
Public Hearing

before

SENATE EDUCATION COMMITTEE

SENATE BILL No. 711

(Provides for permanent debarment of school bus contractors for certain violations and makes various changes to school transportation contracting)

SENATE BILL No. 715

(Establishes School Transportation Study Commission and appropriates \$10,000)

LOCATION: Committee Room 6
State House Annex
Trenton, New Jersey

DATE: April 20, 1998
1:00 p.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Robert J. Martin, Chairman
Senator Joseph A. Palaia, Vice-Chairman
Senator William L. Gormley
Senator Byron M. Baer
Senator Shirley K. Turner

ALSO PRESENT:

Darby Cannon III
Office of Legislative Services
Committee Aide



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SENATOR ROBERT J. MARTIN (Chairman): We will call this meeting of the Senate Education Committee to order and have a roll call of the Committee members.

MR. CANNON (Committee Aide): Senator Turner.

SENATOR TURNER: Yes.

MR. CANNON: Senator Baer.

SENATOR BAER: Here.

MR. CANNON: Senator Gormley.

SENATOR GORMLEY: Here.

MR. CANNON: Senator Palaia.

SENATOR PALAIA: Here.

MR. CANNON: Senator Martin.

SENATOR MARTIN: Here. And I'm very pleased that all of the members took some time -- made some time available in April, which is usually devoted strictly for budget appropriations and auto insurance, I guess -- to make themselves available today.

I think this issue is one of extreme importance. It's an issue that was -- has been raised for a long time with respect to, are we providing school transportation in an efficient manner? And also, even if it's efficient, are we dealing with it in a proper manner? There's been lots of questions, smaller questions, larger questions, when we were preparing the Comprehensive Educational Improvement and Financing Act of 1996. We decided to leave out the school transportation piece that had been proposed because we thought it needed attention in and of itself. There's so many subsets of that such as

courtesy busing and the issue about contractors and also this question about whether we should actively promote more regional transportation.

So the purpose of this hearing today is specifically to deal with two pieces of legislation. One is the Gormley-Martin bill, which is S-711, which would actually attempt to provide a better system of vendors by actually creating a permanent disbarment of those contractors, in the estimation of -- through the legislation, would be persons who should not be bidding in the -- for school district transportation.

And the second piece of legislation, which is not directly related, but it is related, is a bill that the Senate Appropriations Chair, Senator Littell, has been requesting for some time, which would create a study commission for the purpose of attempting, ultimately, to have a more regional, perhaps countywide system of school transportation, which would reduce the cost and increase the efficiency of the process.

So those are the two specific bills in question. In the interest of time and just trying to get all the issues on the table, if we -- when and if we call persons to testify, if you want to speak on both bills, we would suggest you do it at one time, so we don't have to recall persons. So make all your points at the same time. Also, if there's other -- any other issues with respect to school transportation, we would -- unless we rule you out of order, we would welcome your comments. We're trying to get a sense of the whole problem, from the -- whether we should have more regionalization, to who is participating in the process. But if there are related issues, feel free to comment.

Any members of the Committee wish to make an opening comment before we get going? (no response)

With that, seeing the Senator Littell is here, and we thank him for being here, we would start this Committee meeting (*sic*) by calling Senator Littell to speak about his legislation, S-715.

Good afternoon, Bob.

SENATOR ROBERT E. LITTELL: Good afternoon. Thank you, Mr. Chairman, members of the Committee.

Senate Bill No. 715 is the bill that I've worked on for some time, passed the Senate last year, and died over in the Assembly. The concept and idea came out of a meeting that was held by the New Jersey School Board Association in Sussex County. They asked me to attend, and they pointed out some of the problems they were having with school busing.

One of the problems was the cost, obviously, and the other was that they were only receiving, many of them, one bid. Of course, that seems suspicious to me, but I have no facts to back up that there's any kind of conspiracy. None the less, as I pressed on and we started to look around, we found that in the state of Maryland, they have a countywide busing system. They get three uses out of each bus each day so that the busses are getting their maximum potential. Their attempt to fill up the buses with riders has been very successful in the state of Maryland.

I realize changing a local system to a county -- or a regional-basis system is not easy in this state because of the home rule concept and the idea that a lot of people feel that they have to have control of their own system. One thing that I want to be sure to point out is that we have tried to get a fair

and even mix of members on the Study Commission. And I have accepted a lot of amendments over a period of time to accommodate those groups. There's a lot of money to be saved.

SENATOR MARTIN: Just as a point of reference, under the bill as presently structured, it would have 24 members, with 8 members of the Legislature; the Commissioner of Education; and 15 members of the public, including two parents whose children receive regular courtesy or nonpublic busing; and 1 rep from the New Jersey School Administrators; 1 from the NJEA; 1 from the New Jersey School Bus Owners Association; the New Jersey Parent-Teacher Association; the Advisory Committee for Nonpublic Schools of New Jersey Department of Education; the Joint Council of County Special Services School Districts; a jointure; Commission of School Transportation Supervisors of New Jersey; New Jersey School Boards Association; New Jersey Association of School Business Officials; New Jersey Principals and Supervisors Association; New Jersey Council of County Vocational Schools; and the New Jersey Council of Educational Services Commission.

SENATOR LITTELL: So I think we (indiscernible) them all. If there's somebody out there, I'm sorry we missed you.

SENATOR MARTIN: How about the Morris Plains Home and School Association?

SENATOR LITTELL: I can also say to you that in the course of examining school busing, I found that many of the school districts are already running a three-tier system and are running a very cost-effective busing system. So I think the ability to do that exists. I think it has to happen. And I think there needs to be some competition in the school busing bidding process. I

would hope that the Study Commission bill will be released from Committee and passed so that we can get on with the study.

I would just comment that I don't have any argument with Senator Gormley's bill. That's a good idea as well.

SENATOR GORMLEY: And I like your bill, too.

SENATOR LITTELL: All right.

SENATOR MARTIN: Are there questions for Senator Littell? (no response) Not seeing any, I want to thank you for testifying. Thank you.

I would like to call Paul Zoubek, the Director of the New Jersey Division of Criminal Justice.

PAUL H. ZOUBEK, ESQ.: Good morning.

SENATOR MARTIN: Good morning.

MR. ZOUBEK: I just finished the budget hearings. It was a long morning, so I would have to amend that to good afternoon at this point.

Good afternoon. On behalf of Attorney General Peter Verniero, let me begin by thanking you for this opportunity to address the need to curb collusion and corrupt practices in public school transportation contracting within the state and the important legislation sponsored by Senator Gormley and Senator Martin.

As you know, school transportation costs governmental entities within New Jersey more than \$500 million each year. Unfortunately, this industry is also one that history has shown to be prone to abuse by contractors who wish to corrupt the bidding process to inflate the dollar value of school transportation contracts. The taxpayers must bear the cost of these inflated prices. These corrupt practices must be attacked on all fronts. At the Division

of Criminal Justice, we have made detecting and prosecuting collusion in school transportation contracts a priority. On the legislative side, it is important that you develop additional tools in the government's arsenal. Developing appropriate prequalification and debarment mechanisms is an important step.

Robust and aggressive competition among the various bidders is essential to ensure that the taxpayers pay a fair price for school transportation. When a contractor is preparing his or her bid submission for a favored or desirable route, it is the fear that a competitor will submit a lower bid and win the route that forces the contractor to submit its best and lowest bid. Anything that diminishes that fear or corrupts the process pushes prices up.

For example, in the late 1980s and early 1990s, the Division of Criminal Justice prosecuted a series of cases involving collusion among school transportation contractors in Union and Middlesex counties. The common practice we found were this. The school transportation contractors serving an area got together and agreed that they would preserve their routes and thus not compete. Each contractor agreed he or she would not take the other's routes by underbidding them. This agreement permitted the contractors to bid higher on the routes they already had because they knew that they would not be underbid.

SENATOR MARTIN: Could I just stop you there--

MR. ZOUBEK: Yes.

SENATOR MARTIN: --and ask you a question specifically to that? In your review of that, did you find that there was an expressed

agreement, or was it implied? Was there actually some-- You called it an agreement. Was there evidence of actual discussion in some form?

MR. ZOUBEK: That case was based upon conspiracy charges that involved bid rigging. And underlining that, and I will outline in just a minute the success or results of those prosecutions in which there were some people who were sentenced to jail -- was based upon a finding that literally-- What happened was people got together, literally discussed these bidding routes, and worked out who was going to obtain what route. You put in-- Contractor A, you put in a bid on this route. Contractor B, you put a bid in on this route. And by doing so, they're able to divide up the marketplace. And so, underlining that and the only ability in the context of a criminal case to prove beyond a reasonable doubt founded on that was a finding that there was -- or an admission that there was an underlying agreement to divide the groups.

SENATOR MARTIN: If I could--

SENATOR GORMLEY: I'm sorry, Mr. Chairman.

Mr. Zoubek, actually you have Union and Middlesex. You could add Monmouth County to that.

MR. ZOUBEK: Well, as a matter of fact, on Page 5 I will as a matter of fact.

SENATOR GORMLEY: Well, I read ahead.

But to answer your question, Mr. Chairman, that's exactly what happened in Monmouth County. They actually got together in a meeting such as this and said, okay, you got this-- They divided up the whole thing.

MR. ZOUBEK: What I'm able to say today is it is alleged in the indictment that they did so.

SENATOR GORMLEY: Well, that's--

MR. ZOUBEK: And that we have that in the indictment. But that's exactly what's alleged in that case. It was literally that in order to preserve routes in a special education district -- not any district, a special education district -- that the bidders got together and divided up those routes.

SENATOR GORMLEY: The affidavits filed in the case were -- was just unbelievable. The affidavits set forth the-- They had somebody -- the informant came forward and outlined what the numbers would be the next day. This was like Karnac (phonetic spelling) in Johnny Carson. They opened the envelope, and the numbers corresponded to what was predicted the day before to the penny.

So that's-- I know it's just alleged, but that's pretty good. So that's what occurred. They had the numbers the day before. They opened the envelopes, and they were the same numbers. So I think it does have an appearance of collusion.

SENATOR MARTIN: Continue if you want.

MR. ZOUBEK: I will. Thank you.

And essentially, as we just highlighted in our discussion, the contractors for each school in this conspiracy and others met and agreed that they would put in coordinated bids in which the contractor that was going to win the contract would put in an inflated bid and the others would have bid even higher. This made it look like there was competition.

In these cases, the contractors also bribed school officials to ensure success. Twenty-three officials were prosecuted on charges ranging from bid rigging to bribery. Their sentences ranged from 14 years in prison to pretrial

intervention. In addition, seven bus companies were prosecuted. This conduct, however, has not stopped. As you know, the Division of Criminal Justice revisited this issue last year.

Our initial focus has been transportation contracts for special needs children in Monmouth and Ocean counties, nearly \$2 million in contracts annually. Our investigation, which was conducted with the assistance of the Monmouth County Prosecutor's Office, resulted in bid-rigging charges against six school bus operators and their companies. The scheme, as set forth in the indictment, is strikingly similar to the one we found in the earlier cases. In short, the operators agreed not to compete for each other's routes. And as a result, bus companies that should have submitted lower bids to try to win routes from their competitors instead put in higher bids to allow their competitors to win. These cases are now pending trial.

As Senator Gormley pointed out, allegations in that case are essentially and explicatedly -- as Senator Martin asked in his earlier question, that-- They sat down and literally divided up the routes and handed out the assignments. You're to bid on Route A. You are to bid-- You're going to be the lower bid. You are not going to receive this particular route, you are going to receive this particular route. And the allegations are that based upon that kind of collusion that those kind of competitors, and I use that term very loosely -- those competitors were able to set the price that the special needs children in Monmouth and Ocean County-- The cost of that transportation was set not by a free and open marketplace, but the allegations are -- by collusion designed to line the pockets of the bus company operators then to

provide a competitive, fair price to the students that are being transported in those particular communities.

Unfortunately, the conduct which forms the basis for the charges was discovered just at a time that the contracts had to be finalized in order to ensure that the special needs children could get to school without an interruption in service. Since nearly all the major competitors in the market are implicated, we were concerned about the integrity of any contracts let to any of those companies while the criminal case moved forward. As such, we chose to also file a civil suit, which among other things sought court intervention to ensure that the charged companies did not collude on contracts during the pendency of the criminal case.

Those stark experiences, in terms of the depth of the collusion and impact of the competition and our experience in investigating and analyzing school transportation contracts, provides some useful lessons for the task at hand. Let me share a few with you now.

First, the difficulty in detecting these schemes and prosecuting them requires that we need to ensure that individuals who engage in collusive, fraudulent, or corrupt practices in connection with public contracts are never given a second bite at the public coffers. We should seek some form of permanent debarment.

Further, we need to ensure that local governmental entities who do not have the resources to investigate the background and history of bidding companies and the individuals running them are not forced to do business with companies who have a history of collusive, fraudulent, or corrupt practices or

are run by people with such histories. It is important then to have a mechanism for prequalification and for debarment.

Equally as important, however, we need to ensure that the prequalification and debarment mechanisms enacted do not so restrict the pool of available bidders in a particular local market and that there is insufficient competition to ensure that prices are kept at competitive levels. To restrict the market too much will drive the costs up. For example, while a prequalification system can help to weed out bad apples from the bidding process, if the prequalification system is too burdensome for new or small companies, it will restrict entry into the market and limit competition.

Further, debarment is an important and effective tool for eliminating companies and individuals who have been proven to engage in collusive or fraudulent behavior. Nevertheless, a debarment system should provide enough flexibility in its administration that it does not work to the ultimate disadvantage of the taxpayers.

For example, in a market served by only four or five companies that have been found to have colluded, it may be unwise to automatically debar these companies. To do so may leave no real competition to police prices. It may, in some cases, be more advantageous to the government to permit the companies to continue to do business while removing offending employees or managers. Similarly, it may be unwise to debar a large company that proves added competition in many markets in New Jersey merely because employees handling one market or school district colluded or engaged in corrupt practices. Removal of the offending employees and requiring enhanced

corporate oversight of bidding may be enough to protect the public and at the same time preserve competition.

Second, we have learned that collusion in public contracting is often accompanied by other criminal acts such as fraud and bribery. Criminal cases based upon such conduct may not always result in a conviction that includes collusion. For example, some plea dispositions in the Union County and Middlesex County cases were for bribery or theft.

Further, fraudulent practices that do not include collusion are equally destructive in public contracting. As such, in order to protect the public, it is important that any debarment or suspension system include debarment and suspension for illegal conduct other than collusion.

Corruption of the competitive process which is at the heart of public contracting is unacceptable. It drains the public treasury and hurts the honest bidder. We should provide the State and local governments with the tools needed to ensure that they need not do business with those who are caught and convicted of corrupting the contracting process. I urge you to fashion those tools to be effective at barring the offenders. I also urge you to fashion those tools in a way that preserves the competition that those offenders sought to undermine. On behalf of Attorney General Peter Verniero, we look forward to working with Senator Gormley and Senator Martin and the other members of the Committee on this important legislation.

Thank you.

SENATOR MARTIN: I just have one question, and then I'll open it up to members of the Committee. Why would low-bid contracts-- Why did there appear to be a need to go into bribery and other sorts of--

MR. ZOUBEK: I think the fundamental notion there is that the design here is to no longer make it a low-bid contracting system, which is in order to -- if you have six competitors in the marketplace and they get together and they say let's not underbid each other, let's set a price in this particular market. I, company A will take this route. You will get another route. And by working together, we essentially get around the low-bid requirement, which is the fundamental basis of public contracting in New Jersey.

SENATOR MARTIN: Members of the Committee, any questions?

SENATOR BAER: I have a couple questions.

One, I realize your testimony -- that you're raising questions as to when debarring is appropriate; although, certainly it's appropriate in some situations. Do you have any thoughts relative to trigger, in terms of percentage of ownership? Like, for instance, there's been a proposed 5 percent trigger. Do you have any thoughts on that?

MR. ZOUBEK: Well, I think I'm reviewing a bill that is a very constructive approach to have the identification of each of the officers or owners of the company -- owners of 5 percent interest. I think that's certainly a beginning. In terms of the debarment process, we are looking at the Division and will provide the Committee with assistance. There are other models in the country. Federally, for example, if you get debarred in the meat industry -- and having had the pleasure, I prosecuted a few people in the meat industry who were adulterating food products over there when I was in the U.S. Attorney's Office. One of the methods used there is-- There is a debarment process that can be used, as suggested, to debar the officials that were involved

and enter into a long-term compliance program with that particular company. So that's one of the methods that's possibly available.

SENATOR BAER: Okay. Another question I wanted to ask, since there have been some prosecutions in the past, aside from those that are ongoing, whose results we don't know, and in view of some of the things that have been said about having a range of prosecutorial tools to deal with things-- I would like to ask you whether, to the best of your knowledge, confiscation of the vehicles or other equipment with the companies or the companies themselves has ever been one of the tools used and, since confiscation has been used more and more widely in other areas, whether you feel it would be appropriate in some way to use confiscation as one of the weapons here.

MR. ZOUBEK: Well, one of the things we've done in these cases in the past is attempt to seek significant fines against the offenders. That could be one of the avenues that would be pursued in terms of confiscation/forfeiture with respect to some of the assets, if it was the appropriate case. But one of the things, as we pointed out here in this Ocean and Monmouth County case-- One of the things we want to also be concerned about is the impact as it may have in terms of the provision of the actual transportation services for that company as it relates, if they're still in the business at all, to their ability to continue to provide services. We can look at that as a measure to see if there are some circumstances which would be appropriate to pursue some sort of forfeiture method as it relates to some of the company -- in terms of some of the offenses that are here. They haven't risen to that level to date, but that could be one of the measures that could be considered.

SENATOR BAER: Well, through the Chair -- and I should have added the slash forfeiture because that's a better way of describing it. Of course, I recognized that there are a lot of legitimate concerns as to where and when it should be used, to whether in some situations it would be overkill, whether in other situations it would produce disruption. But I guess my basic question goes to whether there -- whether it has been used, whether there is statutory authorization for that, whether it should be one of the tools that should be available subject, perhaps, to a variety of considerations that need to be raised relating to the specifics, and how and whether and where in a particular case.

MR. ZOUBEK: Senator, we would be very happy in the Division to provide the Committee assistance in that area, and we will do so through that area. And we will do so through the Chairman.

SENATOR BAER: But, through the Chair, to the best of your knowledge that has not been used to date.

MR. ZOUBEK: It has been out there for--

SENATOR BAER: --and you don't know whether or not the authority--

MR. ZOUBEK: The forfeiture laws are designed, and the impact of those provisions are in very specific circumstances, and typically they have not been put in these school bus collusion cases. There could be an appropriate circumstance in which the depth of the criminality is so pervasive at the company that it could be a measure that could be pursued. So it's very much a fact-specific decision. And I will certainly be happy to provide further

information to the Committee to help to Committee as you're considering that subject matter.

SENATOR MARTIN: We'll take a look.

SENATOR BAER: Thank you.

SENATOR MARTIN: Did you have a question, Senator Turner?

SENATOR TURNER: Yes.

You seemed to have focused on special needs children -- those bus routes. Did you find that there's other kinds of collusion taking place, other than on those transportation contracts regarding special need students?

MR. ZOUBEK: Well, what I think what happens and very much what happens in law enforcement, we, as Senator Gormley alluded to -- affidavits and that matter-- We often follow our leads that we have obtained in a criminal case. Here in the Monmouth and Ocean County cases, it was information that came through the Monmouth County Prosecutor's Office as to allegations that this was about to take place in terms of alleged collusion in this -- the bus contracting in Monmouth and Ocean County. So we acted on that quickly. So that happened to be one of the more recent cases that we have done. But the Division has been very active in terms of advising the Legislature on a number of occasions with respect to this area. We have a number of investigations underway in the Division in this area. And I can't say that they're limited to one specific type of school transportation.

SENATOR TURNER: You also indicated that there were 23 individuals prosecuted and their sentences ranged from 14 years to PTI. Can you give me some other information as far as how many got the 14 years, or

who got the PTI? How did you determine the sentencing? Are they actually serving those terms that are 14 years?

MR. ZOUBEK: There are some defendants in that case, to my understanding, that have served or are serving a term of years. That case was a case that involved bribery. This sufficiently predates my tenure with the Division by quite some time. But it is my understanding that in those cases, particularly since it involved bribery, it would have most likely have been the individuals that were involved in the bribery of school officials that would serve the longest sentences. I would be very happy to provide a breakdown of what happened in that particular case though.

SENATOR TURNER: You said that the conduct is still ongoing. The sentencing apparently wasn't a great enough deterrent.

MR. ZOUBEK: Well, no. Those cases are completed, and I think that the notion was that even though those clear cases occurred in Union and Middlesex County with jail terms, we have a situation with the allegations in the Monmouth and Ocean County cases following suit, some eight or nine years later after those Union and Middlesex cases. So that, even though those prosecutions occurred, it has not eliminated the problem. And it is a continuing problem. That was my point with respect to that.

SENATOR TURNER: Okay. Thank you.

SENATOR MARTIN: We have a death penalty case going in Sussex County, Senator Turner, dealing with school bus contracts.

Senator Gormley, last question before we move on.

SENATOR GORMLEY: The debarment-- The changes to debarment that you suggested, one, we-- We obviously assume that the

Division will provide us with what they would like to see drafted in terms of debarment.

My question is-- Expanding it beyond collusion obviously makes sense in terms of all the other possible violations. What you would like to see is a greater level of discretion with the judge in terms of the debarment, in terms of the options available to the judge to be able to suit the unique circumstances of a particular case.

MR. ZOUBEK: Yeah. I think that's right. Because if you take a multistate provider of transportation services, and you have someone who happens to be a local manager or a local sales representative, if you will, who is engaged in that conduct and there's not proof of, if you will, home office collusion in that, you may want to have a certain result. Whereas, if you have a proprietor, and it's a sole proprietor, and there's two or three people involved in that particular company and that owner of that company was directly and absolutely clearly involved in that conduct, then I think it would be a clearer case of debarment. So the notion would be we will assist the Committee in developing a system that will allow for some flexibility for those changing circumstances.

SENATOR GORMLEY: The other question we-- Senator Baer had mentioned restitution. The real question is, is there anything you need, either in this area--

SENATOR MARTIN: Restitution forfeiture.

SENATOR GORMLEY: I'd rather call it something else.

How do we-- In these circumstances, there's obviously been a loss of property tax dollars and public dollars. How do we set up a system? How

would you better be served if we could do any changes to the statute so that you could recoup the property taxes that were lost? Is there something that we should do in addition to toughening the law? How do we make it easier to, in some way, recoup money back to the school district for money that's been lost as a result of this collusion?

MR. ZOUBEK: Absolutely. And that's one of the focuses of all these prosecutions. It is because the restitution aspect here is that the additional cost that the bus companies have put on the local school district or the taxpayers. In many instances, the current restitution provisions in the criminal code are sufficient. But we would be happy to look at that as well to see if there's any additional tools that we feel might be helpful to ensure, since the basis of these cases is that you're avoiding the low-bid contracting requirements so that you could add cost to the taxpayer -- to ensure that that is being ensured, that return of the money is being ensured. And we will take a look at that as well.

SENATOR GORMLEY: One final question.

Senator Baer had mentioned before the parallel with the terms of prequalification as a term as it relates to the trash industry in New Jersey. Are there any parallels where we can make use of certain controls that we have in the trash industry? Not necessarily saying that they're going far enough either in that particular-- Are there any parallel--

MR. ZOUBEK: Well, certainly. One of the things I've discussed with the staff in the Division of Criminal Justice is using some of our current models. And I think the trash is one of the models we have available in the state of prior practices that we could rely on. And there are other practices, as

I suggested, in the Federal field of other regulated industries in which we could use those examples. And we will assist the Committee by pointing out some of those as well.

SENATOR GORMLEY: Thank you.

SENATOR MARTIN: Thank you.

MR. ZOUBEK: Thank you very much for your time.

SENATOR MARTIN: Thank you.

Mr. Meglis from the New Jersey Association -- ASBO -- School Business Officials. And I believe he has with him Dr. Ann Timmons. Several other folks I can't-- He'll introduce them.

EDWARD MEG LIS JR.: Yes I will.

Mr. Chair, members of the Committee: Thank you for this opportunity to testify before you this afternoon on issues concerning transportation.

First of all, let me start off with some introductions. All to my right, at the very end is my assistant, John Donahue from New Jersey ASBO; Karen Dunn, from Union Township, in Union County; and Dr. Ann Timmons, our President from the Maurice River School District in Cumberland County.

Gus Kakavas from Toms River, one of the larger school districts, could not be here today because of a personal matter. But his testimony is incorporated into what is being passed out to the members of the Committee today.

I'm not going to react-- I'm just going to react very briefly, before I turn it over to my colleagues to testify. First of all, we would like to commend Senator Gormley. Certainly, the area of collusion is one of -- and

bid rigging is of large concern, I think, to all of us. Certainly, not only are taxpayers affected, school districts are affected, and educational programs are affected. And districts, again as we talk about transportation deficiencies, are painted sometimes with a broad brush of being inefficient and without basically having some of the parameters discussed fully. And certainly, if you get into collusion and bid rigging, that certainly has a negative impact on the efficiency of a school district. So it's, in a sense, a double whammy. And it's again something that needs to be looked at very closely, and we commend the Senator for bringing this issue to bear.

Secondly, on Senator Littell's bill, S-715, we also commend the Senator for working with the various groups and interested parties. We would hope that this Committee strongly considers that piece of legislation. We seem-- Every time that we're facing transportation issues, we get a myriad of bills dealing with transportation. There doesn't seem to be anything that's really coordinated. We would hope that some of those bills or all of those bills are put under the umbrella of S-715 and let that task force examine and make recommendations on specific pieces of legislation. We feel that's a much more defined process than the one we have currently in place.

With that, I would like now to turn it over to Dr. Ann Timmons to begin our testimony on transportation issues.

ANN E. TIMMONS, Ed.D.: Good afternoon, members.

Good afternoon, members of the Senate Education Committee, colleagues, and interested guests. I am Dr. Ann Timmons, President of New Jersey ASBO and a practicing school business administrator. My remarks

today are going to be global in nature, but given the focus of your comments earlier, I will try to relate them to what you are trying to pursue this afternoon.

My particular district is rural in nature, 96 square miles. So that's a challenge in itself to administer transportation, and fortunately, we are in the 74 percentile in terms of efficiency. Some of the issues that we talk about today and that impact on every school--

SENATOR MARTIN: But some of those that you beat don't even have transportation school buses.

I'm sorry.

SENATOR GORMLEY: Oh, come on. Now, don't be parochial. She won fair and square.

DR. TIMMONS: Actually, you've probably, if you've gone to Cape May -- have driven through Maurice River Township. It's the nature--

SENATOR GORMLEY: I'm sure yours is sufficient, but I -- when I was reading-- The way that study was conducted, it seemed like it had a few gaps in it.

DR. TIMMONS: Yes, and we might agree with that.

What I wanted to do and what my purpose here is today on behalf of my colleagues is to highlight some of the issues that we face and some of the issues that we feel important in funding and in school transportation today. They include the concept of courtesy busing, which personally I feel that that concept should be changed to security busing or safety busing in this day and age. We talk about nonpublic funding and coordination of calendars, special education costs, certainly efficiency, time on the bus, safety. Perhaps one of the most important, when districts are trying to make decisions for their

transportation programs, is the absence of scientific and long-term hard data to assist us when we want to make decisions. That would help us to become more efficient, particularly in the area of privatization.

We need to look at courtesy busing -- or security busing or however hazardous-route busing, nonremote busing, however we want to call it -- both from a funding base and a safety and a security issue. We all know today-- I mean, we had a tragedy in South Jersey this weekend -- this past week. We know how emotional and how political the concept of school busing is.

Any school district who tries to eliminate courtesy busing soon finds themselves in very emotional meetings with parents and trying to make themselves more efficient in terms -- also goes by the wayside because we need to transport our children in this day and age. Circular or further distance routing often leaves seats on buses when they come in. And we can allow seats for children who are under the aided limits sometimes without impacting generally or in a great deal significantly on cost.

The other issue that we deal with in terms of efficiency is the area of nonpublic schools and coordination of calendars. As you know now, there is nothing that tells us to tell a nonpublic school you need to change your calendar so that we can tier routes. That just doesn't happen today. Coordinating calendars is difficult and many times just not possible. As you know, under CEIFA, there is a factor that allows for funding for nonpublic schools to be automatically adjusted from year to year. And sometimes we feel that that pattern of increase doesn't follow our costs per pupil in the public

sector. We do need some regulatory assistance with nonpublic routing and with nonpublic coordination of calendars.

Special education costs are rising nationally, and New Jersey is no different. The areas that are increasing there are in tuition and transportation. And sometimes we're under the gun to arrange for special education routing, often in a very short time line. The trend nationally has been an increase of 17 percent, while regular education hovers around 5 percent.

You see a note there that I need to document that. Unfortunately, I do my own word processing, and sometimes therein lies the problem when I forget to delete things.

Oftentimes these routes require aides, and they cannot be tiered with other schools. Sometimes we send buses with one child, one aide, one driver, and obviously that's an expense to the district. Transportation costs are not included in the \$40,000 threshold for special education when we're trying to calculate to get some additional dollars to our districts to help us.

SENATOR MARTIN: Could you just stop there. Does your county have a county special services district?

DR. TIMMONS: We don't have a special services. We have a consortium.

SENATOR MARTIN: Do they provide some coordinated transportation for special ed kids?

DR. TIMMONS: Yes they do.

SENATOR MARTIN: But if they can't arrange something, it's thrown back in your lap. Is that what happens?

DR. TIMMONS: No, actually our consortium is wonderful. And they do help us a great deal. And they do help us find routes for special education children. In our county, sometimes distance is a problem. We cross counties for children. And sometimes there's one route available, one driver, you know, and those cost -- or if they can't find any room on an existing route, sometimes we have to additionally just arrange for one bus, one driver, one child.

SENATOR MARTIN: Thank you.

DR. TIMMONS: Efficiency is not a new buzzword. Most of us that have been in school business for a long time have been efficient. We've been sharing costs. We've been doing jointures. We've been very diligent in trying to form consortiums and to do those types of things that now are becoming more public and more visible. We do prepare our own routes. We don't allow piggybacking by contractors. We try very hard to be diligent. And sometimes, when we need to bid routes, we do find ourselves in the positions of only getting one bid -- one sole bid. Sometimes that's a problem with location, its availability, those kinds of things. My particular district runs in-house busing for our regular students in most cases, and we contract out for special ed and for nonpublic. Many of the districts in South Jersey are totally privatized, and sometimes that means that they are at the mercy of bid contracts every year. And that's sometimes a difficulty for us.

The other issue that we face all the time is time on the bus and what's acceptable and what's not acceptable. One of the issues with nonpublic is in trying to tier with them. Sometimes parents will say, "Well, my child can't be on the bus an hour. My child can only be on the bus 20 minutes."

But we say, "Well, you live in a district that's 96 square miles. Just by virtue of where you live, your children are going to be on the bus a long time." We're very diverse. We go from urban to rural, from major highways, to narrow rural roads, to mountainous areas, from densely to sparsely populated areas -- all affecting time on bus. But we-- I hear this over and over again from colleagues. We need some guideline. We need something to help us that's acceptable.

And also, the overriding concern is safety for our students.

SENATOR MARTIN: Can I-- Just let me stop you there. Are you suggesting-- You don't want Trenton to tell you how long the kids -- the maximum time frame for kids on the bus, do you?

DR. TIMMONS: I'm not sure. I think that's something that you need -- that needs to be looked at in the process of what this Committee is trying to do.

SENATOR MARTIN: Wouldn't it better if the local school board made the decision as to how long the kids should be on the bus?

DR. TIMMONS: And we do that. But there are times when we have special education routes. And obviously if you have young children, you don't want them to be on the bus over an hour. But sometimes, by virtue of their placement, virtue of the available routes, and so forth, that's a fact. And we take a lot of flack from parents sometimes because of the time on the bus. And somehow or another, I think, we need to come to an agreement, perhaps not in setting an actual guideline, perhaps, but in saying what goes into decision making to determine what would be acceptable: age of a child, the type of transportation, the distance that the child has to go.

In-house and contracted fleets are subject to very rigorous maintenance and motor vehicle regulations. Any of us that deal with in-house fleets or deal with local motor vehicle agencies know that our buses are inspected very diligently. Most of us do a very, very excellent job. And there are some districts who are not in compliance. And we like, those of us that are doing an excellent job, to brag and boast and to let you know that most of us that are out there on the front lines are doing a very, very good job.

The other issue concerns privatization. When we're trying to decide the pros and the cons of-- Do we give up our in-house fleet? Do we try to save money? And it is a fact that you can save money, generally, when you privatize the first year or the second year. And that area is usually in the cost of employee benefits. But when we try to find out long term-- What happens to school districts that have privatized over time? Are those cost savings stable? Do they stay the same? Do you continue to save? Or do they escalate? And that long-term data isn't not available. We usually find out by networking informally. We network with other colleagues when we have conferences, and so forth. We say, "Are you talking about privatizing? How long have you been out? What's happened to you?" And we find, all over the state, that people are beginning, in some cases, to bring their transportation back in-house. And there are all kinds of things that are happening.

SENATOR GORMLEY: Excuse me. Are you saying, given that we only have about 7000 studies a year, the one study that wasn't done didn't show a comparison of in-house versus private in terms of dollar for dollar cost on a statewide basis? We have an average cost of 900-and-some dollars to transport a child.

DR. TIMMONS: I just saw that number for the first time today, Senator Gormley, and I would like to ask about those numbers, and how they were calculated.

SENATOR GORMLEY: That's why we're doing the hearing. But the point is-- Is there available -- because you bring up some excellent points. Is there available-- Have you seen a comparison between the school district having its own bus system and the private sector? Are there recent comparisons of the average cost of--

DR. TIMMONS: I have not seen that. No, sir. And I can only speak from personal experience. And about three to four years ago we were considering the issue, and it was my role, and as again it is my role every year, to look at this issue on behalf of the Board of Education. When I try to investigate and find hard data to give to them, I don't have that hard data. We need to be able to assist the Department in gathering that if they don't have that capability now. We need to be able to give them all of the resources they need to put that together. If it's personnel, if it's computers, whatever it is, we need to be able to help them to do that kind of study for the people that are doing transportation for the Department of Education.

I think I have just given you some highlights. I don't want to speak too long to you. But in summary, the needs are many. Transportation is a major, major visible, emotional, political issue for those of us that are on the front lines today in schools. We deal with safety and security. Almost every parent wants door-to-door service today. And you and I both know that that's a major impact on property taxes. Parents work. Their schedules are different. They want coverage for their children. So they don't want them

going out to bus stops and that type of thing. So we're dealing with safety and security issues.

I hope we've provided you with some food for thought. And we certainly will give you the resources of those of us that are in the New Jersey Association of School Business Officials. We have people who are willing to come out and pilot their programs -- to do whatever you need to have you come out and look at their school districts' operations. From those of us that are rural and large or those of us that are urban and small, we would be very happy to put our resources at your disposal.

Thank you.

SENATOR MARTIN: Karen.

KAREN M. DUNN: Good afternoon. My name is Karen Dunn. I am the School Business Administrator for the Township of Union Public Schools in Union County, New Jersey. With a student enrollment of approximately 8000 and growing, covering 9.4 square miles, having seven elementary schools, two middle schools, and one high school, pupil transportation is a constant challenge. Besides having our own fleet that transports approximately 2000 students daily, we also contract for private school transportation, process aid in lieu of payments for those eligible private school pupils, coordinate through an educational services commission for special education magnet and vocational transportation, and also contract with parents for special education transportation. In the past we have also enjoined with other districts to provide transportation for homeless pupils.

Regional school calendars. Due to negotiated agreements, district anomalies, and nonpublic calendars, creating a countywide school calendar is

and will be a difficult and a tedious process to coordinate. However, if each district, bargaining unit, private and nonpublic school wants to realize positive solutions to transportation problems and their ultimate impact on the educational process, these boundaries must be overcome.

Location of nonpublic schools. Some public school districts may have as many as 10 or more nonpublic schools within its geographic region. Others have 1 or none. Given current mileage requirements, it may not be possible to coordinate transportation. Should a district be penalized by efficiency standards?

Number of special needs or physically disabled students. Some districts have a minimal number of these pupils, while others have tenfold. Transportation requirements such as specially equipped buses, individualized route requirements and specially trained bus personnel create higher route costs. Since legislation does not essentially limit transportation requirements for these pupils, should a district be ultimately responsible for all related costs even if they exceed the cost of transporting regular pupils?

Bus contractors. Many small contractors have sold out to larger, nationwide companies. This creates less competition in the bidding process and potential for noncompetitive bids creating higher costs. Frequently, districts and cooperative agencies receive one or no bids for various routes. Often, the same bidder wins a contract year after year. I have been in situations where there was one bidder, but others sat in bid opening just to verify pricing. Special education routes are the most difficult with which to determine the validity of the proposed cost of the route.

SENATOR MARTIN: Could you just-- I don't understand just to sit in, just to verify the pricing. What does that mean?

MS. DUNN: Well, as you know, public contracts--

SENATOR MARTIN: You open the bids up--

MS. DUNN: Open the bids. You're in a room, and you might receive one bid, but there might be other vendors in the room who are also in the same, let's say, business or for whatever reason are there, and they actually take the numbers down of what was awarded or what was bid. That's what they do.

SENATOR MARTIN: So they seem to have some interest in--

MS. DUNN: They have some interest--

SENATOR MARTIN: --what's going on but not enough--

MS. DUNN: Correct.

SENATOR MARTIN: --to bid themselves.

MS. DUNN: Correct.

SENATOR BAER: Maybe they're looking to figure how much they can load on to their own-- (remainder of comment indiscernible)

MS. DUNN: There are many times when the needs of the child, parents, and requirements of their Individualized Educational Plan create an almost indifference to any efficiency in transportation with regard to special needs. Routes are awarded for one special needs child which greatly exceed the cost of transporting one busload of regular pupils.

I just want to thank you for the opportunity to address these broad concerns.

I'll be happy to entertain any questions you might have.

SENATOR MARTIN: Since you have all the questions, when we create Senator Littell's commission, we'll make sure you get to be a member and help to solve the problems that you've raised.

Mr. Donahue.

JOHN DONAHUE: My red light is not going on. (referring to PA microphone)

MR. CANNON: There are too many on.

MR. DONAHUE: Oh. That's it.

MR. CANNON: Speak loud.

MR. DONAHUE: Okay. Now we have it.

Good afternoon, Senator Martin and members of the Committee. My name is John Donahue, and I work with the New Jersey Association of School Business Officials. Before taking this position, I worked in the city school system for approximately 32 years, most of which was as a School Business Administrator. One of my responsibilities was the general oversight of transportation.

Before I go on, I would like to address one point that Dr. Timmons brought up in response to your question, Senator Martin, about the time factor on buses. I don't believe we would like to have the State identify for us what an appropriate length of time is for children to ride a bus. But in an attempt to become efficient, as you may or may not know, the new efficiency standards penalize school districts for not filling every seat on a bus and using it twice at least during that day. Obviously the more children on a bus, depending on geography and all, could have a significant impact on the

length of time children are present. So I think it's an issue that has to be addressed.

I'm not here to state that our system and regulation of school transportation in New Jersey is broken. To the contrary, I believe that many dedicated and hard-working school personnel are out there providing an extremely important service to their communities. The provision of transportation for children in New Jersey is very simply defined. If you are an elementary child and you live less than two miles from home, you walk to school. For high school age, it's two and one-half miles. Beyond these distances, school districts provide transportation to children, and the State financially aids the district. State law permits school districts, at their own expense, to provide transportation for lesser distances, sometimes called courtesy or permissive busing. And most do so for one fundamental reason, safety.

I have not read in the paper or within any reports that school districts have abused this right. You don't want very young children walking to school along hazardous routes. Two miles today, in this world, is a lot further than it was 40 years ago. The State should reconsider its definition of remote from school and provide appropriate State aid when districts are compelled to provide school transportation for reasons of safety.

What I have read in the paper are situations where some bus contractors have rigged bids or carved out territories among themselves. If there is something wrong with our transportation system, it is here with this kind of collusive behavior. However, we should not paint with a broad brush all bus contractors. I have worked with many companies that do a fine job and

work with districts going far beyond their responsibilities to provide appropriate and necessary service. But we all know the story of a few bad apples. For this reason, we strongly support that part of Senator Gormley's bill, S-711, that would provide State oversight and regulation for those companies providing transportation service to school districts. Maybe this kind of attention and oversight will get those bad apples to fall from the tree.

As I am sure you are aware, the State has proposed efficiency standards for school transportation. We agree that efficiency can be improved. These standards, as currently written, however, penalize districts for providing bus routes in hazardous areas. They penalize contractors or school districts for not filling every seat on larger capacity vehicles, and they don't take into consideration the unique problems associated with State-required special education transportation. We think these standards, and transportation in general, require further and specific study. And this is why we support Senator Littell's bill, S-715, which would establish a School Transportation Study Commission.

Thank you.

SENATOR MARTIN: Questions? (no response)

Thank you for your testimony.

MR. MEGLIS: Thank you.

DR. TIMMONS: Thank you.

MS. DUNN: Thank you.

MR. DONAHUE: Thank you.

SENATOR MARTIN: Mr. DeLuca and Mr. Leith.

Sorry, I'm going to get this right sooner or later.

I had the privilege of meeting these gentlemen up in Morris County, and I was very interested in what some of their experiences -- from New York and invited them to testify here today.

So I thank you for coming and providing the Committee with testimony about some recommendations you think would promote greater competition in the school bus industry.

One of the concerns we have, while you guys are still passing material out, is that if we go through the Gormley bill and prequalification, we want to make sure there is enough bidders out there.

SENATOR GORMLEY: Exactly.

SENATOR MARTIN: Why don't you just hand them down. We'll pass them out for you. (witness complies)

JOSEPH A. DeLUCA: I promise to, as suggested, limit this to 10 minutes. I have an awful lot of area to cover in the presentation.

What I have decided to do is to submit a statement of testimony and, as well, to do a presentation based upon that statement. Before you, you have a copy of the statement. You have some charts that were put together that define some of the problems and issues that I have heard discussions about today and from some of the research that we did prior to making a presentation. We also have a list of some of the solutions -- answers and solutions that have proven to be cost-effective, anticorruption, anticrime-type of control strategies.

To my right is Rod Leith. Rod Leith is a Project Director at Thacher Associates. Thacher Associates is a small firm located in New York City that specializes in corporate investigations. They do diligence

contractor/vendor screening programs and management consulting services in the area of corruption-prevention programs both to the private and public sector.

I am here today to speak in support of Senate Bill No. 711 and to offer ideas on how the goals of the legislation can be achieved once it is enacted. I am speaking to you today as an individual who spent over 20 years in law enforcement and who spent 10 of those years designing, implementing, and constantly improving upon the contractor prequalification system used by the New York City School Construction Authority. I am also speaking to you as a principal of Thacher Associates, a company created a year and one-half ago with the idea and goal of applying the lessons learned at the School Construction Authority to other government agencies and to the private sector. Most importantly, I am here as a lifelong New Jersey resident with two children who ride a bus to school each morning. Above all else, like you, want to know that they are riding on buses operated by companies and individuals with reputations for honesty and good performance. In the end, this is all about ensuring that our children arrive home safely each day.

Let me start by giving a little background on the problems we faced when we were given the task of designing a prequalification program for the School Construction Authority in 1989. The New York City School Construction Authority was an agency that was created by the state legislature of New York to rebuild the New York City School Board of Education's infrastructure. It was a 10-year program -- billion-dollar-a-year construction program at -- again started in 1989, and it's in its 10th year, next year.

At the time, corruption was rampant in the New York City construction industry. Numerous indictments had been returned charging companies and individuals with bid rigging, labor racketeering, official corruption, theft, and violence. Moreover, the industry, including companies and labor unions, were infiltrated by organized crime. Fear and intimidation were used to discourage competition, and honest businessmen were denied access to one of the most lucrative markets. Worst of all, there was a general feeling of hopelessness surrounding the industry. No one truly believed that corruption in the construction industry could be effectively monitored, let alone controlled.

Fortunately, I am here to tell you today that there is something that can be done and that you are taking an important first step with Senate Bill No. 711. Your bill rightfully provides for the prequalification of all companies seeking to bid on transportation contracts. That is the essential starting point for a system aimed at ensuring only companies with reputations for integrity and quality performance receive school transportation contracts. A prequalification program, however, must be supported by an overall program that gives the state agencies and local school board all of the tools necessary to choose and oversee with whom they do business. In addition to prequalification, an effective system must also utilize strong contract language and, when necessary, monitoring to ensure its contractor's performance. Let me briefly discuss all three.

Prequalification. Only through an effective contractor screening program can government agencies really know to whom they are giving their scarce public dollars. Unless this knowledge can be achieved, government's

sole criterion for deciding to whom to award contracts is too often based solely on who puts in the lowest bid price. Screening programs are grounded in the single tenet that it is far better to prevent unethical or incompetent contractors from getting contracts in the first place than it is to try and catch them in their failures midway through performance, or nonperformance, of an awarded contract.

A good screening program, however, must do more than simply keep out bad contractors. It must also attract, and actively seek, quality contractors to the school transportation program. Creating a level playing field can do this. So long as quality, ethical contractors are always underbid by contractors who “ low-ball” their bids and then either drive up contract price through change orders or reduce costs by using inferior products or untrained personnel, competition for public contracts will be conducted on an unlevel playing field that drives away quality companies. They simply can never win a bid. A good screening program levels that playing field and gives an equal chance of winning to all.

In essence, an effective contractor screening program takes four general factors into consideration. Number one, experience. Has the contractor had enough experience to warrant confidence that it knows what it is doing? Number two, performance. Has it delivered prior contracts with quality service or products on time and within budget? Number three, financial capability. Does it have sufficient financial resources to assure its ability to deliver the contract for goods or services over the period set within the contract? And number four, integrity. Are its principals known for operating with integrity, or are there significant ethical, improper, or unlawful

stains on the reputation of the company or any of its principals or affiliated companies.

The prequalification application itself is the heart of the process. The backbone of an effective screening program is a questionnaire that each contractor is required to complete. Design of the questionnaire must be a joint effort by those who are going to use the transportation companies and those who are responsible for screening and monitoring their performance. Qualification questions must be designed to elicit information that facilitates evaluation of whether prospective contractors and vendors on the one hand possess the requisite strengths and on the other hand are not afflicted with unacceptable performance or integrity risks. Those questions must be carefully crafted so as to minimize loopholes. They must also, to the maximum extent possible, be subject to verification through existing electronic database sources. Equally important, the questionnaires must be user friendly. They cannot be so burdensome to complete that they discourage good companies from applying.

Establishing policies and procedures for the qualification program. Standards and criteria must be established to make it absolutely clear to all inside and outside the system what a company need demonstrate before being found qualified to obtain a transportation contract.

Design a database system for tracking and maintaining qualification information. An information-tracking system should be created for managing the qualification program. Ultimately, the database created will serve as a central repository for information about all school transportation contractors. It will serve as an essential resource for all personnel who are

considering doing business with a particular contractor or who require additional information about companies with which they are already involved.

Train personnel in administrating and processing of the qualification program. Perhaps the most crucial element of a successful screening program is the personnel responsible for evaluating the questionnaires. These individuals must be trained in the use of appropriate commercial and public databases in order to verify information they are given. Equally important, they must be trained to recognize subtle clues within the completed questionnaires so they can identify instances where prospective bidders have provided inaccurate, misleading, incomplete, or outright false information. It must be remembered that without systematic review of prequalification questionnaires, the screening process has little value. It is only through testing and verifying the information in those questionnaires that bad contractors can be kept out of the system.

School transportation contracts. While an effective program is essential to any effort aimed at keeping bad companies out of public programs, it should not be considered as the sole solution and used in isolation. Strong contract language can provide effective tools for demanding a high level of performance and ethical conduct from school transportation companies. Part of our effort for the SCA was to design contract language that, among other things, required contractors to adopt and follow fair and ethical business practices. School transportation contracts should contain the same kind of language, including provisions that address the following areas.

Right to audit clauses. Each contract should contain a clause requiring contractors to maintain certain key books and records, for example,

required licenses, certificates of inspection, maintenance records, and daily activity logs. The contract should also give the appropriate authorities the right to inspect and audit those books and records at the time of their choosing.

Prevailing wage enforcement. We have found that companies who cheat their workers are also willing to cheat the contracting agency. Language making compliance with state and local prevailing wage laws a material condition of the contract is a powerful vehicle for ensuring that companies have an adequately trained workforce. Breach of that condition should be made an explicit basis for revoking a contract and withholding all payment that might otherwise be due.

Fair and ethical business practices. Contract documents should succinctly set forth a code of conduct that is to be followed during the term of the agreement. Among other things, contracts should require that companies and their principals not be the subject of a criminal investigation, indictment, disqualification, or debarment proceeding by another government agency.

Retaining and paying for a monitor. For additional insurance, contract documents should require companies to retain and pay for a monitor who reports directly to the appropriate authority in the event that violations of material contractual terms are discovered.

Monitoring. Inevitably, despite the best screening, contractors will have performance problems, and companies, either through their principals or key employees, will be found to have engaged in improper or even criminal conduct. It must be understood that, at best, an effective screening program minimizes but does not eliminate those risks. When those circumstances

occur, a well-drafted contract will enable the Department of Education and local school boards to terminate the agreement for cause and to find a replacement company. However, for a variety of reasons, it may not be practical or even desirable to take that course of action.

In those situations, when there are reasons to distrust a company as well as those to continue with its contractual relationship, monitoring provides an effective tool for ensuring that the company complies with its contract obligations and the law. Through auditing and general oversight activities, a monitor will ensure that the company adopts and follows a code of business ethics and appropriate compliance programs. In short, although paid for by the transportation company, not by the taxpayers, the monitor reports to and acts as the eyes and ears of the authority. In this capacity, monitoring can accomplish at least two important goals. Company officials and employees who know they are being closely scrutinized will be less likely to engage in improper or criminal conduct. And the authority doing business with that company has assurance that an independent group is protecting its interest.

In closing, I would like to once again say that Senate Bill No. 711 is a strong and positive step towards providing safe and economical transportation for New Jersey schoolchildren. With proper implementation and support, the tools it provides will help ensure that only companies with reputations for good performance and integrity are permitted to work for our school districts.

As you know, my company, Thacher Associates, has unique expertise in developing, implementing, and maintaining the kind of screening

program envisioned by your legislation. During the nearly 10 years we were at the SCA, we designed and implemented a program that performed over 9000 company reviews. In total, we prequalified 2988 companies and found reason to disqualify or otherwise debar 262 others -- all of which, when challenged in court, were upheld. We learned many lessons during those years. Among them being how to efficiently and economically implement a prequalification system that does not hinder the contracting process. As Senate Bill No. 711 progresses and ultimately becomes law, Thacher Associates is available to assist the Department of Education and Attorney General's Office with designing and implementing their own program. I am sure we can help them create one that is both effective, efficient, and economical.

Thank you very much. If you have any questions--

SENATOR MARTIN: Mr. DeLuca, I do have one. First of all, I think your testimony was excellent. It was very helpful to us.

MR. DeLUCA: Thank you.

SENATOR MARTIN: One of your blocks in your "Answers and Solutions" talks about outreach and recruitment. Could you just explain how you might see a method by which we could seek out additional bidders to this process because in some ways, by making it more rigorous, it almost suggests there's going to be less players in the system. On the other hand, having, and I'm sure you'll probably allude to this-- But if there are some players, even if they're not existing yet, but there are some national players and others who haven't gone into the business in some areas of New Jersey because they just feel that their chances are so--

MR. DeLUCA: Sure.

SENATOR MARTIN: --unlikely to succeed-- So maybe you could just talk about how you would envision -- and how, perhaps in New York, experience got additional bidders to the process.

MR. DeLUCA: I think it might be best to use an example. The situation actually occurred with the New York City Board of Education, ultimately our client here, in the asbestos industry back in the early '90s. There was a crisis of sizes. I guess it's unequal to any here in the United States with regard to the asbestos problem in New York City with regard to abatement in particular. There were some real concerns being raised about the level of asbestos in schools. During that time period, the Board of Education had about a handful, maybe five or six, companies actually doing asbestos abatement removal work. We needed at least a dozen -- maybe two or three dozen companies to make themselves available for a summer asbestos abatement program. We put together an outreach program, reaching out to national firms, international firms, locally based firms, and regionally based firms. That program was administered by people in the Inspector General's Office with people in the Division of Contract Administration within the School Construction Authority. Amazingly, within three days, and this is again for an outreach program making telephone calls, we had as many as 100 contractors available to work with the School Construction Authority. It can be done rather easily, very simply, just by inviting people and giving them the sense that it's not business as usual. It is a level playing field. We're making efforts to make sure that it is a level playing field and remains a level playing field.

When they feel they have an equal opportunity to bid on contracts, you'd be surprised how many companies will come in and knock on your door and ask to bid your work.

SENATOR MARTIN: Is it your sense that that process would be done at the local school district level or at the State level? We're talking about a state with 611 school districts -- 610, 611. How do you see that?

MR. DeLUCA: Not being fully familiar with again the facts with regard to the size of the market, the size of the industry, and who the players are, and how many people are actually working, or supplying services in that industry, my sense is that -- my experience tells me that has to be centralized. And a pool of contractors would be available through the prequalification program, if it were to be administered centrally, by a central agency so that others, if they need a busing contractor, can call in and have access to companies that may have interest in bidding their particular geographic area.

SENATOR MARTIN: Questions for Mr. DeLuca? (no response)
Thank you for your testimony.

MR. DeLUCA: Thank you.

SENATOR BAER: Yes. I have one afterthought -- one question.
What other areas, other than where you mentioned, has this system been put into effect?

MR. DeLUCA: Prequalification has actually been around for a long time. I've seen it now being used by New York City and the Foulton Fish Market, example, where you had a series of investigations and prosecutions and reform efforts by the Giuliani administration to license and prequalify vendors, contractors, and actually workers in particular. They're using it in

Hunts Point, New York City. They're using it in the carding industry in New York City. Somebody had mentioned earlier in testimony that what they saw in the carding -- the transportation industry had many of the characteristics of the carding industry, that licensing and prequalification process has worked very effectively in the New York City carding industry as well.

We've shared this experience with Chicago. Chicago public schools are, and have been, using a prequalification program for quite some time. Washington--

SENATOR BAER: For their public transportation?

MR. DeLUCA: I'm sorry.

SENATOR BAER: For school transportation.

MR. DeLUCA: Oh no. I have never, at least in my experience anyway, used this with school transportation or vehicle transportation systems. However, I do think that (indiscernible), in light of the fact that many of the same characteristics that exist in the pupil transportation industry are very similar to what we saw in carding, Fulton Fish Market, and the construction industry.

SENATOR BAER: Any other places beyond Chicago and New York?

RODNEY B. LEITH: The one agency that came to us was the Los Angeles Metropolitan Transit Authority, and they duplicated much of the procedures that we put in place in New York City. They are now using, very much, the same system out in Los Angeles.

SENATOR BAER: For which type of services?

MR. LEITH: Theirs is for a multibillion dollar rent reconstruction of the transportation -- the mass transit system in Los Angeles. That involves all kinds of vendors--

SENATOR BAER: All contracts?

Thank you.

MR. LEITH: --and suppliers.

SENATOR MARTIN: Thank you very much, gentlemen.

Mr. Morley, from the State Commission of Investigation.

I have a note here that-- Is it Ilse Whisner? Is she here? There is a-- Please call your office. And if you need to, we'll try and get you up real quick if you come back.

J A M E S J. M O R L E Y: Mr. Chairman, with me today is Charlotte Gaal, that is G-A-A-L, who is counsel to the Commission and who supervised the investigation of the school bus industry.

I would like to echo everything that Director Zoubek said about the need to address the concerns that exist with respect to collusion and other criminal activity that goes on in the industry.

SENATOR MARTIN: Folks. Ron? Ron. (speaking to audience)

MR. MORLEY: During our investigation, it was clear to us that there is a very predominant attitude out there that something is wrong in the industry, that there is not sufficient competition. We ran down a lot of leads suggesting cases of actual collusion. Those leads did not come up with any fruit. But obviously, when you have collusion that is conducted in a way that everyone gets a piece of the action, you're unlikely to find disgruntled players out there. And if it is working to everyone's advantage, those things are

difficult to break. The one case that was -- that Criminal Justice brought recently, that Mr. Zoubek talked to you about, was broken simply because someone was dissatisfied with what was being offered or felt that it was wrong to participate in this. But in most cases, those kinds of conspiracies, that kind of collusive conduct can go on because there are no victims in the industry. Everyone's getting a little piece of the action.

Now, whether it is, in fact, true that there is pervasive collusion, there is clearly an attitude out there that something is wrong. People who work in school busing think something is wrong. And one of our conclusions, and I know you have our report, and Senator Gormley referred to our report in the sponsor's statement-- What we see wrong out there is that the system that exists now for bidding is unfriendly to competition for a lot of reasons. And those are the things that we think have to be addressed in addition to the things that you're doing -- that you're proposing to do in this bill. We think that prequalification is essential. We think that a system of debarment is essential. However, we agree with Director Zoubek that both of those should be flexible enough that they aren't self-defeating. The purpose here is to make the system as friendly as possible to competition. If you go too far, you're holding on too tight and you're actually -- and you become self-defeating.

But we think that there are also other things that need to be done, and that we mentioned in our report, to open up the process. What is most striking about our findings, I think, is the number of districts in the state in which they've been -- which have been dealing with a single contractor for extended periods of time. We found one district which has had a single bidder for 35 years. We found another district that has had -- has given its contract

to a single bidder for 27 years. Clearly, something is wrong and we think-- One of the things that has to be attacked is the bidding procedures. Many, many school districts issue their requests for bids in August. Now, obviously, if I've had the contract with your school district for 27 years--

SENATOR GORMLEY: In August, for Labor Day.

MR. MORLEY: --for Labor Day. I'm the only guy--

SENATOR GORMLEY: We thought it was the following year.

MR. MORLEY: I'm the only guy that's in the position to make a bid because I've got the buses. I know the routes. It's impossible for anybody else to go out and buy buses.

SENATOR GORMLEY: How frequent is that?

CHARLOTTE GAAL, ESQ.: It's fairly common, especially with the special education routes.

MR. MORLEY: Obviously, there are factors that will make it difficult for a district to pin down its transportation needs every year in a timely manner. But in most cases, things aren't going to change that much from year to year.

SENATOR GORMLEY: What do you think is a reasonable time frame?

MR. MORLEY: Certainly these should come out no later than the end of the preceding school year.

SENATOR GORMLEY: In June.

MR. MORLEY: In June. And certainly, they should be able to come out some time before that. There are population shifts, there is

development. Things like that you have to deal with. But to come out with proposals in August--

SENATOR MARTIN: We were talking about some of those new problems this morning, such as charter schools, expanded voucher systems, or maybe some new stuff on the agenda that makes it even more difficult to project, in any meaningful way, what the population for transportation purposes may be from year to year.

MR. MORLEY: Well--

SENATOR MARTIN: We're not going to make it easier.

MR. MORLEY: Well, obviously those things complicate the process of making computations. But it's unthinkable that any number of districts -- any significant number of districts could, legitimately, need until August to project what their transportation needs are going to be so they can put out bids.

What may simply be working there is that the people who are putting the bids together, these transportation coordinators, while the kids are in school the kids they're doing other things. They're making sure that the buses are running. They're making sure that they're getting the after-school buses. And their downtime starts in June, and that is when they sit down and start to think about next year. Maybe you ought to be thinking about doing something to mandate that that system has to change.

One thing in your bill, Senator Gormley, that we think needs to be addressed in order to maximize the competition-- In Section 8, which mandates that the county superintendents conduct studies of the transportation situation in each county-- As we pointed out in our report, we

think that the counties are an artificial basis upon which to restrict cooperative arrangements. The mandate to the superintendents here is to study how all districts or some districts in the county can get together and cooperate in a way to create economies of scale to keep prices down. There are many places where it is very logical to cross county boundaries. In fact, we have school districts in this state that cross county boundaries.

SENATOR GORMLEY: Well, I think we can understand it's more than just -- we've made it more than just counties because, as you well know, we call them -- we call that person the county superintendent. It's really the State representative in that particular county.

MR. MORLEY: Right.

SENATOR GORMLEY: But I think you make a very valid point, so whatever we can set up beyond the county, in terms of interaction--

MR. MORLEY: Right.

SENATOR GORMLEY: --between the superintendents or the districts, there has to be additional language so that you cross county lines, fine.

MR. MORLEY: There's one other point that I think you may want to address in this bill; although, the other bill you're considering will -- would create a body to bring in all of these other issues, but we think it's an important one that you may want to address immediately. There is a frequent practice in districts where there is all-or-nothing bidding. The specs are issued in a way that a single company must take all the routes. You can't bid on individual routes. Obviously that favors the larger companies which are

becoming more and more of a factor in the industry. There are legitimate sensible ways, in many districts, to break down the bids.

SENATOR GORMLEY: Well, that's the way it's done. Those are options that they have available in construction jobs. So what you're talking about is they can either bid on the overall project or one or more of the other individual routes.

MR. MORLEY: Or you may-- Routes-- In particular routes or high school versus elementary versus middle school, any number of things. But in closing--

SENATOR GORMLEY: How about the issue of multiyear contracts?

MR. MORLEY: We said in our report that that is an important factor, too. Because this (indiscernible) with the issue of the timing of putting out the specs. There's a tremendous capital investment that has to be made to bid on a school contract. If I'm interested in the contract, I might be deterred because I say, "Well, if I go out and buy all this equipment, am I going to be here for more than one year? I am going to be sitting around with a lot of buses that aren't being used in a year, and I'm reluctant to make that -- to take that gamble." So the Commission is very much in support of what you're trying to do here. And we would be happy to come back and speak with you again if necessary, or to the task force.

SENATOR GORMLEY: Thank you.

SENATOR MARTIN: Questions of Mr. Morley?

Did you want to add anything?

CHARLOTTE GAAL: No thank you.

MR. MORLEY: She's my crutch.

SENATOR BAER: I wanted to ask -- I noted-- Of course, you said, one has to be careful in these efforts not to do things that are counter-productive. And I appreciate that. So my question goes to, not the question of where or when or how restitution or forfeiture might be applied -- recognizing that there may be many circumstances where it might be counter-productive, as has been suggested earlier -- but whether those tools are desirable to have available, at least at some times. And could you give me your thoughts on that?

MR. MORLEY: Well, Senator, that's a little bit beyond the scope of what we were doing, what we're talking about, prequalification and debarment. But obviously anything that increases the sting of the criminal law is, in the Commission's view, a good thing. If the criminal law has weak penalties, the risk of -- that one takes in violating the law is reduced and they make it worth it. If you're going to get PTI for a -- for participating in a widespread antitrust conspiracy, it's worth it. Because you may have to do a little community service. Thinking of jail time -- well, that's more of a deterrent. But if you're actually risking losing your business or having to discourage any profits that you have derived from the conduct, obviously it's a greater tool. And the Commission is always in favor of giving prosecutors and courts more tools to enforce the criminal law, obviously with discretion -- continuing the discretion in the prosecutors and ultimately in the courts to use those tools in the appropriate situations.

SENATOR BAER: So it would enhance deterrence then.

MR. MORLEY: Obviously that's what they're there for.

SENATOR BAER: Would it be appropriate for me to ask you if you could provide us, not necessarily right here and on this spot, your thoughts or the Commission's thoughts as to under what circumstances it would be appropriate for that to be used and where perhaps not so that we as legislators could consider that in the crafting of such measures?

MR. MORLEY: Sure. I'll take that back to the Commission. And I'll put that question to them, and we'll communicate back to you.

SENATOR BAER: Thank you.

SENATOR MARTIN: Thank you, Mr. Morley. Thank you

MR. MORLEY: Thank you very much.

SENATOR MARTIN: We have a number of representatives of State organizations.

Ginger Gold of NJEA and Judy Peoples of the State School Board. David Nash, Principals and Supervisors. Joe Hancock and Gene Keyek. I can't even read my notes here.

Lynne Strickland I think is also--

SENATOR GORMLEY: Senator, is--

SENATOR MARTIN: One bomb and we could take care of the whole problem. (laughter)

GINGER GOLD: Good afternoon. My name is Ginger Gold, and I am an Associate Director of Government Relations for the New Jersey Education Association. I am pleased to be here today, not only on behalf of the NJEA, but on behalf of a broad-based School Transportation Coalition which includes organizations such as the New Jersey School Bus Owners Association, the PTA, the Principals and Supervisors Association, the AFL-CIO Transport Workers

Union, the Garden State Coalition of Schools, the New Jersey Association of School Administrators, School Transportation Supervisors of New Jersey, the New Jersey Association of School Business Officials, and the New Jersey School Boards Association.

Our School Transportation Coalition strongly supports S-715, sponsored by Senator Littell. This legislation would establish a School Transportation Study Commission.

New Jersey is currently facing a host of serious school transportation issues. Perhaps that is why 37 bills dealing with pupil transportation have already been introduced during this new legislative session. Several of these school transportation bills are sponsored by members of this Committee.

Senators Martin and Gormley have introduced S-711, which we heard a lot about today.

Senator Palaia is cosponsoring S-790, which clarifies the requirement that school buses be equipped with crossing control arms.

And Senator Turner has introduced two bills: S-577, requiring training for school bus drivers, and S-578, which would require districts to provide transportation to students walking to school along county and State highways.

Each of these bills and each of the 33 others that I did not mention have merit and deserve serious consideration. Each, however, would only address one small piece of the school transportation puzzle. To simply enact two or three of these bills without considering larger policy issues would be to settle for a less than adequate solution for our students. The issues

surrounding school transportation are complex, diverse, and interrelated. A study commission is needed to ensure that we adopt a school transportation policy that is consistent, coordinated, and comprehensive.

Enacting Senator Littell's legislation would be a significant step toward developing a comprehensive pupil transportation policy. As written, this bill would give the School Transportation Study Commission the authority to investigate and make recommendations to the Governor and the Legislature concerning alternative pupil transportation systems, courtesy busing, safety busing, special education and nonpublic school busing, and on how to provide school transportation in a more equitable and cost-effective manner.

The School Transportation Coalition has requested amendments to S-715 which would also allow the School Transportation Study Commission to consider school bus contracting and bidding practices, hazardous routes, bus safety features, and nonschool usage of vehicles. Additionally, we would like to see an amendment to allow the Study Commission to review all legislation and regulations pertaining to pupil transportation. We have discussed these amendments with Senator Littell, and we are pleased that he has agreed to them.

I know when a study commission comes up, there's always a question as to whether it will expedite reform or delay reform. And we're convinced that a School Transportation Study Commission would actually expedite reform. As I mentioned previously, there are currently 37 pupil transportation bills pending consideration before the Legislature this session. Some of them have been referred to this Committee and others to the Law and

Public Safety Committee. And frankly, many will be second referenced to Appropriations.

Given the total number of bills that this Legislature must consider, it is unlikely that many of these potential school transportation solutions will have an opportunity to be reviewed, much less enacted. A study commission would have the ability to consider all of these bills and review them in context to one another and in light of proposed regulations.

On behalf of the School Transportation Coalition, I thank you for this opportunity to testify. We look forward to working with the Legislature to develop a comprehensive pupil transportation policy that will meet the needs of all of our students in a cost-effective manner.

SENATOR MARTIN: I have an idea. While you are all there, before you all testify-- If you guys just all got together and worked on this, maybe we wouldn't need a study commission.

SENATOR GORMLEY: We don't need a study commission.

SENATOR MARTIN: We could--

SENATOR GORMLEY: We don't need a study commission. Just give us all your ideas and we'll do it.

SENATOR MARTIN: Under Littell's bill--

SENATOR GORMLEY: We don't need a commission anymore.

SENATOR MARTIN: I think--

SENATOR GORMLEY: I'm convinced of it after that testimony. We don't need the study commission.

SENATOR MARTIN: One of the things with Senator Littell's commission, as you well know-- Almost every group here at the table would

be a member of it. You could help us immensely, whether that's passed or not, by doing some preliminary work. I don't-- I'm not sure-- And I will support Senator Littell's commission because I think there are some areas that they really can get at. But a lot of these are politically thorny issues that-- It's not difficult to understand the problem, it's just trying to come up with some political solution. And some of you guys are the problem, in some sense, about -- because you have issues that are raised with it. So I would suggest, regardless of that, if you could come up here together and present joint testimony, perhaps you could also meet, at some point that is convenient to you, and do some -- at least some preliminary work for that commission, whether it meets or not. And I am serious about that because we -- to the extent to which we can -- there are some--

What you're really suggesting is that this Committee has so many bills, we should create a subcommittee that deals with school transportation, which is this study commission which-- I am willing to see that, but I am not sure that-- The history of study commissions and their track records of success are not one that has been terrific, so-- But the idea of getting you guys together and proposing -- looking at these 36 bills and telling us which ones you like and which ones you don't, whether you see them as part of a big picture or independently, I think would be enormously helpful to that commission -- or to this Committee.

SENATOR GORMLEY: Maybe we could help Senator Littell and have a budget study commission.

EUGENE KEYEK, Ed.D.: Senator Martin, one of the reasons for the Commission recommendation is specifically to provide some credibility. When

you look at the groups that are represented here, the results of any work that we may do could probably be construed as self-serving. Each one of us have various constituencies, and the response would be, "Well, this is what you people want. This is what you agreed."

When you look at the composition of the Commission, it brings people in from the outside, people who have no basis except interest in their children. Perhaps political people who have an interest and understand the political process-- So what we are trying to do is to expand this group to include a larger number of people who might not be viewed as having a particularly individual ax to grind or have some other issue to deal with.

So I think that there's some merit to the concept of a commission, in that it will provide us with some additional input and perhaps offset some of the self-serving issues that you address. As a representative of the School Business Officials, we have -- we operate this. We do the work and we're involved. So perhaps our vision of what should be on there is different than, perhaps, the Bus Owners Association. In fact, I shouldn't say perhaps. Many of our visions are different than what we see with the Bus Owners Association. So if we had that third party, those neutrals in there to add to that mix of discussion, I think it would benefit the state rather than end up with just this group presenting testimony.

SENATOR MARTIN: I'm sorry. I cut into your flow here.

MR. KEYEK: It's okay.

SENATOR MARTIN: Is there-- Does each person--

MS. GOLD: We're just here for questions.

SENATOR BAER: By the way, I don't think you will find it a surprise that people that have witnesses or that might testify before any Committee might be deemed by some to have a self-interest. That is hardly an exceptional situation. But I appreciate the focus on integrity in your comments.

In your testimony, you said School Transportation Coalition has requested amendments to S-715, which would allow the School Transportation Study Commission to consider-- And then you list a whole bunch of different things. Are those-- Have you requested specific amendments or a specific outline of amendments, or is it merely a conceptionally-- You've requested, conceptionally, really nothing more than is contained in this paragraph. I guess my question is, is there any backup of any sort to this in terms of your request that it could be available to the Committee?

MS. GOLD: We have-- I believe that Senator Littell has asked OLS to begin drafting the amendments. What we ask for is just to give the Commission the authority to review those issues in addition to the ones that are already delineated in the bill.

SENATOR BAER: And--

SENATOR MARTIN: I'm sorry, Senator Baer.

I think the sentiment of Senator Gormley and I at the moment is you would have enough on your plate, as a commission, to deal with the issues that were originally provided for with Senator Littell, namely about potential regionalization. And we would prefer to keep the issue of the prequalification and disbarment issue separate. So we are not inclined to merge that into the Commission. We want to make it easy for you to reach success, so we would

keep that apart. You could propose it, but I am just saying that is the sponsors' position at this time.

Senator Baer.

SENATOR BAER: Thank you.

Relative to that is your -- which are the elements of those that you've listed, which you are seeking to have added. Which are the priority ones with you? Are-- In view of the Chair's comment, I am trying to see whether -- to what extent there may be a conflict between your recommendations and what the Chair has said. Can you give me an idea out of these different things that would need to be added, what your priorities are, or how you would list them?

MS. GOLD: I believe that the priorities would need to be determined by the Commission itself once it convened. But certainly, one measure of priority would be in examining the testimony that was presented here today.

SENATOR BAER: So you wouldn't break it down, then, between issues of hazards or issues of efficiency or issues of collusion and bidding practices?

MS. GOLD: At this time, they are not prioritized. I don't know.

SENATOR BAER: Okay.

MS. GOLD: And I hesitate to speak--

SENATOR BAER: All right. That's all.

DAVID NASH: There are, of course, strong reasons for having all of those issues listed. For example, the ability to look at the proposed regulations is very important because the Department of Education is, right now, very

seriously looking at a transportation efficiency penalty on school districts. And it would be very important for this Commission to be able to examine what the Department is doing, which could have a huge impact on districts across the State of New Jersey. And without that regulatory provision, the Commission wouldn't be able to look at the regulations.

SENATOR GORMLEY: But you could come in front of this Committee and tell us if you had a problem, couldn't you?

MR. NASH: You could, but again--

SENATOR GORMLEY: I think that's a good idea. I think this is more than a commission. I think people, if they want to run for the Senate, can run for the Senate. But I just have a sense here that something that we could work in tandem with -- partnership as the Senate and as people who have input. I just think you see more in this Commission than a body that is going to recommend something. Just by sense, I don't know why, I just have a feeling that way.

SENATOR MARTIN: I am just going by what my understanding of Senator Littell's legislation was, that we really did have difficulty in trying to develop what we thought would be some type of interdistrict, regionalized approach to transportation. Most of us recognize that that was a problem.

One of the related issues was courtesy busing. So I think that Senator Turner, for example -- her issue, which I think is important and many of us have proposed courtesy busing-type questions about safety, could be involved in trying to determine how we deliver transportation. But I think that's a separate issue, the delivery and trying to provide a faster, cheaper

method of doing that, than the actual bidding process, which I think is something else.

Sure you could throw it-- We could have a commission for you guys to study education. We can make it bigger. But I assure you-- I think that working with those independents that you want to throw in, who aren't the self-servers, will be enough of a challenge to deal with regionalization. We couldn't successfully grapple with that when we tried to discuss it with CEIFA. I think that if you could accomplish that, you would be -- you would perform a great service to the State of New Jersey. And I think that that would be at least enough of a challenge without broadening the scope. But that's our thinking.

Are there any other questions to this gathering?

MR. KEYEK: Senator Martin, may I just, very quickly, on S-711 recommend that perhaps-- Senate Bill No. 910, sponsored by Senator Kavanaugh, is a procurement bill, the new bidding process. And I think that there are parts of S-711 which may conflict with S-910, and I think that those two bills need to be reviewed. The procurement bill-- I would have brought a copy for you, but it is a 100-page bill. I think it is a very strong bill. It increases the penalties not just in transportation for collusion, but the penalties for all parts of bidding -- for every phase of bidding which impacts schools. So I think that if you look at that, there may be some places where your bill could be revised to reflect what is in S-910 or incorporate it into S-910.

SENATOR MARTIN: You just gave Darby his homework assignment. (laughter)

MR. KEYEK: I'm always glad to give Darby homework.

SENATOR MARTIN: Mary Ellen -- is it-- How do you-- I know who you are, but I have trouble pronouncing it.

MARY ELLEN PROCACCINI: It's Procaccini (indicates pronunciation), Senator.

SENATOR MARTIN: We have four more witnesses, I believe, after Mary, and we'll try to move this thing as expeditiously as possible. I know that Senator Palaia had to leave to throw out the first ball for the local Little League team, but the rest of us--

SENATOR GORMLEY: I want to go over and listen to the insurance debate in the Assembly.

MS. PROCACCINI: Good afternoon, Senator Martin and members of the Education Committee. Thank you for the opportunity to be here today to testify. I am representing the New Jersey Alliance of Catholic Schools Families and Supporters and the New Jersey Catholic Conference who support the basic goal of S-715 to establish a School Transportation Study Commission in order to consider the various problems associated with school transportation in New Jersey.

However, we wish to recommend -- and I'm laughing because of an earlier statement by Senator Martin -- that the current composition of that committee be modified slightly in order to achieve maximum parent representation. We believe that Section 1 of the proposed legislation should be revised to include representation from the following parent constituencies: parents of children who receive regular public school busing, parents whose children receive courtesy busing, and parents whose children receive regular nonpublic school busing. Currently, the language is not mutually exclusive

because courtesy busing is provided at the discretion of the district to public and/or nonpublic school pupils in some cases. The problems associated with courtesy busing are also different from those associated with so-called distance busing.

SENATOR MARTIN: Can I just stop you for one second?

MS. PROCACCINI: Sure.

SENATOR MARTIN: Have you brought this to Senator Littell's attention?

MS. PROCACCINI: Yes we have.

SENATOR MARTIN: He has not agreed to this?

MS. PROCACCINI: No. He seems to be very much in agreement with this.

SENATOR MARTIN: He seems to be allowing a lot of mix into the--

MS. PROCACCINI: Yes, I know. Dr. George Korwell from the Catholic Conference spoke at length to both the Senator and to his office about this. He seems to be willing to certainly make the amendment. So I don't foresee a problem, but we just wanted to present it today.

And that's it, basically. Therefore, we recommend that each of these groups be presented on the final roster of the School Transportation Study Commission.

SENATOR MARTIN: Let me just ask you--

MS. PROCACCINI: Yes.

SENATOR MARTIN: --a sort of hypothetical, and I think it could be difficult for some private schools. You do operate on a separate calendar,

and in some cases, many of your schools take certain religious holidays, and so forth, which are not generally provided for with public schools. In attempting to harmonize a system in which we would utilize, hypothetically, buses to deliver students in multiple runs of both public schools as well as private schools or perhaps on the way, there might be some stops-- Should we dive at all into attempting to consider to try to regulate the calendar of private schools? Is that taboo as far as you're concerned?

MS. PROCACCINI: Well, I can't speak on behalf of all of the nonpublic schools. I can, however, speak on behalf of all the Catholic schools here in our state, and we are more than willing to coordinate our calendars. And I know we have said that to Senator Littell.

I know the Jewish community has a problem, certainly, with doing that, but our Catholic schools will be more than willing to do whatever is needed to coordinate the calendar.

SENATOR MARTIN: Do you know if the Jewish community would be willing to -- well, you have different segments of the Jewish community, but has there been any talk, at least, among the Jewish schools -- the Hebrew schools to try to -- and Usheba schools to try to have the same calendar just with those schools?

MS. PROCACCINI: Again I can't speak on behalf of them. I do know that there is some problem on their part. However, they're a large grouping. The majority of children that attend nonpublic schools attend our Catholic schools. One hundred and fifty-three thousand of the two hundred and five thousand children attend Catholic schools, and we would be more than willing, as I said, and I speak for the Bishops of New Jersey here, to

coordinate our calendars. So you have a large segment of the nonpublic school constituency that would be willing to do that.

SENATOR MARTIN: Any other questions? (no response)

Thank you very much.

MS. PROCACCINI: Thank you.

SENATOR MARTIN: Tim Boyle, Somerset County Educational Services -- excuse me. Tom Boyle. Is he here? (affirmative response)

Tom will be followed by Ms. Whisner. In fact, maybe--

You're both from the Education Services Commission, maybe you could come up. I am assuming that you may be speaking about some of the same types of issues.

Mr. Boyle.

T H O M A S F. B O Y L E: Good afternoon. Thank you for the opportunity to speak before the Senate Committee.

I am speaking to you from the trenches, from the Somerset County Educational Services Commission. I am the Acting Superintendent. My name is Tom Boyle. We do the coordinated, countywide transportation for special needs for nonpublic in Somerset County, and we realize many of the problems. We put the routes together. We put the jointures together. We save the districts money on transportation. We encouraged a bill last year that helped coordinate the county transportation, and it is working wonderfully. We have 1600 special ed students -- nonpublic students going to 150 different locations in the county. If the LEAs had to do that on an individual basis, it would be prohibited as far as the expenses go.

Senate Bill No. 711, we totally endorse and encourage the passing of that bill. It's about time that bid rigging, collusion, etc., is going to be costly to the bus contractors.

SENATOR MARTIN: How many vendors -- separate vendors do you have in Somerset County that you use in your Educational Services?

MR. BOYLE: About five to six. We usually get one, two, to three different bus contractors bidding on the routes, and we get that on a very consistent basis. Yes, we do not wait until August to go out to bid. We go out to bid May, June, or July for our routes. We get a very good cross section of bids.

The point that we have some concerns about is that one or two major bus companies seem to be taking over the state. Large, national bus companies are coming in. They may have an office in South Jersey, Ocean and Monmouth County, for example, but they also have branches in North Jersey. If you disbar that bus company, would you disbar all sectors of it, all locations of that bus company? Because if that would be the case, if they were convicted of bid rigging in South Jersey, yet, we have a substantial bus run in North Jersey, of which there has been no indications of bid rigging, etc., and the competition has been there, would that nullify those routes? That is a point to bring out.

Our concerns are also with the County Superintendent providing a cost study. We highly endorse that. We would be more than willing to make our data available to the County Superintendent to present that material to you.

On bill 715, Littell's bill-- Wonderful. We have a number of suggestions that might improve the bill. Working in the county as an acting superintendent, I know that many plans to coordinate transportation, to share routes between districts, to tier routes to save a lot of money are hampered by contractual employee agreements with the union. Starting and ending times-- Moving them a measly five or ten minutes would set up a political (indiscernible) that the districts cannot overcome. How do you resolve that? Do you propose a separate bill that will allow contractual starting and ending times to be the authority of the county superintendent? We think you need a State-designated person, responsible for the authority, to review the material and to make a ruling on starting and ending times. We have districts that we cannot--

SENATOR MARTIN: Excuse me. The personnel you're talking about here-- Is this across the board and not just the transporters? Are you talking about the school, the teachers, and when the school--

MR. BOYLE: We're talking about teachers starting and ending time. We don't want the day to be any longer or any shorter, but many contractual agreements have starting times of 8:15 that teachers have to report. If the bus route changes where the kids are dropped off at 8:05, there are no contractual employees there to supervise those students, meaning that you would have to hire additional staff to report to supervise the students for 10 minutes or 5 minutes. That would be a big detriment to county-coordinated transportation from what we've seen, seriously.

The empowerment of the county superintendent to look at calendars and starting and ending times and be the final say would be one of

our recommendations -- some State-designated person to take the politics out of the local and put it into a central core. The county superintendent does know the districts better than most.

SENATOR MARTIN: Wouldn't it make more sense to try and have local-negotiated contracts that gave some flextime so that-- You said that if you started at 8:30 or 8:15, but if we reschedule the transportation system so that the starting time is at 8:00 or within a half an hour earlier, we could negotiate that time. I am trying to keep the local decision making at the local level, instead of having some county or even State official who could walk in and, unilaterally, just create a time that was different than what had been contracted.

MR. BOYLE: Senator, that would be the ideal way of doing it. We would recommend that way, where they work out a time schedule that is mutually agreeable with flextime, but we haven't had very good results in that particular field.

Another matter that we would like to bring up is the timing of the nonpublic. Nonpublic parents have to submit a B6T (phonetic spelling) form. Many of them will submit that form too late for countywide-coordinated transportation, meaning that they have to be reimbursed with the monetary reimbursement of \$675. There should be a time limit with a penalty of some sort involved in that.

One further incidence that we would like to bring up is that the title -- administrative Title Code 6, the ability to reject bids based on poor performance of bus contractors, needs to be looked at a little bit. You can have a bus contractor that doesn't show up to pick the kids up-- There have been

incidences where there has been two or three weeks before they get around to hiring a bus driver. There aren't enough buses, and yet that's not really considered in the renewal of the bid for the next following year.

Thank you for allowing me to testify.

SENATOR MARTIN: Thank you.

Ms. Whisner.

ILSE WHISNER: Good morning, or good afternoon I should say. My name is Ilse Whisner, and I am with the Monmouth-Ocean Educational Services. Obviously, after our occurrences this year--

SENATOR MARTIN: He just put you in South Jersey, you know.

MS. WHISNER: Well, we always thought we were Central, but I guess it depends on who you talk to.

I do want to state that as far as Senate Bill No. 711, we wholly endorse any efforts that would deter contractors from meeting and determining who is going to bid on what and how much and thereby circumventing the open and competitive process.

As far as bill 715, again we wholly endorse the creation of a commission that would study school transportation system in New Jersey. The enactment of Senate Bill No. 780 allowed for the creation of coordinating transportation service agencies, and we feel that that definitely moved in the direction of creating potential savings, in terms of cost to the residents of New Jersey. However, those savings, although they are being realized-- I think there is a lot more that can be done if we have a commission that would look into exactly what is being done with S-780 and some of the results that have come about over the past year.

Acting as a coordinated service transportation agency for the past year in both Monmouth and Ocean counties, there were several things that we felt hindered the process and did not result in as wide a savings as we could have realized. One of the issues, and perhaps the commission could look into this, would be regionalization to a greater extent. Right now, there seems to be -- I am not sure if it's confusion or just a lack of enough information as to determine should a district run their own route, or should they give it to a coordinating agency? Those particular students, and how can that determination be made, exactly--

SENATOR MARTIN: Right now it is solely at the discretion of the local school district.

MS. WHISNER: Right. To determine whether or not it's the lowest cost factor. But there's-- It leaves it open to--

SENATOR MARTIN: But even if it weren't the lowest cost factor -- if they decided they wanted to transport themselves, as opposed to using county service district--

MS. WHISNER: Yes they may.

SENATOR MARTIN: --that's within their discretion.

MS. WHISNER: They may. But what happens with this home rule is that it circumvents the attempts that are being made. Because where we are coordinating other districts, when in route to a particular destination, we are driving right through another district who is not participating. And we are going right by their students who are going to the same destination.

SENATOR MARTIN: Why is it that a district wouldn't take the advantages?

MS. WHISNER: We don't know.

SENATOR MARTIN: Is it laziness? Or is it noninforma-- Is it a problem of communication?

MS. WHISNER: It is not communication. I think it is more just that certain districts are very territorial. They want to do their own thing. And there is no reason they can't at this point. So the savings that could be accomplished are not being realized because we are driving right by their students. And we could pick them up and everybody could pay a much smaller share, and it is an adequate savings that the districts would receive. But right now, we're not doing that. And I guess our concern is that under S-780, there's really nothing to enforce that kind of thing. So where the savings are being realized, there is so much more in terms of savings that we could see that we are not seeing right now. And this is the kind of thing that perhaps a commission could look into and then come up with some direction as to what should happen.

SENATOR MARTIN: What is the percentage of districts who are ignoring the obvious cost savings of coordination?

MS. WHISNER: I would say our experience is probably 30 percent to 35 percent.

SENATOR MARTIN: Is that true in Somerset?

MR. BOYLE: In Somerset County, I believe it is maybe 10 percent or 15 percent. And most of it has to do with local control. And until the State tells them that they have to do it through a coordinated county transportation system, they are going to wait and see. And the first year of implementation, where it was out, they did not have to put their routes out to

a coordinated transportation. It was their choice. They're going to hold on and wait and see. But it does affect other districts who participate, that cost would even be lower.

SENATOR MARTIN: Any questions of these two folks?

(no response)

Thank you. That was very valuable.

MR. BOYLE: Thank you.

SENATOR MARTIN: Mr. Mower, Superintendent of Schools in -- is it Greenwich or Greenwich Township? (indicates pronunciation)

RICHARD MOWER: I haven't learned that yet. It's on the National Historic Register, but I am not sure whether it is Greenwich or Greenwich (indicates pronunciation). A gentleman named Steve Hancock is there, related to the Hancocks, and he calls it Greenwich (indicates pronunciation) and his wife says Greenwich (indicates pronunciation).

Thank you very much, gentlemen and ladies, for allowing me to come and testify today before you. I am Superintendent now of two districts. Another district's superintendent left and recently they decided to contract the administrative services, and some of the testimony we hear today why people don't get into consolidation and solve the cost-saving measures is mind boggling, except that I would suggest that we need to also take a look at -- big is not always the best way to go. We at one time were going to use the State contract price for such things as school classroom furniture and found that the same exact information -- the same exact furniture we could buy locally at about 30 percent cheaper than the State contract price that was for all over the

state. So oftentimes we can locally, in small southern areas of our state, buy things a lot less expensively than if we -- consolidating it bigger.

I certainly, especially with the testimony from the Attorney General's Office, support Senator Gormley's bill with those considerations of some alternatives which, I think if implemented in this legislation, would certainly help us, with some small vendors, in enabling to get things correct. The controls and everything else are extremely necessary. I think the superintendents that I have talked to support this bill whole heartily.

Also, with Senator Littell's bill, we're in favor of a Study Commission to deal with, certainly, the issues of courtesy busing, hazardous route busing, and many of the things you have heard today.

I would like to suggest to you that-- I have a couple of things that may bring some levity with personal experiences in the two districts where I am Superintendent. First, I can say in Greenwich, we are in a county consortium for special education and have been for a number of years in Cumberland County. We are also in a seven-district consortium for regular transportation, yet my district is inefficient. It's inefficient in the State initiative because I suggest that their concept is flawed, and I know they are taking a look at some of these anomalies that are there. But you see, our bus comes to three districts. It delivers one to a district in Hopewell, that's also inefficient; it then comes to my district; and then it goes to a third district. But because we are three separate districts in the State's plan, we are inefficient. Yet the consortium district, which is Upper Deerfield -- another district-- The host district is the most efficient district in the State of New Jersey.

So that needs to take a look at the one-size-fits-all model, and the assumption that the State makes that this is good for everything sometimes needs to be studied and to be taken a look at by you or some other legislative oversight committee or the Department itself.

SENATOR MARTIN: I think I will just stop you there for a second. Senator Gormley raised the issue before. I think we really, if the Department is insistent on going forward and really making some determinations as far as transportation aid based upon efficiency, we have to do better than this process. It's clearly-- It's talking about inefficiency, and yet it is probably the most inefficient formula that I have ever seen. It's just, as you just pointed out, so obviously flawed that it almost is an insult to use it. I hate to say it, but I mean it makes-- I know you've had problems with the Department before, but it is really difficult to live with the fact that you are being labeled inefficient on a criteria you just outlined. It's mind boggling.

MR. MOWER: I also walked into my other district as of January 1, and this district is also inefficient, barely 2 percent underneath. And it could be in the reporting, but I checked the reports. It doesn't seem that way. But we bus no children. None. Everyone walks and yet we're inefficient. I don't understand. So again you need to take a look at this a little more carefully if that is going to be--

SENATOR MARTIN: Well, that's why the other district had 64 (*sic*) percent. They were beating some easy competition apparently.

MR. MOWER: Again I thank you. Certainly, when you are dealing with the rural districts that we are from in the southern -- and this is the southern part of the state. I live in the southeast part of the state and work

in the southwest part of the state where it is very rural. We have things such as rabid raccoons, foxes, and wildlife. There are no sidewalks, no streetlights.

SENATOR MARTIN: Would you like some black bear? We could arrange that. (laughter)

MR. MOWER: They tried that.

But I thank you for the opportunity to testify.

SENATOR MARTIN: Thank you.

John Avecon (phonetic spelling)? From the AF-- Avecon (indicates pronunciation), sorry. I'm going to get this right. Is he still here? From the AFT.

Is any representative here from the AFT? (no response)

Anyone else wish to testify? (affirmative response)

Is that Lynne Strickland?

LYNNE STRICKLAND: Good afternoon. I am Lynne Strickland, from Garden State Coalition. And I know everybody is ready to wrap it up and move on at this point. So we'll try to make it quick and to the point.

We're hitting at two things. One is a testimony with my colleague, Jerry Bohnert, who is a Business Administrator from the Paramus School District. He is going to give you some specific points today on the issues dealing with the Safety Busing Efficiency Program. In terms of Garden State, we have many members who are concerned about the safety busing issue. And I just want to point out a few things to you.

We think that imposing penalties for safety/courtesy busing is a bad idea. It is a bad idea that sends the wrong message. Your kids don't count and your vote doesn't count either. Part of the State Department of

Education's plans to impose this new penalty system, by cutting State aid, is based on its school busing efficiency ratings. Nine out of ten children that local communities have voted to support will not be counted on. They are counted as real kids, capacity countwise, under the Education Department's plan.

By the way, this issue surfaced as a priority for our organization on March 4 at a Southern Regional meeting we had in Morristown. And then we had a follow-up meeting in the North, in Paramus, the next week, and the same issue rose to the surface loud and clear.

Legislators underscore the value of safety busing by exempting the costs of safety busing from cap calculations in the new school funding law. Approximately 160 districts throughout the state are potentially threatened by the new efficiency criteria. In Bergen County alone, 38 districts could be penalized by the State. Many of these districts choose to support their children through safety busing. In Paramus, two out of three students are safety bus students, or about 1600 out of 2400 students that attend the schools there. While the State does offer 10 percent leeway for safety students, that means that in Paramus, 1440 children would not be counted for capacity purposes. In the State's eyes, those 1440 students would be invisible.

Garden State is for working with the State to seek efficiencies but against any policy that could endanger children. Plus, by imposing penalties on a system voted on locally and thus supported solely by local tax dollars, the State is saying that local decisions don't count.

Finally, the State has implied that this Program could help suppress property taxes. On the contrary, we think it could cause taxes to go

up. Local districts most likely would continue to support their children. In addition, they would then have to make up for the penalty imposed by the State that reduced the age for their eligible students that are mandated to receive busing. Clearly, if they had to cover the safety and the aid that is taken away, that is going to mean more in property taxes. So we think there are a number of issues there that need to be looked at, and we hope that this Program gets pulled back.

Jerry, do you want to go with it? Paramus is a very vivid example.

SENATOR MARTIN: I don't doubt for a minute that Forrest and Farview Avenue (phonetic spellings) and Midland and some of those other roads are not safe to walk, even if you only live a quarter of a mile from the high school. Having lived briefly up in that area, the traffic in Westwood, going through Paramus, is an incredible experience. And you don't have to go down Route 4 to appreciate the fact that those county roads are so heavily traveled. No one, I don't think, would want to see their kids walking to and from those schools, no matter what the distance is.

J E R O M E F. B O H N E R T: Thank you for letting me have the opportunity to come here today. I have been a Business Administrator for 28 years, 13 of those in Paramus.

Our district first became aware of the proposed penalty initiative back in December. We wrote a letter to our Senator, Senator Kosco, back in December.

SENATOR MARTIN: Former Mayor Kosco.

MR. BOHNERT: Senator Kosco. And our Board was concerned, puzzled really because last year, as you said before, courtesy busing was exempt

from the cap. The Legislature did that. They also went as far as to say that if the budget is defeated, the Commission of Education could not remove courtesy busing from that district's budget. Yet, here we are one year later -- not even a year later, and it's back on the table. Our Board of Education then passed a resolution, after I wrote that letter to Senator Kosco.

Our Board was concerned about where did the 10 percent courtesy busing factor come from. We have 66 percent hazardous busing. We like to use the word hazardous busing. And it's paid for by the local taxpayers. It has nothing to do with the State, so why should the State come in and penalize us?

Our Mayor and Council are behind us. The police are behind us. Everyone in town is behind us. At that meeting in town, which was not advertised, 50 people -- 50 residents showed up concerned. We do have criss-crossing State highways, Route 4, Route 17, and the Garden State Parkway. They are very dangerous. We have written letters to the Commissioner. We have asked the Commissioner to come up. I would like to walk with him across Route 17 at Bridgewood intersection -- Bridgewood Avenue intersection. Although, I would ask him to probably name the next of kin before he went across. (laughter)

A little kindergarten kid can't cross that street. When you get to the other side of Route 17, there are no sidewalks on either side. There are sidewalks immediately on the overpass, then you get to a grass island. You have to count 1, 2, 3, run. And then you have to get to the next grass island. No one can do this. This is what is there.

New Jersey ranks fourth in the nation in fatalities from pedestrian accidents. Six out of ten of those are -- excuse me. The majority of the those

are from students who are of age six to ten. We are asking help. We're asking for this initiative to be put aside. There is something wrong with this initiative. We don't know why the State is going in this direction. We don't understand it.

In our district we have a 17 percent efficiency model. We three-tier our transportation. We have been doing this for years. About eight years ago, we went out to bid, and we bid our transportation on a three-year bid to try to attract additional contractors to break the hold that was on the district by one contractor. By doing so, the contractor could go out, buy buses, make it worth his while. The State told us we couldn't do it. We did it anyway. We saved a substantial amount of money, and two years later the State came up with that as a model and said it's a good idea and everyone should do it.

We also bus probably-- We started busing with our own buses probably about one-third of our students. We have 12 buses right now that we run ourselves. That may not work for everyone, but it is a good mix for Paramus. It keeps everybody honest, and we get good bids because they know, if the bids are too high, we'll put another bus on. So we have a good understanding and a good relationship with several of the contractors that bid our school districts now.

Our transportation costs went from \$2.6 million about seven years ago down to \$2 million by those two initiatives. Our transportation costs have not raised for five years. They are rising now because our enrollment has gone from 3000 up to 4000. We are one of those districts that was one time 7000, dove down to 3000, and we're now back up on the rise.

We can help you. I think if you ask the business administrators, if you ask the people in the state for their input, we can help. We can help the Legislature. In Bergen County last week, we had a study commission study the efficiency issue, and we came up with 28 points, which we've submitted to you today -- 28 concerns as to problems with the efficiency model that the Governor has -- that the Commissioner has come up with. I am not going to go over all 28 points. It's late in the day. One simple point-- Nonpublic school busing is something completely different. Every year we get a list of the nonpublic school students. We go out to bid. If we can get a transportation bid on a per-pupil basis-- This is the State law. This past year it was \$675, I believe. We sign a contract and give it to that contractor. So if we can get a route for \$600, we'll do that. If we can't, it's aid in lieu of. We give the parents \$675. We may only have five or ten kids on that parochial school run. The Commissioner says that's inefficient. You're going to lose State aid for your regular to and from school transportation. That doesn't make any sense. Why are we doing this? Why are we going in this direction? It just doesn't make sense.

There 28 points here. I am not going to go through all of those. It's a long day. I would like to end by just reading a letter here that we received. We received a number of letters. As I said, we had 50 people at one meeting, which we didn't even advertise. This is a letter that says, "It seems to me that New Jersey education is cutting off its nose to spite its face. New Jersey towns are not all made up of sidewalks and crossing guards. What about children having to cross dangerous highways?" It goes on and on and on. "I

am 80 years old and disabled. I would surely man a bus if the children could get to school safely.”

Our question is, why are we doing this? We don't understand. Our Board doesn't understand. We ask you that question.

MS. STRICKLAND: Jerry has-- We would hope that you would take a look at the tape that I submitted earlier to you this morning. It's Fox 5. They came in when they heard about the fuss going on in Paramus, and the concerns of the parents. And they put something together-- (remainder of comment indiscernible) They concluded-- They drew their own conclusions, after talking with the State. It is interesting and worthwhile viewing. It captures it quite well for you.

SENATOR MARTIN: Thank you. Any questions?

SENATOR BAER: What tape are you referring to?

MS. STRICKLAND: It's a--

SENATOR MARTIN: We had a meeting earlier this morning, and Lynne showed me-- She has a tape which--

MS. STRICKLAND: The Committee Aide has it.

SENATOR MARTIN: We are going to try to circulate it through the Committee. Apparently it was done by Channel 5.

MS. STRICKLAND: Channel 5

MR. BOHNERT: *Fox News* in New York.

MS. STRICKLAND: It has the parents and the children and the buses and they-- Route 17.

SENATOR MARTIN: Does Paramus -- is it really an old Indian name for land of many malls? (laughter)

MR. BOHNERT: That's a Harry Glisky (phonetic spelling) statement. Land of the shopping center, as he would say. It actually means land of the turkeys as an Indian word.

MS. STRICKLAND: Before a turkey was really a turkey.

MR. BOHNERT: Thank you.

MS. STRICKLAND: Thank you.

SENATOR MARTIN: Seeing no other witness, we conclude our hearing, and we thank you all for attending.

(HEARING CONCLUDED)