.

And when we talked about the whole food service -- because of that trend I do have, in the District, universal breakfast. But because we're not reaching that 80 percentile, we may have it in one or two schools; we are contemplating having, basically, that concept of free lunch to all children in any one of those schools where it's reaching 80 percent. But we're seeing, really, on the average, that 70 percentile. And the State looks

at you being in the 80 -- closer to 80 percentile to do the kind of open free lunch for everybody.

But yes, the trend is there; the need is there; and I'm not seeing that trend changing in the next 5 -- even 10 years. Usually it takes a generation for percentage points to drop. So I figure for the next 10 years, Jersey City is going to have the same challenges with its lower income population and the need of students for the services that currently they're receiving.

ASSEMBLYWOMAN OLIVER: Yes, I think that is an accurate assessment. And I smile because the Hoboken and Jersey City millionaires move to District 34, Montclair, when they have kids.

ASSEMBLYWOMAN JASEY: Or mine.

ASSEMBLYWOMAN OLIVER: Or yours -- South Orange-Maplewood. (laughter)

But thank you, Luiggi.

SENATOR RICE: Question -- on the demographics.

Let's get back, because there is transitioning, and there is this talk about the population growth in Jersey City. But a lot of that population growth-- And children are coming in. The concern I would have-- And I just want to know who is looking at your demographics. The majority of the population with children that is coming into Jersey City are the children of an immigrant population, which means that you're trying to service that population now with English as a Second Language and other special needs that may be necessary. And that's in your budget. Are you seeing an increase in that need in those categories of your budget as you look at the demographics coming in there?

MR. CAMPANA: Yes. Bilingual education -- well, I think traditionally has always been perceived as a Spanish-English type of education. And obviously it's more than that; it's the population of the times that's coming into your locality. And we have put more resources into bilingual education; that I will tell you. There is an ongoing need to always assess what else may be needed. And we do have the capacity to move resources around.

One of the things that we have done at our Board meetings is we now have interpreters to come in from various communities to assist -- for anyone who may not have English as their first language to understand what's going on -- as another initiative to try to get parents involved and to let parents know that you can be involved in your school, even if there is limited communication.

So we've recognized that there is that need. And it's a year-to-year assessment on what has to happen. So we're anticipating growth; we're trying to get as much as we can in terms of trend data on who's coming in and where they are coming in from in terms of neighborhoods. It's not easy, because usually no one wants you to know that there are large groups of family members coming in for whatever reason. So we have a large dependency on our parent groups to help us to understand what's happening in a given school zone. So we do pay close attention to the school zones. And obviously we pay very close attention to enrollment and looking at, on a year-to-year basis, where do we see the increases in students, and also the decreases. Although right now I'm glad to say we're seeing more increases than anything else.

SENATOR RICE: Okay. All right, thank you very much.

I don't believe there are any other questions to you.

ASSEMBLYMAN WIMBERLY: Quick, Chairman--

SENATOR RICE: Assemblyman.

ASSEMBLYMAN WIMBERLY: I'm sorry; I apologize. I had to step out to speak to some students downstairs.

But quickly, (indiscernible) questions is in comparison, so I have numbers, can you tell me what your overall budget is for Jersey City Public Schools?

MR. CAMPANA: When you include the Federal dollars that come in--

ASSEMBLYMAN WIMBERLY: Total, yes.

MR. CAMPANA: --which is approximately \$100 million -- \$668 million.

ASSEMBLYMAN WIMBERLY: And your student population?

MR. CAMPANA: It is 29,000.

ASSEMBLYMAN WIMBERLY: And your city population?

MR. CAMPANA: City population? Geez, I think it's like about 250,000 at this point.

ASSEMBLYMAN WIMBERLY: It is 250,000?

MR. CAMPANA: Yes, about 250,000.

ASSEMBLYMAN WIMBERLY: Thank you.

SENATOR RICE: Go ahead, Senator.

SENATOR CRUZ-PEREZ: When you say 29,000 students, did you count -- that is counting the population of the charter schools?

MR. CAMPANA: No, it's not. Just the reported numbers that we give to the State for our enrollment that we're responsible for.

SENATOR CRUZ-PEREZ: So this is public schools.

MR. CAMPANA: Yes.

SENATOR CRUZ-PEREZ: This number is strictly public school numbers.

MR. CAMPANA: Yes, strictly public school; yes.

SENATOR RICE: Yes, yes -- 6,000 in charter.

ASSEMBLYMAN WIMBERLY: So it's 35,000.

MR. CAMPANA: Approximately, when you add the charter school number.

SENATOR RICE: Let me ask you a question. When you said the number you give to the State -- you give both numbers, right?

MR. CAMPANA: Yes, we do.

SENATOR RICE: Oh, okay, okay. I thought charters were giving their own numbers here.

MR. CAMPANA: What happens is there are adjustments, obviously. We provide the October 15 number that they look at for funding; and then later on they make adjustments at the end of the year based on children moving from one, maybe, school district to another; or moving from charter school back to public school, or vice versa.

SENATOR RICE: Once again I want to thank you, Mr. Campana, and say that, for the record, we taught you well in Newark. (laughter) And I was just so happy to be your Senator and Councilman for so many years.

MR. CAMPANA: Thank you.

SENATOR RICE: Now, we're going to move over to your colleague, or the person you've known a long time -- and that is Ms. Valerie White from the Newark Board of Education. (*sic*)

ASSEMBLYWOMAN JASEY: Valerie Wilson.

SENATOR RICE: Wilson. I am thinking of her partner.
(laughter)

But also, I want to say that -- and you can take this back -- I'm somewhat disappointed that the Superintendent is not here. I know he has problems with the Joint Committee, but he understands that some of the issues that were raised publicly when he was Commissioner are not the issues we want to discuss -- that the Joint Committee wants to talk about Newark Public Schools. He's the Superintendent. And you can also take back that I will be reaching out because I owe him a meeting, along with some other colleagues there.

But we will be holding a hearing also in Newark, and I expect the Superintendents in Paterson and Newark to attend those hearings, as well as Camden-- If the Superintendent doesn't show, he doesn't have to, because he came here. But in Jersey City, I expect to see the Superintendent too.

And by the way, before we move away from Jersey City, let me just switch back. I was reading that your Superintendent may be leaving. Did your Superintendent leave? You have a new Superintendent, or do you have the same Superintendent?

ASSEMBLYWOMAN JASEY: Red is on (referring to PA microphone)

MR. CAMPANA: Oh, red is on.

ASSEMBLYWOMAN JASEY: Yes; counterintuitive.

MR. CAMPANA: I always thought red meant stop.

ASSEMBLYWOMAN JASEY: Exactly; that's Trenton.

(laughter)

MR. CAMPANA: No, the Superintendent is still currently with the District through June of this school year. What's taking place right now is that there is a dialogue on the next three-year contract.

SENATOR RICE: Okay.

Ms. Wilson.

MS. WILSON: Good morning -- good afternoon, rather, Senator Rice, Assemblywoman Jasey, members of the Committee.

There is some benefit to going last, because I've tried to get answers to all of the questions you've asked. If I forget something, please make sure to let me know.

SENATOR RICE: Sure. And we want to-- I don't apologize for having you last. The reason I really had you last is because in these meetings, Newark and Paterson have been such an issue that people oftentimes forget about Jersey City and Camden -- coming to the forefront of attention. We deal with it equitably, but everything is always-- All you hear is Newark, Newark, Newark. Every time we have a meeting, it's Newark, because Newark is so dramatic and there are so many issues there, and it is so political, to be quite frank about it. And the same thing in Paterson.

So that's why we decided to give you a break and let you kind of come in last. (laughter)

MS. WILSON: Well, I thank you for that.

Newark is, as you say, a very challenging District. We have 66 schools that we currently operate as District schools. We fund 26 charter schools. We have an enrollment of 34,000 students in the District, with an enrollment of 14,200 students in charters.

Our charter payment this year is--

SENATOR RICE: Excuse me; how many people in charters, again?

MS. WILSON: There are 14,200.

Our charter payment this year is going to be \$231 million.

So let me give you an update -- sort of what the District's budget is comprised of. The District's budget is made up--

SENATOR RICE: Excuse me.

MS. WILSON: I'm sorry?

SENATOR RICE: I didn't mean to cut you off.

MS. WILSON: That's okay.

SENATOR RICE: You said that the budget is going to be \$231 million? That's not--

MS. WILSON: The payment to charters this year will be \$231 million.

SENATOR RICE: Oh, oh. I was getting ready to say, that's a small-- Okay, I want it to be clear. That's a long way from \$1 billion. Okay.

MS. WILSON: So let's talk about Newark's budget. Newark's budget is made up -- is actually made up of two types of funds. We have the General Fund and we have the earmarked funds -- which are grants, Title monies. In our General Fund, our budget this year-- Well, our total

revenue is \$968 million for the year. Our General Fund is approximately \$846 million, and our earmarked funds are \$122 million.

Most of our aid comes from the State in -- probably about 82 percent of it, in terms of \$715 million, made up of the various categorical aids -- both State and local. Not local; I'm sorry -- security, special ed, transportation. Then we have our tax levy, which is about \$116 million for this year. And we have tuition to NPS and Medicare reimbursement -- our Semi program -- which we try to very actively participate in; which brings in about \$15 million. That is what makes up our \$846 million.

When we look at our Title or our Federal grants, we have our Early Childhood grant that's approximately \$87 million; and our IDEA students with disabilities -- which is about \$10 million; and our Title money, which is about \$21 million, \$22 million.

So those two components together -- the Federal funds, the local tax levy, and the State aid -- make up Newark's budget of \$968 million.

SENATOR RICE: Okay.

ASSEMBLYWOMAN OLIVER: Just round it off to an even \$1 billion. (laughter)

MS. WILSON: Most people do, Assemblywoman; most people do.

The overwhelming majority of our budget goes to support school services for Newark's children. So non-NPS schools, charters, and out-of-District tuition -- is what those two are made up of -- is about \$273 million. In our schools we allocated, this year, \$312 million specifically for school budgets -- those 66 schools.

Our Central Operations -- like our benefits, our pupil transportation, our utilities, telephones, and rentals -- is another \$124 million, \$125 million. Ninety percent of that is school-based, which is approximately \$112 million.

Now we get to the discretionary part of our budget -- things like supplies, overtime, supplemental pay, purchase services, and equipment. There's another \$43 million, \$44 million there; and approximately 75 percent of that is school-based.

So we've talked about it from a school-based perspective; we've talked about it from a Central Office perspective. When we look at our centrally budgeted salaries as a component of our budget, we see that that's \$79 million. Of that, 31 percent is Central, with 69 percent being school-based. So when we talk about a Central Office budget -- and many people talk about Newark's Central Office budget and where costs are allocated -- it should be remembered that things like custodial workers, things like security guards, some of the instructional people who support schools are based in Central or counted in our Central allocation, but are, in fact, school facing and school supporting. So that's an important piece to remember.

So that kind of brings you to where we are in terms of what our budget looks like.

So let's talk about the 2015-2016 budget, which is continuing to be a major challenge for us and is continuing to be something that we are working on.

On July 1, the District opened its Fiscal Year 2016 budget with a gap of \$63.4 million. That meant our budget was out of balance. There

were some budgetary assumptions that were made, that were flawed, that caused us to be in this situation. We had a projection for Employees Without Placements sites, known as the *youps pool* or the *EWPS pool*, that has been talked about -- sometimes called the *rubber room*. That was overstated in terms of what we thought it would be. We had projections that were overstated for staff retirements and resignations, and we also had overstatements of prior year accruals. Those three things helped to create both a structural gap in our budget and an ongoing deficit that we have been managing since July 1 when Superintendent Cerf arrived.

So the cost of our EWPS pool grew well beyond what our expectations were: in excess of \$20 million extra. The District forecast a new reduction in salaries from anticipated retirements and resignations; however, these projections were not fully realized. So we had a gap there of \$33.1 million. And our prior year accruals were underestimated (*sic*) by \$9.8 million.

Ladies and gentlemen, those three numbers add to \$63.4 million.

SENATOR RICE: What was the rubber room again?

MS. WILSON: The EWPS pool was \$20 million.

SENATOR RICE: Okay.

Well, I have a question.

MS. WILSON: Sure.

SENATOR RICE: I don't want to wait until the end--

MS. WILSON: That's okay.

SENATOR RICE: --because I have to have it on my mind.

All right, so the rubber room was \$20 million; that was money being paid for personnel, is that correct?

MS. WILSON: Yes, sir. Displaced teachers, administrators--

SENATOR RICE: But some place along the line there was an increase in personnel, because someone had to replace the people in the rubber room.

MS. WILSON: Yes, sir.

SENATOR RICE: Do you know what that number was, in terms of dollars and cents, being paid out?

MS. WILSON: I don't have that--

SENATOR RICE: Could you send that number to us?

MS. WILSON: Yes, we can.

SENATOR RICE: And the reason I raise that is because, to me, it's fraud. And when I say *fraud*, not intentionally, possibly, to commit a criminal act; but the mere fact that the taxpayers were paying the money from the State that you indicated; the local government was paying about \$120 million, \$110 million; I think it was \$110 million at the time. And I guess the expectation was, given budgets in the past, that the \$20 million within those numbers being received from State and local government was going to the personnel who were performing some degree of work. But in fact, they weren't doing any substantive work, to be quite frank about it, that they were being paid for; and others were brought in.

And it seems to me that the State was aware of that; and so what the State actually did was to allow a District -- in this case, the Newark District -- to actually abuse the taxpayers' dollars and therefore help create a deficit, which meant that programs had to be cut back on, and

other kinds of things had to be done. Which to me is a violation of the State Constitution because, if you are cutting meaningful programs -- whether it's IEPs or some of the others, after-school programs -- then you're not staying with the intent of the Constitution for a thorough and efficient education.

And for those reasons, some of the young people are not as successful as they should be -- because they were set back without people acknowledging some of the reasons for the lack of support systems. And for those reasons, it also meant that more people were rushing to get the kids into alternative schools and choices, because that's what a good parent would do. So I just wanted to set the record on that, okay?

But if you can get us the numbers so I can compare -- we can compare what was being spent while folks were sitting out on the other side. Because I believe some of your reductions in the budget were because when Commissioner Cerf -- who is now the Superintendent -- came in, those folks who were receiving the dollars to kind of sit in what we call a rubber room -- they called it EWPS and everything else -- were transitioned back into some of the places they were. Which means we can start the fraud piece by giving other people money. That's what I call fraud, okay?

So I just wanted to keep the record straight on that.

But go ahead.

MS. WILSON: So as we talk about cuts, since July 1, the District has cut approximately \$50.5 million in several different areas to manage or reduce that gap that we started with. In our Central Office, in nonsalary lines, we have cut \$17.1 million; and in our Central salary lines, we've cut \$6.3 million; and in our EWPS pool -- as you mentioned, Senator

-- we have placed approximately \$25 million worth of staff back into District school positions.

SENATOR RICE: Great.

MS. WILSON: And at the school level, we've cut \$2.1 million in nonsalary. So let me be clear: We have not sent teachers out of the door. We have done layoffs in other areas. So we've looked at -- in order to prepare our budget last spring, we cut 84 positions; 64 of them were in schools and 20 were in the Central Office. We cut 141 vacancies; 113 of those were in schools and 28 were in Central. That was prior to July 1.

Since July 1, we have also cut 86 vacancies in the Central Office.

So that has brought our gap to approximately \$16 million for this fiscal year. We are still managing that gap, and it will continue to be a challenge as we continue through the rest of the school year.

As some of my colleagues have said, we are late this year with our audit. So in terms of looking forward to what we anticipate as a gap, that is still under development. But we do know that there will be a gap.

It should also be noted that last year Newark had to dip into its recommended 2 percent fund balance to cover the gap in spending. And we anticipate that we will have to dip into it again in 2015-2016.

SENATOR RICE: Question.

MS. WILSON: Yes.

SENATOR RICE: You mentioned that the local share would be approximately \$116 million.

MS. WILSON: That is correct.

SENATOR RICE: I believe last year or the year before it was \$110 million.

MS. WILSON: Yes. What we have done for the last eight consecutive years is raised our tax levy at the 2 percent limit, which is about \$2.3 million

SENATOR RICE: Well, you didn't really raise it; the City Council has to raise it.

MS. WILSON: I stand corrected.

SENATOR RICE: Yes, and that's what happens. They have people thinking the Board is raising it, but that goes back on the property tax. And that's the same thing that was being raised about Paterson. And meanwhile, Newark is left with a \$93 million budget deficit on the administration side. The Governor came in and forced the Mayor to do a 9 percent increase, but that 9 percent increase is about 2-point-something coming from the county government. And so I would suspect that the \$6 million is probably locked into the Mayor's 9 percent increase. Is that correct? It's not an additional increase over what the City has done, to your knowledge, is it?

MS. WILSON: No, it's not

SENATOR RICE: Okay, so the public doesn't understand that, and they beat up on mayors and administrators. But I just wanted to be clear with that; because we went through a process in Newark for my member, with PSE&G, and did a good job of getting them to provide some additional revenues that we wanted to use to kind of -- it would have taken care of your \$6 million and done some other things. But instead, we're going to get a property tax increase for a \$93 million budget deficit.

So I want to keep the record clear for the media and for those who are listening who understand how it works. It's that anything the Board of Education does has a direct impact on the City's budget and vice versa, just as it does the State -- or the State has on that.

Okay. But go ahead; I'm sorry, Ms. Wilson.

MS. WILSON: That's okay. I'm good.

So we've employed several budget strategies or best practices since the beginning of this fiscal year to assist in reducing the gap. We've developed a Budget Committee that is a committee of leadership team members, of which I am included, to identify strategies and make recommendations to the Superintendent for reducing the budget gap. We approve and control all spending. We've controlled hiring at the District level. I want to be clear to the Committee that we have not sacrificed the integrity of classrooms or filling our instructional vacancies. As I indicated, there were some 86 vacancies in the Central Office that were never filled for this fiscal year.

Yes, Ms. Jasey?

ASSEMBLYWOMAN JASEY: Can I ask a question right there?

SENATOR RICE: Yes.

ASSEMBLYWOMAN JASEY: There were 86 vacancies -- what kind of jobs were those, and what impact did that have on schools?

MS. WILSON: It challenges the Central Office to be able to provide the kind of support that we need to for schools -- challenges, but doesn't prevent us from doing so. So in this case I am managing a \$1 billion budget without an Assistant Business Administrator.

ASSEMBLYWOMAN JASEY: You don't have an assistant BA?

MS. WILSON: No, not at this point in time. So that's one example that cuts quite close to home. There are positions in our HR department, but everybody is working to pick up the slack and to do what's necessary.

ASSEMBLYWOMAN JASEY: There was a lot of chatter in the news about consultants and, you know, people who were not on lines, for example. Were those positions cut?

MS. WILSON: There are some-- I wouldn't call them *positions*, because consultants provide services.

ASSEMBLYWOMAN JASEY: Okay.

MS. WILSON: So there are still consultants who we are using, but I can tell you that that money is not coming from the District's budget.

ASSEMBLYWOMAN JASEY: Where is it coming from?

MS. WILSON: It's coming from external sources. There are some external sources that are-- We have FNF as an opportunity for funding; so there are not payments being made by the District. We do have some consultants, but we have reduced the number that we have.

ASSEMBLYWOMAN JASEY: Okay, that's all for now.

MS. WILSON: Okay.

SENATOR RICE: Well, let me follow up.

Through the Chair, can you send us a list of the 86 vacancies -- of what they are, through the Chair?

MS. WILSON: Sure.

SENATOR RICE: And also, the outside sources of funding is being picked up-- Can you send us a list identifying those sources, as well as the amount from those sources?

MS. WILSON: I can try on that one, yes.

SENATOR RICE: Well, tell the Superintendent we need to have that. Because let me be quite frank. I know this is probably not happening, but every time we get these dollars -- and this goes back to the bills we have in that says the dollars that come into the Districts should come through the State. And it shouldn't be a barrier where we stop you from getting them, but we need to screen those dollars. Because in the world we live in today, if you look at all the stuff happening on Wall Street, etc., of hedge fund people, etc. -- you know, we don't want folks money laundering through our systems of government, you know. And I think that's important.

And so we need to know -- we need some accountability. We can't just say-- Because when the money-- The other problem we have -- when the money stops, then how do we fund these activities? I mean, we have traditional schools and we have charter schools. They both require dollars. And for us to fix those schools we're going to need resources. So we need to know if \$1 million is coming in -- I'm just using a number -- say, for a program at a traditional school that's needed and necessary. And the State's not funding it, it gets cut off -- we lose the program, which means that now we start to diminish the successes which we are probably having. If it's \$1 million that should come in to help strengthen the charter schools, and it doesn't come in, then we have to figure out where to get that money.

If not, we're going to have charter schools running into problems and stuff like that.

So we need to be able to identify where our resources are and how much resources it represents so we can always -- at least stay ahead of the curve and say, "Well, we need to anticipate every year; this may not be here." That's how we do these budgets, okay?

MS. WILSON: So we've severely restricted hiring. The Superintendent has to approve all hires. We've controlled non-salary spending at the Central Office level, and have put some limited restrictions on schools. Those restrictions require an approval process for purchases that schools want to make -- some additional review of those purchases. It does not stop them from making those purchases, but requires them to go through an approval process.

ASSEMBLYWOMAN JASEY: Can you give an example of that?

MS. WILSON: Okay. So in our school accounts, we have limited them to a 25 percent tolerance on the account level. The school can see its entire budgeted dollars. If they wish to spend more than the current tolerance level, they notify their Deputy Superintendent and have been allowed to extend those tolerances, or increase them, to be able to spend.

So it's a way for schools to consider, right now, what their spending is and how critical it is. So I want to be clear that they have not been prevented from buying the items they need, it requires some thoughtful reflection because we have to consider all of our dollars. But at Central Office, they have been totally restricted.

ASSEMBLYWOMAN JASEY: Thank you.

MS. WILSON: We're looking to seek additional revenue. Our Superintendent is advocating for pursuing additional Federal, local, and State funds. And we are engaging with others to do -- much as Paterson has talked about -- a financial model that's going to allow us to be able to build a budget out for four to five years. Because you can no longer build a budget for your one year, and be able to project and understand what the ramifications are going to be for your budget. So we're doing those kinds of things currently. And those are all ongoing strategies that we are employing.

So we've also begun to take a look at some of the trends in our District, and one of our trends we've seen--

SENATOR RICE: Before you get to trends--

MS. WILSON: Sure.

SENATOR RICE: --I don't want to lose thoughts. I'm getting up in age, so I have to do my stuff like Columbo these days, you know.

State, could you make certain that the Commissioner understands that the Joint Committee on the Public Schools wants the information on the 86 vacancies and information on the dollars that are outside -- what it's for and where it's coming from, etc.? Because we all know-- I mean, if you have information on how long to expect it, that's fine too, because at least we know when it gets cut off. But we don't know that -- that may be based on productivity, etc., okay?

MR. CRUPI: We can get the information.

SENATOR RICE: All right.

I'm sorry; go ahead.

MS. WILSON: Okay.

So what we've seen over the past several years in Newark -- different to what Superintendent Rouhanifard mentioned -- is that our total student enrollment, which is both the District and the charter enrollment, has increased while our State aid has remained flat. So the impact of that is that it pushes down the per-pupil spending, so there's less per-pupil for the District to spend on the students registered in the District; and there's less per-pupil for the charters.

We found out that our fixed costs are too high -- we have to begin to look at some of those. And, you know, with that decrease in per-pupil expenditure, it becomes more and more challenging to provide for the needs of our students.

To that end, we have some 16.4 percent of our students who are classified as special ed within the District; and 8.4 percent are classified as special ed in the charter districts. I don't have a number on the amount of students we have in out-of-district schools; I couldn't get that for you. Our free and reduced price lunch applications status is about 75 percent free and about 4 to 5 percent reduced. We are working on that to bring it further up because we are missing some applications. This year, Newark had-- We have always been a provider of universal free breakfast. In 2005, under Superintendent Bolden, we began Breakfast in the Classroom, and this year we began feeding all of our children at lunch time through all grade levels for free. So the lunch application is extremely important for us to be able to claim the appropriate levels of reimbursement. So there's an all-out push on getting that done.

SENATOR RICE: The question-- And I'm glad to see our residents -- particularly from Newark charter schools, parents here --

because I told them yesterday that whether people agree or disagree with the Legislature, we at least want them to have an education -- not only just what they're told, but things that maybe don't come to their attention until after the fact.

You indicated that part of the problem in the District now is there has been an increase in the growth of charter schools; and therefore, in terms of dollars needed to run education or provide the kinds of things at a level that we would like to there's less spending per-pupil in the traditional school. But it is also less money for the charter students as well, right?

MS. WILSON: That's correct.

SENATOR RICE: So technically, regardless of whether you're a charter school student or you're in a traditional public school, we're spending this much money. But because we continue to give these applications out for charter schools, people come online, people transition to charter schools. Both of our students, regardless of where they are, are getting less, which means that some charter schools may have to readjust or cut programs too. So if they are successful, it is foreseeable that the successful programs in charter schools that are doing pretty good could also see a negative impact if they cut the wrong program. Is that an accurate statement?

MS. WILSON: That's probably accurate.

SENATOR RICE: Okay; I just want to be clear.

MS. WILSON: But you missed one important point in that equation.

SENATOR RICE: Okay.

MS. WILSON: That there is an increase in enrollment. We're seeing, between 2010-2011 to the 2015-2016 year, an increase of 4,500 students--

SENATOR RICE: Okay.

MS. WILSON: --which is considered part of Newark's enrollment. They are in, probably, the charters; we're not seeing them in the District enrollment.

SENATOR RICE: Right.

MS. WILSON: But as the total District resident enrollment, we are at some 49,000 students. So that influx of students, who may never have ever been District students at some point in time, but now are on the cost of the District -- with that continued flat State aid, and it causes that pressure and that crunch on the per-pupil spending.

SENATOR RICE: Okay. So for the charter school parents and advocates who are here, what it means is that I was never a student in the Newark Public School System, and I wasn't in your charter school. I'm coming into the District. Now, that may be because people are moving from the South; they could be transitioning.

MS. WILSON: Could be.

SENATOR RICE: But the point is, is that that's another dollar amount that causes me-- And in case I have some parents here who have students who are being catered to and educated in charter schools who have special needs-- So technically, if I can't find the appropriate funds -- if I started depreciating those fundings, I could do damage there. If I do it in the traditional, it's the same thing.

So that's one of the reasons that we had talked about slowing things down -- so we can get a grip on what we are paying for so we don't hurt programs, we fix programs. But I just want to be clear, because I think it's really important for our voters, and our parents, and taxpayers to be educated on all of it, not just the small pieces. Because we want kids to do good, but we also want to make sure that money keeps going into those programs to make sure that the progress being made is positive and continues to be made, regardless of what school system it is -- even if it was one system.

Okay, go ahead. I'm sorry, Ms. Wilson.

MS. WILSON: That's okay.

So even though we've seen less than a 1 percent increase in both local tax levy and State aid, we have seen an almost 10 percent increase in enrollment. And that's important for people to take into consideration.

The last point that I will leave you with is that all of our total revenue from all of our funds has declined from a peak, in the 2012-2013 year, where we had both ARRA and court-instituted aid as result of the court action that the SDA districts took against the State. And it has declined by some \$76 million. So we see a continual decline in our aid in terms of flat -- but not really *flat*. So it's a sort of perfect storm coming together.

SENATOR RICE: You said a 10-- That's a very significant increase -- 10 percent increase in the student population enrollment.

MS. WILSON: Over those five years.

SENATOR RICE: Have you done the -- have you had a breakdown from an ethnic perspective? Is that large population of immigrants who have maybe special needs, English as a Second Language, other things that weren't anticipated? And I guess the other question -- and maybe Speaker Oliver can talk to this, and maybe she can't -- but if that's a 10 percent there, Jersey City is getting an increase in population over there, Paterson is getting an increase. Is East Orange getting an increase in population? Is there transitioning taking place back to the cities, or are people coming from the South or someplace -- other countries? I mean, what's -- there is something going on here.

ASSEMBLYWOMAN OLIVER: Our school enrollment has remained--

SENATOR RICE: --flat. So do you know whether or not, Ms. Wilson, if some of this increase is because of new construction going on? You know, we are building a city. We're trying to do some housing; some of it is middle-class. But do you have any ideas, or do you just know it's 10 percent?

MS. WILSON: We just know over those years we're beginning to look at it more closely, and probably will do some investigative work to find out what that's made up of. First we have to find out where they came from--

SENATOR RICE: Yes

MS. WILSON: --and who they are. And then you can kind of determine what the demographics of the group are.

SENATOR RICE: Well, that was my next question.

ASSEMBLYWOMAN OLIVER: Yes, may I make a comment?

SENATOR RICE: People don't traditionally--

Yes.

ASSEMBLYWOMAN OLIVER: What I'd like to make a comment-- I think that those of us who have familiarity with Newark-- And we know we're a ward-based city, and we know that we have relatively little population growth in the South Ward and in the West Ward. We have significant growth in the Central, where there is a lot of housing development, and then we have growth in the North and in the East. And if we had Assemblywoman Eliana Pintor Marin here at this hearing today she could speak to the issue of the growth of a migrating population in the North and in the East. So we do see population growth in those areas.

MS. WILSON: We do.

SENATOR RICE: And the reason I raised that is because I think it's important for you to take back -- if it's not being done -- to the Superintendent-Commissioner that while we look at budgets, we really need to pay particular attention -- moving forward, particularly in these urban communities -- as to these increases, and really try to have someone -- I mean, it's worth the dollars, if you will, to see if the transition is from people from other districts who are going to live in the District; which is rare for Newark, okay? It usually goes the opposite way. But you know, you never know what's going on, okay?

But by the same token, we need to know whether or not it's legitimate, and this population that's coming in is going to have some needs that are in those special categories, if you will, that we're not anticipating. Because every school district can't do like Jersey City: have a fund balance and have ways and means to kind of shift some dollars. Some are so tight

right now that if, in fact, there's a need for additional dollars for those, we need to know that ahead of time. Traditionally, what happens is a school district comes in before the budgets and they give a presentation as to what the needs are. And the State says, "Well, you are going to cut and hold everything across the board at 5 percent, 2 percent," or whatever it is. They never open up to us and say, "Well, we are going to do that; but you need to know that our investigation, our research has told us that in three years, here's where we're going to be, whether we like it or not -- four years." So we can start looking at that ahead, because last minute, we will be saying, "We don't have any money. We didn't know that you were having this problem." And so we need to get in front of the money, okay ?

MS. WILSON: So in terms of class size, I can give you an average for the K-8s. We are still working on our enrollment counts with regards to high school. So on an average, only in our K-8s, we have 21 kids per class. Now, that -- there are exceptions to that, as Assemblywoman Oliver indicated. In the North and the East we tend to have pockets of overcrowding -- by choice. Because parents choose to remain in buildings-- When we talk about buildings, I have one of the -- not *one* of, *the* oldest school in the state, which is Lafayette, which was built in 1833. My buildings average some 82 years old. We have not received -- other than back in 2011 -- any emergent projects. We listed 119 emergent projects; the SDA approved 19 of them. We have to make expenditures out of an already-strapped operating budget for scaffolding, for emergent repairs.

I have two pending emergencies as I sit here with you today. We have no ability to create a capital fund of our own because there's just not -- there's not enough money to operate the District, so you can't create

the other stuff you need. We do have children in some spaces that are not what we would think would be the best environment for learning. We have gone out and are actually borrowing money so that we can do an ESAP program -- Energy Savings Program -- over some 15 years, which includes lighting, boiler operations, and things of that nature -- in only 6 of my 66 schools. So I will have to do it in three phases in order to be able to accomplish what needs to be done.

This year, we will receive two new schools from the SDA. That is wonderful. They will be the Oliver Street School and the Elliott Street School, which was, in fact, displaced by fire in 2006. We are just getting that building back online.

The challenge is, I am in a fiscal crunch and having to now find money to open those schools mid-year -- money that was not budgeted and money that is not coming from any other course.

So it's great to have new schools; we want new schools. But at the same token, I'm challenged with how do I fund those to be able to get them up operationally right, and correct, and open in a way that's good for kids.

SENATOR RICE: Well, we're going to have to do the same thing when we come to these districts to talk to the Superintendents, and have a discussion on the capital needs as well. Because my understanding from SDA is that there is enough money in the budget for the next three or four years to do projects that -- work that they're doing now. Those projects that have been sitting out there that have emergent need -- we have to go back out to the barn. And SDA, I would suspect, is going to have conversations with the Administration, but I'm not sure if the

Administration is ready or willing to go back out. But we're going to have to do that. And so we need to have that discussion, as well, when we do school construction.

But also understand -- and this bothers me -- is that the Superintendent -- and we can have this discussion when we talk to him -- has a whole list of schools that they've closed, or anticipate closing and trying to sell them off. I think they tried to get the Newark Housing Authority to get involved with that mess. Can you give us any idea of what that's all about?

MS. WILSON: I can tell you that for this upcoming school year, Superintendent Cerf has indicated that we will not be closing any buildings. We, however, do have 10 properties that have been closed under previous administrations and remain -- not all 10 remain vacant; some were launched to charters, and some are, in fact, vacant buildings

We did sell one property -- 18th Avenue -- and were unable, based on the facilities law at the time, to realize that money -- which would have been very handy to go into our capital project coffers in order to be able to do some of this capital work.

There is some discussion with regards to our existing open properties, but I do not have full details on that.

SENATOR RICE: Well, you say you-- If you sold a property and didn't realize the money, what does that mean? Because I would be concerned if you're trying to sell additional property that belongs to the taxpayers, and we don't realize the money if we did that.

MS. WILSON: That is true. At the time, the law indicated that any revenue brought into the District had to go back to the State. So that was \$4.3 million that went back to the State.

SENATOR RICE: Have we changed that law?

MS. WILSON: I think there have been some modifications in it, and we're looking at it now. The modifications include the ability for districts to be able to make a case to do some capital work in the District. But that is still under research, and I defer to my legal colleagues.

SENATOR RICE: So I want the staff to make a note, because I don't remember us passing any laws. So that means they're probably trying to do it by regs. Can you speak to that? You have been silent today, so I think you wanted to get the voice moving so we don't think you have a cold; or get hoarse when you leave here.

MR. CRUPI: I can't speak to that as of right now, Senator; but that is something we can certainly take back to the Department and get back to you and your staff.

SENATOR RICE: See why David should be here? Okay. Would you tell David to let us know? And in the meanwhile can we have staff work with OLS to pull the law. We need to maybe-- I don't like regs, anyway. So maybe we need to take a look at putting a bill in to require us to do just that. Because even with the school construction stuff, you know, we have properties sitting around that are just sitting there, and people want to rent them and lease them and we can't even do that. They do it, but they pick and choose who they want to do it with, okay? And that doesn't make any sense. So we need to revisit that whole piece, because the districts need revenue now; but we don't want to be closing buildings.

You also mentioned that you have some needs for the student population and you don't know how to retrofit some of the buildings. But you said there are 10 buildings; all of them are not shut down. Strategically or logistically, they can't be used to relieve some of the problems that you have as it relates to how much you have to put in emergents, or how much you have to put into fitting a building? Because if it is operating already, it seems to me it is less money you have to put in that building versus some other building.

MS. WILSON: Unfortunately, all of my buildings are in relatively poor shape. So it's using one that's better than the other, and we have tried to do that and are continuing to do that.

SENATOR RICE: Okay.

MS. WILSON: So it's picking the best of the worst.

SENATOR RICE: Okay. Any questions from the members?

ASSEMBLYWOMAN OLIVER: I have a comment.

SENATOR RICE: Go ahead.

ASSEMBLYWOMAN OLIVER: I just want to commend the Business Administrator; that was an excellent presentation that you gave us, Valerie. And you can tell -- you had few interruptions, so when you are able to do a presentation to a group of legislators in Trenton, and no one interrupts you, you know that you are good.

And we are really just rewarded and fortunate to have you in the Newark School District.

MS. WILSON: Thank you so much, Assemblywoman.
(applause)

SENATOR RICE: We're not finished yet.

MS. WILSON: I know (laughter), and I'm not done yet either, Senator. But that's good; it's good to hear that; it makes me feel good. Thank you.

SENATOR RICE: Okay. We're going to let you wrap, but I want to ask another question.

We're talking buildings. As I am also on South Orange Avenue, and you know that West Side was supposed to have a lot of good things done with the SDA too; and everybody, kind of, to be quite frank, jerked the City around -- the people. And KIPP is another -- there goes KIPP again -- it's moved into the realm of trying to take everything, one way or the other. (Indiscernible) they take it, they don't care.

But there is a building going up across from West Side High School -- in fact, where the Governor used to live, and claimed that he loved Newark; but he left at 5. That was during the riots; that's why the building was abandoned because they left it -- okay? -- not because of the riots.

But anyway, the building -- can you tell me what's going there? Where did the dollars come from? Are we paying for that out of school money, or school construction money, or-- Do you know what building I'm talking about?

MS. WILSON: No, I don't, so we'll have to look into that and give you some information. But we're not paying for anything to go up.

SENATOR RICE: Okay. It may be related to the Ashland Street stuff, okay? So that may be part of the Pink Hula Hoop money. Okay.

ASSEMBLYWOMAN OLIVER: Excuse me, Senator Rice.

SENATOR RICE: Yes, I'm sorry.

ASSEMBLYWOMAN OLIVER: But we do know that the *Star-Ledger* building is being rehabbed, and we will house a charter there.

MS. WILSON: Yes, that was approved by the City Board.

ASSEMBLYWOMAN OLIVER: What grades will that be?

MS. WILSON: I don't know off the top of my head, Assemblywoman.

ASSEMBLYWOMAN OLIVER: All right. I think it's a-- Is it a TEAM school?

MS. WILSON: I think so.

The final--

SENATOR RICE: A TEAM-- For the record, TEAM is KIPP.

MS. WILSON: Yes, it is.

SENATOR RICE: Okay. I told you-- That's why I try to tell the people. You know, they get confused.

Okay, no problem. Go ahead.

MS. WILSON: For the record, the last piece I'd like to talk to you about is Newark's NJ QSAC process.

SENATOR RICE: Yes.

MS. WILSON: And we are committed to returning to local control. Since 2007, the District has been in control of Operations. Over the course of the last year, we have been transitioning to control of our Finances. And we have submitted to the State a District Improvement Plan in the areas of Instruction and Program, Personnel, and Governance; and anticipate some kind of a response from the State very shortly because we are coming to the close of that 30-day window. And we're also working

with the Newark Educational Success Board to help clear the path to local control. So that's one of the other projects we're working on.

That concludes my presentation.

SENATOR RICE: Is there an anticipation-- And we're going to have this conversation with the Superintendent, because I've always been -- and residents, and others have been -- concerned that the State is not really rushing to give local control back to Newark. We believe that Jersey City was situated differently for a couple of reasons -- that it went back -- and some of it had to do with funding, and some other things.

But we believe that it was mostly public relations. Because Cami Anderson was no longer desired in the District or by the State. And that the whole notion is to kind of keep the people from demonstrating and making noise, traditionally, by taking us through these little baby steps to take us into 2017. And the reason I raise that is because, when we received word that Jersey City was going back to local control, everybody applauded that. And now I'm there, and the residents said that -- because the Governor has said publicly that he sent Cerf in there to help us get back to local control. Now, I don't know what that meant, because they stopped us from getting local control.

But anyway, that's what they claimed they were doing. And we applauded it, and I remember reading something -- I may still have the article -- where the Mayor said, "Well, we salute Jersey City, and we expect to be on local control someplace before the end of 2016." And the Superintendent's comment was -- or the State, or somebody; it may have been the State. I don't want to blame the Superintendent for everything now. The comment was, "That ain't going to happen." And I'm like,

“What do you mean, that’s not going to happen?” You know, because if you really look at-- And we need to know -- and you can make a note on this also -- we need to know why, what we have to do to get back.

The one thing we know about QSAC -- and we’re going to have a whole revisit meeting on QSAC, so we have to start making some changes -- but the one thing we know about QSAC is that they change our scores one way today, and they change it back tomorrow, and they give us this-- But QSAC -- a lot of times a score may be deficient, but it’s only because somebody forget to submit this piece of paper. Which means that can be corrected in no time.

And if you look at it, that’s really what happened with Millburn. See, people don’t like to talk about Millburn failing three of the QSAC indicators -- three. But they acknowledge they failed them, and they kept it quiet, and then the Superintendent said, “We have to work on this,” and the Board said, “We have to work on this.” And they did, but it probably was something small; just knowing Millburn, a wealthy district, it probably was something small like they didn’t submit.

It’s my understanding that they don’t really give us Governance back because, when you give Governance back it means that the Board has a right to determine who the Superintendent is going to be. Now, I think we can get past the politics of that and work out something to get it back, but the thing is, is that the scores themselves -- I understand that the Board wasn’t submitting certain documents that should have been submitted. And one of the things that I think this Committee has to pay attention to -- and Paterson and the rest -- is that because the Board has always been advisory, I’m under the impression that a lot of things that maybe a Board

should have been doing -- they did away with it; they didn't take it seriously because they didn't have any authority. So they figured, "Well, I guess they are going to submit it. We're supposed to submit it, but I guess they'll submit it." And I think that may have been some gap stuff that we have to clean up. But it doesn't take long for us to say, "Okay, we know now we have to submit this by the 1st; so we're going to do it as a Board," rather than the Administration.

So hopefully the Department of Education will let this Committee know, on the categories that are failing, what is it that needs to be done to get us into compliance. Because a lot of that stuff is not heavy lifting. It's going to be heavy lifting if that's what David, and the Superintendent, and the Governor want it to be. I'm being honest about that. Because it has nothing to do with attitudes. They told us one time that, you know, we don't like the attitude of some of the Board members, and things like that. Well, we don't like your attitude sometime either. I know you don't like my attitude down here, but the thing is, that's not-- QSAC doesn't speak to attitude; it doesn't speak to attitude. And so let's make QSAC work.

And I suspect that, in 2016, we should be talking about coming out of local control (*sic*) if the State is serious about it. I don't mean you have to get rid of the Superintendent, okay? It means that the State can agree that we come out of local control and get Governance back, and even though the statute said that we get rid -- or keep; that's a decision the Board makes. The Board can agree to keep the Superintendent for another year or two, whatever we have to do. But we want control of our districts back, and DOE is the barrier.

Your report, Ms. Wilson, was very good; and also it comes from years of experience of being in that District and watching it come and flow. And I think that's very helpful to us, because it means that there are some things happening that are sensible with the budget. Thank God you're back in there; I know you were isolated at one time -- I can say that, you can't say it -- from doing your job. But now you can do your job, and I think that's going to be a help to the Superintendent as well as the District to allow you do that.

So I don't have any further questions. I don't know if my colleagues do.

Yes, Assemblywoman.

ASSEMBLYWOMAN JASEY: First, a comment.

I want to thank you, and also say that I think it's outrageous you don't have an Assistant BA.

SENATOR RICE: Yes.

ASSEMBLYWOMAN JASEY: That does not make sense to me, with a District your size, a budget your size.

I have just a couple of questions. One is, what is the Newark Educational Success Board? What is that?

MS. WILSON: The Newark Educational Success Board is made up of, I think, nine members. Their members were appointed by the Governor, the Mayor, and I know the Superintendent sits on that Board. It is headed by, I think, Mary Bennett and Al Koeppe, and they were charged to develop a process by which Newark can return to local control.

ASSEMBLYWOMAN JASEY: Oh, okay. All right, thank you.

And the other question is just numbers. The way the law is right now, because it doesn't say anything differently -- one charter-- When a charter is granted by the State, it does not limit the number of schools that that charter can open. Is that correct? Or is there an agreement within the original application that governs that?

MS. WILSON: I'm not clear if it limits the number of campuses. It does talk to the number of grade levels and the number of students in each of those grade levels, in terms of growth over the five years of the charter. I'm not familiar with that.

ASSEMBLYWOMAN JASEY: Do you know?

MR. CRUPI: I don't know off the top of my head, but I can get that information to you, Assemblywoman.

ASSEMBLYWOMAN JASEY: Okay. That was one question.

And then you said you have 14,200 students currently enrolled in charters in Newark. Do you know how many buildings or campuses that includes?

MS. WILSON: Not in Newark, because we have multiple campuses; no. But I can get you that information.

ASSEMBLYWOMAN JASEY: Okay, all right. Thank you.

MS. WILSON: You're welcome.

ASSEMBLYWOMAN JASEY: And thank you very much for your patience today.

SENATOR RICE: For my colleagues on the Committee, and also for our residents who are out there, as you know the Governor and the school funding formula -- as it relates to Newark -- has not really-- And this was a court mandate to put those funds back, and the Governor has not

done this since around 2011, 2012. So technically it's for the Newark, that's actually resulting in over \$132 million shortfall in State aid to Newark Public School District in 2015-2016. That doesn't make -- that's a lot of money. If you talk about the needs and the gaps you're trying to fill, that's there. And that doesn't include the monies that got -- whatever happened to it when Beverly Hall was there, okay? So that goes to show -- and I think that's important for the residents, particularly the Newark residents -- you're talking about \$132 million that this Governor has not put back into your system that could help us carry these schools, and stop some of this debate about charter versus traditional and where the money is coming from. The money is there for both of them.

We need to work on that, because I believe that may be a similar situation with Paterson and the big deficit they have. And certainly a situation with the other districts.

So with that, I want to thank you very much, again, for your patience, Ms. Wilson. I want to thank, also, Mr. Campana for staying. I know it's been a tough day for him too, but he wanted you all to leave as pairs, with your colleagues, just like we let the other two districts leave as pairs (indiscernible) of the State.

This meeting is now adjourned. Thank you very much.

(MEETING CONCLUDED)