

Public Hearing

before

JOINT LEGISLATIVE COMMITTEE ON GOVERNMENT CONSOLIDATION AND SHARED SERVICES

“The Committee will hear testimony from the public on shared services and consolidation at the State, county, municipal, and school district level”

LOCATION: Technology Education Center
Bergen Community College
Paramus, New Jersey

DATE: November 1, 2006
7:00 p.m.

MEMBERS OF JOINT COMMITTEE PRESENT:

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



ALSO PRESENT:

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

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

Nicole DeCostello
Senate Republican
Thea M. Sheridan
*Assembly Republican
Committee Aides*

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

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SENATOR BOB SMITH (Co-Chair): Good evening.

Welcome to the Joint Committee on Consolidation and Shared Services. My name is Bob Smith. Tonight I'm chairing the meeting. My Co-Chair is Assemblyman John Wisniewski; and we have on the panel Senator Ellen Karcher, Senator Joseph Kyrillos, Assemblyman Robert Gordon, and Assemblyman Joseph Malone.

And I think I saw, a little earlier, in the audience Assemblyman Alex DeCroce, who is here, and we're always happy to see our good friend, Assemblyman DeCroce.

First, we want to apologize for starting a little late, but we had some traffic issues on the Garden State Parkway. So first we're going to do property taxes; after that we'll do traffic. (laughter)

We have a long list of people who took time out of their night, tonight, to come forward to give us their ideas or suggestions or criticism. And we're going to listen to everyone. We would ask that you try to live with a five-minute, initial statement, so that we can get everybody on. Right now we have at least 17 people signed up to speak, and from the size of the room, there may be more. If everybody sticks to the five minutes, at the end of the five-minute presentations, if you want to come back -- if you feel you have more that you want to say -- you're going to be welcome to do that. But we want to give everybody the fair opportunity to get their comments on the record. And people were kind enough to call in and get their names on the list, so why don't we start with David Sandahl, the Deputy Mayor of Hopewell Township. Oh, I'm sorry, we actually have--

Yes, sir.

Assemblyman Gordon.

ASSEMBLYMAN GORDON: Yes. Since we are in Bergen County, and this is my home county--

SENATOR SMITH: Yes.

ASSEMBLYMAN GORDON: --I would like to just take the opportunity to welcome the Committee to the 38th District, and all of you for coming here to spend some time and providing input on these important issues. I saw a couple of mayors in the audience: I see Mayor Pitofsky of Closter, and Mayor Wenzel of Washington Township. I haven't seen any others, but we thank you for being here and appreciate your involvement in this process.

Thank you, Mr. Chairman.

SENATOR SMITH: Thank you, Assemblyman.

Our first signed up witness is Mr. David Sandahl, S-A-N-D-A-H-L, the Deputy Mayor of Hopewell Township.

Deputy Mayor, are you here? (no response)

Well then we're going to go to--

We're down to 16.

Our next witness is Harry Dunleavy. And I don't have any organization. I assume it's just citizen Dunleavy.

Are you here? (affirmative response)

Mr. Dunleavy, if you'd come forward please.

HARRY DUNLEAVY: I guess I can sit down.

SENATOR SMITH: Yes, please.

MR. DUNLEAVY: I'm a little nervous, because I was never before a Committee like this before.

SENATOR SMITH: Well, we're a little nervous, too.

MR. DUNLEAVY: This is my--

UNIDENTIFIED SPEAKERS FROM AUDIENCE: We can't hear.

ASSEMBLYMAN JOHN S. WISNIEWSKI (Co-Chair):

Could you pull your microphone closer?

MR. DUNLEAVY: I'm sorry.

ASSEMBLYMAN WISNIEWSKI: The other one.

MR. DUNLEAVY: This is what I drew up, but I only had a few days, because I didn't know that I would be allowed to testify here until, I think, last Thursday or something about that.

But this is my report anyhow.

Should I read it out or--

SENATOR SMITH: If you'd like to-- We have this to read. If you'd like to summarize it, that might be the best way to get to the point.

MR. DUNLEAVY: Yes, I'll do that.

I live in Sussex County. And my background is, I was a mathematics teacher in high school and in college. I have a degree in mathematics, a bachelor's and a master's. I also have a degree in History and Spanish -- a double major. I'm a licensed Spanish teacher, but I never wanted to use it, because I was primarily a math teacher. I did work in Latin America for three years though.

My background in education, apart from being a teacher was: I served as a board member, a vice president, and a president in Sussex County. And it's a little bit harsh, but I see local school boards, actually, as a cancer. The board which I was on was the Sussex County Technical School Board.

Now, as you will see in my report, we have 25 local school boards of education, in addition to this county one. And I feel they could all be replaced with a county school board and a certain number of assistants. And I have outlined here that we should have one county superintendent, and then there should be an assistant superintendent for elementary, middle school, and high school, and one also for technical education. I would eliminate all of the local superintendents. Because when I was on the board that I was on, we combined the superintendent's job with the principal's job, and it worked out very well.

In Sussex County, we spend \$3,336,601 on superintendents. I feel by eliminating that -- that's on all the local superintendents -- that we could make a savings of \$2 million. The lowest paid superintendent -- because he's acting -- in Sussex County is in Green Township. He gets \$100,000, but that's only because he's not a superintendent; he's only an acting one. The highest is in Sparta: \$195,415. And, surprisingly, Sparta is the only high school in Sussex County that failed the No Child Left Behind Act in the recent tests.

The business managers are another bone of contention. Well, we have five superintendents (*sic*). And we don't have a business manager for every district in Sussex County, because some of the assistant superintendents -- they do the two jobs. They are an assistant superintendent, and then, also, they do the business management. But the five superintendents cost \$624,079. I believe it could be eliminated completely.

The business managers -- we have 23 of them in the county. They range in salary from -- my township, which is Frankford Township --

the lowest paid one is \$65,500. The highest paid is in Sparta. The business manager is paid \$148,515. We have 23 of those managers in the county. I do not think we need them. And I've made the suggestion there to hire one CPA with four assistants for the county. And we could save \$1,131,895.

In my township, approximately 70 percent of our property taxes is spent on education. It's 68.28 percent, to be exact.

The board of education secretaries-- One board, with two schools -- an elementary, a middle school, and a high school -- has 20 secretaries. That's food for thought.

Now, shared services: When I was on the board of education -- that was the county technical school board of education -- we developed an agreement with one township -- Lafayette. I spoke to them the other day and asked them what they were saving by the shared services -- \$50,000. And I asked them to double check it, and they came back and said \$50,000.

SENATOR SMITH: Mr. Dunleavy, that--

MR. DUNLEAVY: And I'm about finished.

SENATOR SMITH: That's great. Your timing is perfect.

Thank you for your contribution tonight.

MR. DUNLEAVY: And I'm sorry the report is not very detailed. If I had more time, maybe I would have a much more detailed one to have handed in to you.

SENATOR SMITH: Thank you very much.

MR. DUNLEAVY: Thanks for allowing me to speak.

SENATOR SMITH: Our next speaker is Mr. Joseph Coppola Jr.

And, Mr. Coppola, I believe you're a representative of the NJEA. Is that correct?

JOSEPH COPPOLA JR.: Bergen County Education Association, sir.

SENATOR SMITH: Yes, sir. Go ahead.

MR. COPPOLA: Should I start?

SENATOR SMITH: Yes, sir.

MR. COPPOLA: Oh.

My name is Joe Coppola, and I am President of the Bergen County Education Association. And I have taught in the public schools in Bergen County for 39 years.

Like many taxpayers, I have been reading a lot lately about the possibility of consolidating and regionalizing school districts in counties all across the state and having districts share services.

Here in Bergen County, we have been having this discussion for many years. The fact of the matter is, we have 76 school districts in this county and, arguably, the highest cost of living in the country. So for years, Bergen County districts have explored ways of saving money through shared services or regionalization. Some districts have found ways of doing that. Many do shared purchasing to capture savings through bulk buying. On a larger scale, Carlstadt and East Rutherford created Becton Regional High School.

So let me be clear, there is no question that school districts in New Jersey should be as efficient as possible, sharing services wherever possible. Property taxpayers have been shouldering too heavy a burden for far too long.

What really troubles me is that in the midst of all this discussion about saving money, there is too little focus on the education of our children. It's almost as if they're an afterthought in the process. That concerns me deeply. I know that a student's academic progress depends heavily on personalized attention and instruction.

My personal experience -- and my sense of what typically happens when you move to a large-scale operation -- is that the larger an enterprise gets, the more difficult it becomes to manage. The idea of sharing services may sound like a good idea, but it may not be in the best interests of students. I would hope that the Legislature would agree that any cost-saving effort that harms our students should be rejected out of hand.

I don't envy your task. You are trying to find as many ways as possible to economize in order to reduce property taxes. Even the most logical or appealing efforts to save money aren't always possible to achieve. Let me give you an example.

My district, Wood-Ridge, is a K-12 district. For some time, we explored creating a regional high school with Hasbrouck Heights, an adjacent K-12 school district. But the proposal was rejected soundly by both communities. So efforts to share services are not always successful. Wood-Ridge and Hasbrouck Heights explored a merger and learned that it would not work for them.

As you well know, New Jersey has a long and proud tradition of local rule. Some of the most obvious cost savings may not be achievable when the price tag is loss of local control. Local control allows New Jersey

residents to have a great deal of influence in their children's education, and that has great value to voters.

Perhaps a better place to challenge local control is at the municipal level. If two municipalities agree to regionalize, then the schools would follow suite. And if regionalization of school districts can save a little money, then regionalization of municipalities could save a lot.

However, before any legislation is passed to regionalize or consolidate governmental units, a comprehensive feasibility study should be done that includes not only determination of any fiscal savings, but also an educational and social impact study to determine what the effect would be on citizens and school children. I think there is a large gap between what people expect to save from consolidation of services and what they will actually save. I suspect you've already figured that out.

I would caution you to be realistic in your expectations. Last week, the *Asbury Park Press* reported the result of a survey conducted by Monmouth University on the issue of consolidation and shared services. It found that 70 percent of the public would support the creation of countywide school districts provided their property taxes were cut in half. That support dropped to below 40 percent if property taxes would only be cut by 10 percent.

If you really want to save money, it seems to me that one of the biggest drivers of local school costs is constantly increasing health insurance premiums. Maybe you should look into the rates being charged by private insurers. Maybe consolidating the purchase of health insurance coverage would give you the kinds of savings you need to match public expectations.

I thank you for allowing me to share my thoughts with you this evening.

SENATOR SMITH: Thank you, Mr. Coppola.

Our next speaker is John Hopper, President of the New Jersey Health Officers Association.

Mr. Hopper.

J O H N H O P P E R: Good evening, Chairman Smith, Chairman Wisniewski, and members of the Committee.

My name is John Hopper. I'm the President of the New Jersey Health Officers Association. With me is Kevin Sumner, who serves as our President-elect, and other members of our Association.

Thank you for the opportunity to speak to you this evening regarding the importance of strengthening New Jersey's public health system. The New Jersey Health Officers Association represents the 115 health officers that serve our State's county and local health departments and, through our allied organizations, the public health workforce of New Jersey. It is our collective mission to strive toward healthy people and healthy communities across our state.

We're here this evening to talk about services provided by local and county health departments to New Jersey's 8.7 million residents, and to address the issue of consolidation and regionalization. The 115 county and local health departments are mandated, by State regulation, to provide an array of public health services designed to protect and promote the health of our residents.

In the interest of time, since I have a lot to say, I'll refer you just to the brochure that I've given each of the members of the Committee,

that details the many types of public health services that health departments provide. And I won't begin to enumerate them. But all of these activities have served to make New Jersey's residents healthier.

The health officers of New Jersey have never opposed consolidation and regionalization where appropriate. State statute is already in place to allow for consolidation. By statute, municipalities may participate in consolidation by choosing to form interlocal agreements with other municipalities, participate in a regional health commission, or by contracting for services with a county health department. In fact, statistics provided by the State Health Department indicate that, currently, 140 towns have interlocal agreements for public health services, 51 towns participate in regional health commissions, and 328 towns contract with county health departments. This totals 519 municipalities, or 92 percent of New Jersey's towns, which have already formed agreements, under current statute, to provide consolidated health services.

In 1974, New Jersey had 291 health departments. Efforts at consolidation since that time have reduced the number of health departments to 115. This makes public health the best example of consolidated municipal service. While every town has one or more school districts, police departments, fire departments, clerks offices, public health has led the way in regionalization and should be seen as a model that other municipal disciplines can, and should, emulate when seeking to consolidate.

SENATOR SMITH: Mr. Hopper, I have to agree with you. I think that that last comment is particularly appropriate. With regard to health services, there has been a tremendous amount of consolidation in New Jersey.

We did have testimony at one of our earlier hearings, where a leader in this field said that the single greatest deterrent to the health services consolidating was that there is a 1974 statute that says that if you consolidate two health departments together, you must hire the same health officer, and all the staff, and at the same salaries that currently exist. In other words, you can't achieve any economies of scale. And that person -- and I don't remember who it was -- but that person also indicated that the health service consolidation invariably occurred when the local health officer retired. So they could then go forward.

How would your association feel if that bar to consolidation was removed?

MR. HOPPER: Well, we oppose that. That was Assistant Commissioner Gruber who gave that testimony before your Committee.

The purpose of the legislation that was passed back in the '70s was not to save people's jobs. It was to save the public health workforce in New Jersey that is already critically low.

On a national level, New Jersey is very low in terms of the number of people that work in public health. So we need to try to preserve the workforce however possible. And that's the reason for that statute. So we would oppose any effort to remove it, so as to keep the workforce going.

There is-- The concern about administrative activities and overlay of, perhaps, too much administration-- You have to remember that most health officers do not just perform administrative functions. They run flu clinics, they're out there doing health education programs, they do inspections, they issue summonses. So you can't just eliminate the health

officers from this position, because they are vital in the day-to-day, ongoing programs that affect residents in communities.

SENATOR SMITH: Well, I don't think the proposal is to eliminate health officers. But if you consolidated two health departments, why would you need two health officers? You'd need one health officer to be in charge. And the problem, of course, is, as long as you have this statute in place, you're required to basically have two health officers in the combined department, and at the very same salary.

MR. HOPPER: But if you did not have the statute in place, you run the great risk of losing a great part of the workforce that works in New Jersey. Because, let's say-- What that's-- If you remove that protection, what would happen is, anyone who works in a local health department in New Jersey would lose their employment. It would then be up to counties to either enlarge their staff or, in some cases, create a county health department. Because not every county has a county health department. And it would be up to those counties to determine whether they would be creating additional personnel within their staff. And so without that guarantee, you would have a huge drain on the public health workforce that's already critically low.

SENATOR KYRILLOS: Mr. Chairman.

SENATOR SMITH: Yes, sir.

Senator.

SENATOR KYRILLOS: I'm sorry. I know we can't do much of this tonight because of the amount of people that want to testify. And we had the opportunity to meet this morning, actually, and speak privately.

People might be wondering, do we have an endangered species of health policy officers? Is the training so intense that there are people that want to serve-- I don't understand what you're saying.

UNIDENTIFIED SPEAKERS FROM AUDIENCE: Yes.

SENATOR KYRILLOS: Is that true? Obviously, there are a lot of people in the audience today. Why don't you explain that quickly, because I know the Chairman wants to move on.

MR. HOPPER: Well, certainly. The health officer's position requires a master's degree. There are not a lot of people coming into governmental public health these days for a lot of reasons; some of which are salary opportunities are not always there in municipalities. And there are not as many people coming into the field as there was were. And this is a national problem. This is not a New Jersey problem.

The Federal government needs to be subsidizing the education of public health officials and recruiting more people to come into public health. We're in very dangerous times right now. We, on the local level, are preparing plans for pandemic flu.

SENATOR KYRILLOS: Well, I'll learn more about it.

I apologize, Mr. Chairman.

There are a lot of people in New Jersey that have master's degrees.

But I will say this -- and we talked about this, this morning. The amount of money that municipalities in the state spend on what you do is a miniscule amount. And there's probably many other opportunities for savings. But that doesn't mean you should be immune either.

But thank you for your testimony. And I apologize.

SENATOR SMITH: All right.

ASSEMBLYMAN MALONE: Mr. Chairman, just one quick question.

SENATOR SMITH: Yes, sir.

Assemblyman.

ASSEMBLYMAN MALONE: I'm going to assume that based on everything that's occurred with 9/11 and the pandemic potentials-- I would assume that your responsibilities in the health field have grown significantly over the last 10 to 15 years.

UNIDENTIFIED SPEAKERS FROM AUDIENCE: Absolutely.

ASSEMBLYMAN MALONE: Do you-- I mean, what do you see as the solution to the problem you're faced with?

MR. HOPPER: The solution is funding. More money needs to come into public health, both on the Federal and on the State level.

You're correct, Assemblyman Malone. Since 1999-- We had Hurricane Floyd that struck this area terribly. And local health officials were going door-to-door, helping people with mold problems and all sorts of things. We were then hit with 9/11. Right after that, the anthrax attacks; and we were helping people with white powder incidents. And then it was SARS; and West Nile in '99, where people were freaking out about that, because there were crows dropping all over the place. And who dealt with that? Local health departments dealt with that situation.

So the answer to your question is: More money needs to come into public health, and more people need to be created -- recruited into the work that we do. And it would be a huge mistake to reduce the public

health workforce in the state. And that's why we wanted to state our concern with regard to the proposed bill, S-2244.

SENATOR SMITH: We appreciate you coming in.

Are there any other questions? (no response)

Thank you so much for expressing your view.

Our next witness -- speaker is Jacqueline Do -- I'm not sure of the pronunciation -- who is the Chief Financial Officer, Township of Washington, Bergen County.

J A C Q U E L I N E D O: Thank you for giving me the opportunity to be here today.

I did mention my positions prior to this. I'm past president of the County Association of Tax Collectors and Treasurers, and also the State Association. I'm a graduate of Pace University. I have a bachelor's degree in Business Administration, majoring in Accounting.

I have worked for my municipality for a total of 44 years and, since 1970, in the position of Chief Financial Officer. And during that time, I was also a tax collector. I'm certified in both positions.

My purpose here tonight is to bring to your attention the proposal as it relates to the tax collector, finance, and also the health department. Taking the responsibility of collection of taxes from our municipality, and collected by the county, holds so many open questions for us, which I'm sure you would solve with other legislation. But just alone, in the amount of interest that my municipality earns on interest on investments and delinquent taxes, compared to eliminating the tax department, would make our tax rate increase by one point. That's not taking into effect the assessor's office and the health department.

Many questions have come across our desk as how you're going to handle the requirements of senior citizens. We have a great many senior citizens in our community, some without any form of transportation, also no way to get to the county seat to pay their taxes or to help them with their forms. Their senior citizen veterans' deductions, the disabled deductions -- this is something we handle daily, even more than collecting taxes, except at each quarter.

During that time, people come in -- mostly senior citizen veterans -- asking questions about what they're entitled to as a deduction on their taxes. This also holds true with the tax assessor's office, as to how the county is going to handle added assessments; how they will work with the construction code department in reference to certificates of occupancy, which creates omitted and added taxes. How would our construction code department let the assessor's office know-- All of this has to be put into a working scenario for the municipalities to operate.

Someone, before, mentioned about school districts. We are in a regional school district. And our taxes -- the portion of our taxes -- is just about 70 percent. Prior to that, in the early '50s, we were in a consolidated school district.

I really don't know, if we were on our own, if we would save money, whether it was regional or not. I will concur with the gentleman earlier, that the cost of supporting the school system, and the administrative cost for superintendent and two principals in one school -- because one part is middle school, and one part is the high school. The finance requirements for the school districts are much more lenient than they are for the municipality. I think they should get stricter, in reference to their transfers

and using current funds that come in. That, a municipality cannot do; but school districts can. And that is their problem with not creating enough surplus to carry on into the next year.

As far as health services are concerned, our municipality renders services to five other local communities around us. And we have shared services. We have one health officer, one sanitarian for six communities. But we make sure that the services that are needed for the seniors are rendered in each community. If we have a flu program, it is done in each community, so it's convenient for the people that need the services, such as seniors; or even the animal control. We also obtain, from the county, some of their services for the six communities.

I'm a little nervous. I'm sorry.

SENATOR SMITH: It's okay.

MS. DO: I have many questions, which I'm sure you may solve by changing legislation. How is a municipality going to prepare their budget, how are they going to handle the delinquent taxes as a line item in the budget, how are they going to work out the reserve for uncollected taxes, how often is the money going to come to our municipality to pay our bills; is the county going to pay the school tax, will they pay the full share of the school tax?

Approximately three to four years ago, when the PAMS program started -- the Property Assessment Management System -- we were told, as finance officers and tax collectors, that it would not be mandatory. Three or four years ago, we were told that. That whole program is now the reason for what is happening. Because the PAMS program has set forth the same type of MOD4 program -- that all towns will be unified.

SENATOR SMITH: Ms. Do, you actually hit the five-minute mark. But you did stimulate a couple of questions.

If the county took over the reserve for uncollected taxes, how much of a savings would that be for your municipality?

MS. DO: About \$340,000. But I don't know how they can calculate that, because-- Unless they're going to calculate the formula of the collection rate in each municipality -- that's part of the formula.

SENATOR SMITH: Right, but there could be a significant savings to the municipality there. And I'm sure you're aware of how easily money can be electronically transferred.

One of your issues was that you would lose interest on the float on the money that you collected. There is nothing that says that this couldn't be structured so that each municipality would get its interest on any of the money collected that was floating.

MS. DO: That's what you're telling me. But I only see legislation that has come forth, and rules and regulations. And that's why I have these questions.

SENATOR SMITH: And they're terrific questions.

Are there any other questions for Ms. Do? (no response)

Thank you for--

MS. DO: Thank you.

SENATOR SMITH: --bringing your point of view in and giving us your testimony.

Our next witness is Mr. Bob Kane, President of the Board of Firefighters, Parsippany, District 6.

Mr. Kane, if you'd come forward.

SENATOR KYRILLOS: Excellent State Assemblyman in Parsippany, by the way -- there happens to be. (laughter)

SENATOR SMITH: Mr. Kane.

ROBERT KANE: My name is Bob Kane, and I am President of the Board of Fire Commissioners of Parsippany-Troy Hills, District 6; as well as President of the Joint Boards of Fire Commissioners in Parsippany. This evening I am speaking on behalf of the six fire districts in Parsippany-Troy Hills, and the three fire districts that provide protection for Montville Township. All the districts here are represented this evening.

Every two months, fire commissioners from the six Parsippany fire districts meet to discuss mutual concerns, as well as opportunities to reduce our operating taxes -- costs, excuse me. Among the things we purchase jointly are insurance coverage, annual fire apparatus pump tests, hose tests, and ladder tests. These tests are required by the National Fire Protection Association and Insurance Services Organization. Of particular interest is the annual pump tests. This past June, we tested the pumps of 20 pieces of fire apparatus in one day. While the going price is \$400 per truck, because we were able to do 20 trucks in one day, the vendor reduced our costs \$200 a truck. That was an immediate savings of \$4,000 for the taxpayers of Parsippany.

Assembly Bill A-52 was introduced to help provide tax relief to the residents of New Jersey. However, if these bills lead to forced consolidation of the fire districts, real estate taxes will go up rather than down. For example, the six Parsippany fire districts answer 1,500 calls per year, and the district chief or assistant chief responding to most of them. If the six districts were merged into one, as mentioned at the October 11

Committee hearing, it would be absolutely impossible for a volunteer fire chief to respond to all these calls, while at the same time maintaining his business or private-sector job. The only alternative would be to hire a paid fire chief, secretary, clerk, pay rent for office space, supplies, insurance, and so on. Instead of saving the residents a few hundred dollars in each district, all districts will end up supporting the paid fire service that will cost hundreds of thousands of dollars each year.

The idea of changing the fire district elections from the third Saturday in February to the date of the general election in November might save each resident in the township \$8.00 a year. Why would the fire commissioners be sworn in, in mid-December, when the other newly elected officials will be sworn in on January 1. Does that make sense?

The proposal to have nonpartisan elections for fire commissioners is a dream that will not happen. While the fire district elections will be printed at the lower portion of the ballot, you will have the problem of the party faithful calling people to remind them to vote, also saying, "And Sam Smith is running for fire commissioner, so a vote for him will be appreciated."

The requirement for the municipal clerk to handle the fire district elections will result in additional work for the clerk's office. And more work means increased cost.

The proposal that would change the fire district boundaries to match those of voting districts will create a number of problems. First, the potential loss of high-value assessed properties could hinder a fire district's ability to pay off existing bonds under the terms of the original bond or mortgage agreement.

Second, the ongoing possibility that a fire district's boundaries might be changed each time the voting districts are changed, and tax income thereby being reduced, could prevent lending agencies from providing a mortgage for a new building or bonds for a new fire apparatus.

Third, a 2.5 percent cap on a \$400,000 budget will provide a fire district with a \$10,000 increase in income. That is the equivalent of four new air packs, five sets of turnout gear, or half the cost of one thermal imaging camera. Such a cap would hinder a fire district from replacing older equipment and firefighter protective clothing on a planned basis.

Fourth, a district having even a few paid firefighters would find it almost impossible to hire additional firefighters if the need arose.

Fifth, the computer-aided dispatch equipment will have to be reprogrammed to provide the dispatchers with the accurate information of what fire district or EMS unit is to be dispatched to a particular address. Changing the computer system is a long, labor-intensive, and costly undertaking. This later cost will also have to be undertaken by mutual aid in municipalities so the emergency services will know who to contact for what mutual aid assistance during an emergency situation.

We do not see where the contents of Assembly Bill A-52 will provide any substantial savings for the fire districts or the property owners of the districts. Rather, we see substantial problems in obtaining required funds for major fire department needs in the future. Consolidation of several fire districts into one could result in reduced morale, a surplus of firehouses and equipment, and an increase in the fire insurance rates if any proposed realignment of the fire districts results in the moving of homes and businesses away from the closest firehouse to the property.

We firmly believe that the proposed legislation will, one, increase the cost of fire service for the residents in our district, in effect increasing the fire tax. Two, the cost of fire insurance for home and property owners could increase. Number three, it could cost taxpayers hundreds of thousands of dollars to provide fire service that is currently provided by volunteers free, rather than paid firefighters.

We urgently request that you review the contents of this bill and reconsider its passage until such time as you've been able to discuss its effects on the taxpayers with the fire commissioners who will have to put the law into effect.

Thank you for your consideration of our request.

SENATOR SMITH: Mr. Kane, thank you for your testimony.

A couple of questions for you -- and just some background for you.

One of the reasons that the Speaker put forward that bill was that-- As you know, there's an extremely low turnout in fire district elections. If you had 1 percent of the population, it would be an outstanding -- it would be a landslide. All right? So what I think the Speaker was trying to accomplish was a way so that there would be greater participation of the budgetary process by a larger percentage of the electorate. I think that was what the goal was. And I think that's why he talked about the November election.

But we've looked at some other models. And let me just throw an idea at you and see how you react to it. What if you kept your commissioner's election in February, but there wasn't a budget election? The budget would be a budget that was -- that resulted from a board of fire

service estimate. And what that would be -- would be the local mayor, two council people, and two of the fire commissioners. In other words, it's an agreed upon budget. But the difference is, 60 percent of the people who were involved in the budgetary process are elected by 50, 60, or 70 percent of the people. And the theory would be that there would be greater accountability to a larger percentage of the population. How would you react to an idea like that?

MR. KANE: This is just my initial impression. It seems like you're talking about operating off of a tentative budget, rather than a--

SENATOR SMITH: No, for example, you could-- The fire commissioner election-- You can set up the budget any time you want. But you keep your fire commissioner election. The people who are interested in the election, and who have confidence in one commissioner or another commissioner -- they go vote for them if they want to come out and vote. You keep your election in February.

But the budgetary process is different. The thing that makes your budget so -- and it's not suspect. We love our fire commissioners, we love our volunteers, we love our paid. This is not about hurting anybody in the fire service. But the problem is, only a percent of the people are voting on this fire district budget, and you do have taxing power. And in some school systems it's done this way. If two of the commissioners, the mayor, and two councilmen adopted a budget for the fire district, you would then have the input from people who are elected by 50 or 60 percent of the people, who have to be accountable to them in a general election. But you, the fire commissioners, are out of the general election. The mayor and the council people are the ones who had their input on your budget.

You had your input on the budget. And, ultimately, the five people on the board of fire service estimate made a decision about what was the appropriate budget for the district. How does that strike you?

MR. KANE: At this point, I couldn't give you an honest answer.

SENATOR SMITH: Okay.

One other question: You have a statement here, which I have to question. You say, "If the six districts were merged into one, as mentioned at the October 11 Committee hearing, it would be absolutely impossible for a volunteer fire chief to respond to all those calls, while still maintaining his business or his private-sector job."

I live in a town with four fire districts and six companies. Every company has a chief. The fire commissioners -- maybe they're members of the volunteer fire group, but maybe they're not. They may just be-- They're generally firemen or women who have done their years of service, and now they're a little older, and they serve as commissioners. So it's not that-- In our town, it's not the number of fire districts that would, in any way, limit a chief going to the fire. The chief is elected within the volunteer fire company. And he or she goes out with the men and women, and they fight the fires.

So I don't understand this statement, that if the six districts were merged into one, that that would stop the chief from responding. Doesn't each company have a chief?

MR. KANE: Yes, but if you-- Right now, yes they do. But if you merged two, or six, or whatever number of the fire districts into one fire department, now you have one--

SENATOR SMITH: I didn't say-- Nobody is talking about one fire department. They're talking about putting one fire district so that you now don't have districts that have different ratable bases and different tax rates. It's uniform for the town. Woodbridge Township has nine fire districts, and the spectrum of the ratables in each of the districts is very wide. So that when one district decides it needs a fire truck, the affect on that particular district is really a function of how many ratables are in the district. If it was one district, everybody shares the same ratables, and there's an overall view.

One of the things that came up in our hearings was that when you have different fire districts, there's a little bit of a competition, who can get the better piece of equipment or the bigger piece of equipment. And maybe there needs to be one overview for the town. That's the advantage of the single fire district.

Plus, one other thing--

And you're in Parsippany?

MR. KANE: Correct.

SENATOR SMITH: Are the fire commissioners paid?

MR. KANE: Some of them are, yes. We get an allowance in our district for the expenses that we incur.

SENATOR SMITH: All right. Is the salary pensionable in the State pension system?

MR. KANE: No.

SENATOR SMITH: No, it's not pensionable.

MR. KANE: No.

SENATOR SMITH: Okay. And what is the allowance?

MR. KANE: Right now, it's \$1,500.

SENATOR SMITH: For a year? (affirmative response)

Okay. It's not that unreasonable.

Are there--

ASSEMBLYMAN WISNIEWSKI: I have a question.

SENATOR SMITH: Yes, sir.

Chairman.

ASSEMBLYMAN WISNIEWSKI: Thank you.

Mr. Kane, thank you for your testimony tonight. I just was curious. Toward the conclusion of your prepared remarks, you made a statement that if you consolidated several fire districts into one, that would result in a surplus of firehouses and equipment. Why is that?

MR. KANE: That would be if two fire departments -- two houses -- are relatively close to each other, you wouldn't need both of them, or they might not be allowed to use the two of them.

ASSEMBLYMAN WISNIEWSKI: Well, who would not allow them to use it?

MR. KANE: If this was a municipality that took it over -- using that term of government -- if they took it over, then there could very well be an allotment of coverage -- taking care of the coverage -- changing it around a little bit. So you may not even have the closest firehouse answering your particular call.

ASSEMBLYMAN WISNIEWSKI: But wouldn't you agree that, also, we have -- and whether there are fire districts or even municipalities that have fire districts -- we have locations in the state where

we have two firehouses literally on the same street -- maybe at the other end of the street from one another, but very close.

MR. KANE: In the older communities, yes. But in the newer ones, no. It's possible, but in our town they're not.

ASSEMBLYMAN WISNIEWSKI: But even in some of the newer communities I've seen that. Would you agree that that's not the most efficient way to deliver that service?

MR. KANE: It would sound it, but I'd like to see exactly what the situation is in a particular town before answering.

ASSEMBLYMAN WISNIEWSKI: I guess, just going back to your statement-- If consolidation meant you wound up with fewer firehouses, doesn't that mean that there were too many to begin with?

MR. KANE: No. It would depend upon the manpower that you end up with. One of the problems is, you could end up with reduced manpower upon consolidation. That would depend upon the area and whether the people -- the firefighters live in this area or further away -- where they were coming from.

ASSEMBLYMAN WISNIEWSKI: But assuming you didn't touch the number of firehouses, or the number of pieces of apparatus, that would not be an impact on service. If you just-- As the Senator had mentioned, if you just had one overall structure -- a shared ratable base, shared decision making on equipment, that would not necessarily have an impact on the number of firehouses, or the number of firefighters, or the number of equipment.

MR. KANE: Not necessarily, but it could.

ASSEMBLYMAN WISNIEWSKI: Thank you.

SENATOR SMITH: Any other questions for Mr. Kane?

ASSEMBLYMAN MALONE: Mr. Chairman.

SENATOR SMITH: Assemblyman.

ASSEMBLYMAN MALONE: Is there any circumstance under which working together, or in a consolidation effort, or having one fire -- that we could save any money?

MR. KANE: Off the top of my head, I couldn't give you an answer, but I could look at it.

SENATOR SMITH: Any other questions? (no response)

Mr. Kane, thank you very much for coming in. And we appreciate your testimony.

Sheila Brogan, Board of Education, Ridgewood.

Ms. Brogan.

SHEILA BROGAN: Good evening, and thank you for coming to Bergen County.

My name is Sheila Brogan, and I'm an 11-year member of the Ridgewood Board of Education, and a member of Dollars & Sense.

Ridgewood is the largest school district in Bergen County, with over 5,600 students. We are a J district and one of New Jersey's lighthouse districts. Our students consistently score well on SATs and outscore most of the I and J districts on the State standardized tests. Ridgewood is considered a wealthy district, but some -- many of whom are long-time residents of our community -- are finding the property tax burdensome.

Tonight you've asked us to comment on the work of your Committee. I will focus on your proposal to establish county school districts, and urge that you foster shared service agreements. Politicizing

school governance is but one of many concerns with proposed legislation to consolidate school districts into a county district and change the current governance system from an elective board of education and certified -- a certificated superintendent to an appointed board and a chief administrator.

As I've listened to the Committee hearings, it strikes me that you might not realize the scope of the work of our administrators. Our superintendent is the instructional leader for our district. He oversees the daily management of the district, and that is no easy task with our community's high expectation for student success.

We have one assistant superintendent for curriculum instruction and assessment, and another as our -- who acts as our business administrator. Each of these administrators play a key role in making the Ridgewood Public Schools an efficient and effective school district focused on student achievement. Our cost per child is \$10,946. We understand the importance of working with other districts in our municipality. It would be a long list of shared services and collaborations if I were to name all that our administrators have done to control our budget growth.

To encourage more sharing, I would urge you to establish incentive grants to promote collaboration. Plans to collaborate are often stalled because there is no funding for start-up costs.

A bigger concern with the proposed county school district would be the loss of local control and accountability inherent in our smaller school districts, particularly the high-performing districts. The instructional program is differentiated, and parents have access to district administrators when concerns arise. In a county system, this individualized approach would be lost and the quality of our schools diminished.

Another concern would be the lack of analysis of the cost associated with establishing a county bureaucracy, particularly in Bergen County, with over 70 school districts. How many administrators would be needed to oversee our schools and to provide the necessary leadership to ensure high-quality instructional programs?

The savings discussed at the Committee meeting would be considerably less once the county offices were established. It would be important to know all of the costs associated with establishing a county system and exactly what savings would be realized on the property tax.

In New Jersey, consolidation is made harder by the laws that require the largest district in a consolidation to dictate the rate of pay for staff and require districts to assume each other's debt. An analysis of why school districts have not consolidated or regionalized would point to the fact that the disincentives to join together are considerable as evidenced by the lack of districts merging throughout the state. If incentives were part of the equation, districts might merge voluntarily, as long as taxpayers and students benefited.

I would urge that you establish a grant program to provide the necessary research money so that feasibility studies can be undertaken to determine whether regionalization and/or consolidation would provide a more cost-effective and high-quality education. I would urge you to learn from those districts throughout New Jersey that are operating effectively and efficiently. And there are many to study. I would suggest that you look at the different district factor groups and identify efficient and effective districts in each of those groups, and allow for the sharing of best

practices. There are many districts doing outstanding work, and your studies of these districts could inform the work of your Committee.

Thank you very much.

SENATOR SMITH: Ms. Brogan, do you believe there are any services at all that might be done more efficiently at the county level?

MS. BROGAN: You know, there would really have to be studies. Certainly we could--

Right now, Ridgewood is involved in many, as I've listed in my written testimony. So regionalized transportation, the bidding of transportation-- We are part of Region 1, and we have seen some savings through special education transportation services. There is a limited number of transportation services out there, and so you are bidding with that small number of providers.

SENATOR SMITH: What if the county provided all the transportation services?

MS. BROGAN: I think that would be something that needs to be studied and looked at. Now, Bergen County has a lot of school districts, so it might be that you would break it into smaller regions.

The other would be-- We've partnered with Paramus to provide services for autistic children. And, currently, our program has about 22 autistic children. We've been able to save somewhere between \$10,000 and \$15,000 a child by bringing them back into district. Of course, they require a number of services.

One of your pieces of legislation was that you're looking at -- at your list -- is to provide special education grants to establish programs in-district for special education, or collaboratively with other districts. In fact,

the Governor put that into his budget last year, as you might already know. But we saw that as a-- Ridgewood was very involved with Assemblyman Russo, in putting that together. And we see that as a way to incent and also control costs.

SENATOR SMITH: Do you think there would be any savings associated with countywide purchasing for the school districts?

MS. BROGAN: Yes; and also, perhaps, tech purchases, computer leasing, and that. So there are things, I think, the county could help us with. And it would be really-- We would ask that you would really talk to us about what are those things, and how we can better serve our students and our district.

SENATOR SMITH: Any questions for Ms. Brogan?

ASSEMBLYMAN MALONE: Yes.

SENATOR SMITH: Assemblyman.

ASSEMBLYMAN MALONE: The county superintendent's office-- If all the local school districts are efficient and effective as you-- Can we do away with the county superintendent?

MS. BROGAN: Well, the county superintendent is there to monitor school districts, more or less. And so you would-- Who would do the monitoring if the Department of Education was to still want to do the QSAC every three years? I would think you would need that office.

I would look though to-- There are many school districts who are operating efficiently. And you know that the difficulty we have are some of the problems that come from the State's budget and the lack of funding for special education services. I don't have to tell you those. There

are a number of things that are getting in the way of us helping our taxpayers.

SENATOR SMITH: Thank you.

MS. BROGAN: Thank you very much.

SENATOR SMITH: Thank you for coming.

Ms. Anne Kilmartin, the Chief Financial Officer of the Borough of Park Ridge.

A N N E K I L M A R T I N: I just said I was coming. I might talk later. I don't have-- I didn't bring anything.

SENATOR SMITH: Oh, you're-- Okay.

Anne, thank you for coming.

Mr. Vito Gagliardi.

Mr. Gagliardi, you're not listed as affiliated with anybody. Are you coming in as an average citizen, or are you coming in as a representative of a group?

V I T O A. G A G L I A R D I J R., E S Q.: Well, the Committee can decide whether I'm an average citizen or not. (laughter)

SENATOR SMITH: All right. You're going to be a mystery guest.

MR. GAGLIARDI: I'm an attorney. I do a lot of work with public-sector clients. And that's the reason that--

I appreciate the opportunity to speak with you.

I'm an attorney with Porzio Bromberg & Newman, which is based in Morristown.

SENATOR SMITH: Terrific law firm, by the way.

MR. GAGLIARDI: Thank you very much, Senator.

It's a privilege to address the Committee. And, specifically, it's my hope that the experience I've had, on behalf of various public-sector clients, will be of assistance to you as you consider possible solutions to the property tax dilemma which has beguiled us here in New Jersey for many years.

Over the past 10 years, I've been involved with dissolving two school districts here in New Jersey, one in Union County and one in Camden County. In 2004, on behalf of North Haledon, I argued a precedent-setting case on the issue of regional school funding before our State Supreme Court. On the issue of regional school districts, I wish to make essentially two important points. First, the State -- meaning State government -- has been an impediment, not a help, in the area of reducing the number of local school districts. And second, I do not believe it is home rule, but rather the method for funding regional school districts which has posed the greatest obstacle to school consolidation.

In Union County, we dissolved a regional high school district so that local districts could take control of their respective high schools. Where we once had seven school districts serving six towns, we now have six school districts serving six towns. And something similar was accomplished in Camden County a few years later. And there are now several other such initiatives presently underway.

While the issue of dissolving and consolidating school districts ultimately is decided by the voters, the first step in the process is a request to the office of the county superintendent of schools to opine on the feasibility of the process. In every such occasion on which I'm aware over the past 10 years -- and I think I've been involved in all of them -- the

county superintendent of schools has written a report discouraging the process and recommending against it. That is to say, local citizens and their elected officials have gotten up the courage to propose a change in the structure and funding of local education, and then were discouraged by the county superintendent of schools, the very office for which you are considering a greater role.

To the extent our clients successfully pursued the process, it was with the resistance of, not the assistance of, the county superintendent. Whether the law remains the same or is changed, this approach must be reformed. As we speak, there are local county superintendents who are discouraging the process to reduce the local number of school districts and they need to get a different message from the Executive and Legislative branches of government if your initiatives are to succeed.

SENATOR SMITH: Would you mind, off-line, giving us a list?

MR. GAGLIARDI: Absolutely. No problem.

SENATOR SMITH: Great.

MR. GAGLIARDI: Until you address how regional school districts are funded, even if you are able to overcome the romance with home rule we have here in New Jersey, a reduction in the number of school districts is not likely to occur. In the 1930s through the '60s -- and that's when most of the regional school districts in the state were formed -- the vast majority were limited-purpose school districts -- that is, the districts that serve a limited number of students, grades 9-12 or 7-12. As a general rule, they were proved (*sic*) by their public to be funded annually by virtue of per-pupil contributions from the member communities, although capital projects generally were on an equalized property value basis.

In the early '70s, the Legislature changed the law and required that all regional school districts be converted to an equalized property value funding, a different method than the voters had approved. What happened, as a result, was that communities with relatively higher property wealth in a regional school district saw their proportional costs skyrocket. And it was the relatively wealthier communities in a regional school district, rather than the State, that wound up subsidizing relatively poorer districts in that region.

State aid to regional school districts gets reduced because the State aid formulation is based upon the overall property wealth in the region, such that the higher-valued property diminishes the need for aid under the current formula. And there are many regional school districts where the total amount of State aid would be increased if the district were dissolved.

Once that problem became apparent, the Legislature changed the law again, in 1993, and provided that regional school districts could be funded on an equalized property value basis, per pupil or any combination thereof, so long as a referendum were passed in each of the respective communities to provide for that change. You won't be surprised to know, then, that while they've tried this dozens of times, no such referendum has ever passed in State history, because there is no incentive to vote to increase your taxes so that your neighboring community can enjoy lower taxes. Fixing this well-known -- or, rather, not fixing this problem clearly will discourage districts from pursuing regionalization.

In fact, even if you consider the options available for regionalization now, the funding mechanism still inhibits regionalization.

As I mentioned here, one example only a year ago-- Ringwood, and Wanaque, and the Lakeland Regional School District in Passaic County considered turning their three school districts into one K-12 district -- the sort of thing that this Committee would advocate. When a consultant examined this opportunity, however, she could not articulate a funding mechanism by which both communities could enjoy savings. That is, even when you take three school districts and combine them into one, they were unable to provide a formula where both towns involved would enjoy the savings -- the sort of status quo you need to change if this problem is going to be fixed.

SENATOR SMITH: Mr. Gagliardi, this is literally fascinating. And I can assure you we're all going to read the rest of it. But let me throw a question at you. Also, the bell rang. You're always welcome to come back. But we want to be fair to everybody else who came tonight.

But let me throw this question at you. If we found a way to do consolidations without a tax shift -- the only thing that would be involved would be savings to the consolidated districts -- do you think that would sell?

MR. GAGLIARDI: Yes.

SENATOR SMITH: All right.

MR. GAGLIARDI: I think countywide consolidation is too extensive for the most part. But there are many communities which share a great deal, but will not be able to share their school districts because of the tax impact.

SENATOR SMITH: Well, what invariably happens, as you pointed out in your testimony, is that when the election comes, one town

says, "We're going to be losers," and the other town says, "We're going to be winners." It passes in one town and goes down in the other. But suppose we structured a statute that said that, in the combined district, the costs of the previously uncombined district are assessed against the real property in that district, likewise for the second district? But the difference is that the savings from the combined administration would be shared with both districts, that way there would be no tax shift. As a concept, how does it strike you?

MR. GAGLIARDI: I think you would see more school consolidations than you see now. You see precious few now. But I think that's-- You're hitting on a crucial issue.

SENATOR SMITH: That's the political issue, always, for a consolidation. It stops them every time.

Your testimony is terrific. We're going to read the rest of it. And you're welcome to stay to -- if you want to finish it. But we want to give everybody a chance.

So thank you very much for coming in--

MR. GAGLIARDI: Thank you, Senator.

SENATOR SMITH: --and sharing that with us.

MR. GAGLIARDI: Thank you all, very much.

SENATOR SMITH: I'm not sure if he is a witness -- I know he was an invited guest -- Mayor Tempesta, from West Caldwell.

Was he just coming by, or did he plan to say something?

MAYOR JOSEPH TEMPESTA JR.: I'm here, Mr. Chair.

SENATOR SMITH: Mayor, how are you? Come on up.

MAYOR TEMPESTA: Thank you very much, Mr. Chairman and members of the Committee. I appreciate the opportunity to provide some suggestions to help achieve some permanent reductions in the cost of government services for the residents and businesses in our state.

Let me just be brief. I'll read this. It should be less than five minutes, if you will.

SENATOR SMITH: Go for it.

MAYOR TEMPESTA: Okay.

The Township of West Caldwell has a long and successful history of leadership in implementing shared services to enhance the quality of programs provided to our residents, while saving significant tax dollars. Our shared services include such items as joint police dispatch, shared health services, a joint recreation program, a consolidated school district, regional wastewater treatment, senior citizen transportation, a shared tax assessor, etc. But even with this record, we will not become complacent. We will continue to seek opportunities to share, but we will need new tools. Regulations such as those which recently blocked our efforts to provide shared administrative services for our municipal courts must be reformed. In addition, we also have a proposal, outlined below, to further assist us in expanding our opportunities to share services and reduce future burdens on our pension system. We continue to support these proposals, and urge the State Legislature to simplify the laws to provide municipalities the necessary tools to further expand this concept.

We also support consolidation of governmental units where such consolidation can be shown to provide equal or better services at reduced costs. We must, however, avoid the broad brushstroke of one-size-

fits-all. We need to do the hard, tedious, and unglamorous work of analyzing these services to determine where we can receive the best benefits. It is clear that many governmental units are too small to be efficient and provide the necessary services to their community at a reasonable cost. However, it is also clear that as government becomes more remote from the people it serves, bureaucracies grow, unit costs increase, and services and response time decrease. We need to make sure that when looking at consolidation, we find that optimal level, and structure such consolidation to achieve that goal. With that objective, we are confident that our residents will support these initiatives, as they must.

As we continue to seek answers to the property tax dilemma, there are four specific areas that I believe we should address and must address, and which will, without question, result in immediate and significant savings. As Governor Corzine pointed out, everything is supposed to be on the table, and there are no more sacred cows. These proposals will not cost our taxpayers a single penny, and will not reduce any service to our residents, and will provide immediate and long-lasting property tax reduction.

The first point I wanted to make was repeal of prevailing wage laws. These laws address no legitimate public purpose, and only serve to inflate the costs of improving State and local infrastructure by as much as 30 percent or more. What other occupation in today's economy has a guaranteed wage and is not subject to any competition? Contractors repeatedly tell us that on labor-intensive projects, they could provide equal quality results at a significant savings, but are legally prevented from doing this by the laws which fix their labor costs. The time has come to end this

costly practice. This would not only provide significant savings at the local level, but would also result in dramatic cost reductions at the State and county levels, as well. As the need for infrastructure renewal in New Jersey grows, the savings will continue to grow on a consistent basis.

It is with the savings at the State level that we propose to fund the next point that I'd like to make, which is the restoration of full funding to municipalities of the former gross receipts tax. This tax was always intended to be dedicated to municipal government as a payment in lieu of property taxes by larger utility companies. An argument could be made that the property tax crisis in New Jersey began when the State began diverting the growth in this fund over 25 years ago, a practice continued by every succeeding administration, Democrat or Republican. If the full growth had been allowed to continue, we might not be having this discussion now. From the time local government lost this funding, the portion of our budget supported by property taxes has nearly doubled from about one-third to about two-thirds. Let's restore this funding where it rightfully belongs. We could do that, I believe, without any new taxes. The dramatic savings at the State level that result from the repeal of the prevailing wage law could be linked to a new fund to reduce property taxes and to replace the lost revenue from the former gross receipts tax.

The third point I'd like to make is the removal of the \$15,000 cap on salaries for retired employees. One of the greatest resources we have in expanding the use of shared services and consolidation are our senior citizens, who have served local, county, and State government with dedication and professionalism, that are now retired but are still highly capable and willing to provide skilled service with little or no training.

These individuals have a wealth of knowledge and experience, and can provide this to our communities at a great savings in dollars, since many already have paid-in-full benefits, etc., and would negotiate a salary attractive to our taxpayers. This would provide us with enormous flexibility in structuring shared services and consolidating, a flexibility we do not have right now.

I'll skip down to the last one. I think reforming binding arbitration laws for public safety employees-- We all know the value and dedication of our police and firefighters in New Jersey. I'm confident that elected officials at every level will continue to provide fair and equitable wages to those individuals. However, the burden of excessive and one-sided settlements imposed by arbitration is inconsistent with the Governor's charge to keep local costs under control.

We need the legal authority to live within our means. Give us these new tools to establish fair and equitable compensation for governmental employees at all levels, and you will assure the taxpayers of significant savings.

I thank you for the opportunity to express these suggestions. And if you have any questions, I'd be happy to answer them.

SENATOR SMITH: Mayor, you have some really interesting ideas. Removing the \$15,000 cap is one that--

MAYOR TEMPESTA: We have some good talent out there. And it's unfortunate, a lot of them are reluctant to come back.

SENATOR SMITH: Right. And as I understand it, this doesn't add to their years of service in the pension system.

MAYOR TEMPESTA: No, no, this would not be-- Their pension is their pension. They're collecting that. Most of them already have health benefits, so we don't have to pay their benefits. They're already getting paid. We wouldn't have to contribute to the pension system. And there's no reason why-- I don't know why that cap is there, to be honest with you.

SENATOR SMITH: A number of your ideas are very interesting. We're going to look into them further.

Any other questions for the Mayor? (no response)

Mayor, thank you for coming by.

MAYOR TEMPESTA: Thank you very much.

SENATOR SMITH: I believe the Mayor that we had called on earlier, who wasn't present, is now present. That's Mayor Sandahl, the Deputy Mayor of Hopewell Township.

Mayor.

DEPUTY MAYOR DAVID C. SANDAHL: First of all, I want to thank the Chair, and I want to applaud the efforts of this Committee, the State Legislature, and Governor Corzine for finally beginning to come to grips with the crushing burden of property taxes in our state. I trust the results of your efforts will help citizens better understand their local governments, schools, and other tax entities, while taking steps to decrease the cost of government in our state.

And you've got my prepared testimony. I'm going to jump around a little bit in it, just to try to emphasize the key point that I have.

Our town is a town of about 17,000. We've done a lot of the right things in the right way for the past few years. We've had our bond

rating by Moody's increase several times in the past couple of years. We've tightened things down as much as we can. But with even those sound financial practices in place, we're faced with what I would call a *crisis* that's really created by the current system of finance in the State of New Jersey.

And that was really brought home to me this Summer. We're a town that had a re-val ordered by the county last year. And so when new tax bills went out in July, we got a storm of protest from people who suddenly had their tax burden massively shifted from what it was previously. We had people who had 20 to 40 percent increases in the property tax bills. And their only real crime was living in their home for 10 years.

So I tried to go out and explain how our system worked. And I must say, people were very angry when I got there, and only a little less angry when I left -- to try to explain to them the way the system in the State of New Jersey works.

And if you'd flip to Page 5 of the testimony, there's just-- You've seen a depiction like this previously. But just to show you where we are in the world-- In Hopewell Township, of every tax dollar, about \$.12 goes to the municipality. But \$.58 goes to the schools. We pay the county about \$.26. We've got an open space tax set by referendum, and a fire district. And over on the right you see the distribution of that. The State tells us what to do with about 58 percent of that. As a very large town of 58 square miles. We've got a large police department, 17 percent; our public works department, 9 percent. I don't think any of this is much of a surprise to any of you. But we've got very little discretionary spending in the town.

When you look at the pie chart, you also notice that there are a lot of taxing entities. We collect taxes for half a dozen other entities within our town. And you know what they are. So if you look at Page 6-- And I think you're focusing on this issue, and I'm very glad to hear it. Because it was hard for me to understand and very hard to explain to our residents.

The graph at the bottom really shows what we pay on a month-to-month basis -- the various entities that we collect taxes for. We're the little white part at the top. At the bottom, you see the schools, and then every quarter, the county shows up. So that clearly puts a strain on our cash flow, month-to-month.

If you flip the page, you'll see a graph that indicates where we are on a cash flow basis. That is, revenue in versus expenses out. And, again, especially the impact of the county on a quarterly basis -- that is mistimed with the collection of property tax payments -- means, as you know, we have to have a substantial reserve set aside to finance, in at least two cases, much larger entities than ourselves. And we've calculated that about 10 percent of our municipal budget is dedicated to that purpose only.

And my guess is -- and I've talked to some people about this in DCA, and also noted tax authority Harry Haushalter. My guess is that this is an anachronism that's left over from the State Constitution of the 1900s, that set the system up as the towns, as the tax collector, distributing the funds to -- at that time, you could imagine, a one-room schoolhouse. But now, in our case, the school budget is about three times as big as our municipal budget. So now we're the taxing entity. We collect all the taxes, we have to fund these other people. And they are certainly a good public purpose. But in this day and age, it seems very odd that of the three

significant or major entities we have, the smallest is responsible for managing this tax -- this difference in cash flow.

SENATOR SMITH: Mayor, how would you feel about the county being the tax collector and the tax assessor?

DEPUTY MAYOR SANDAHL: I have said, previously -- and I think it is the case -- that this is a system that is ripe for financial reengineering. I think that sort of an approach would make an awful lot of sense. I think the counties, obviously, have much greater fiscal capacity than we do. And if we can work out the cash flow differences--

I did ask DCA, this Summer, how much money was involved in the system. And I was told, at the time, \$500 million to \$550 million a year is set aside in municipal surplus. That's a lot of money where I come from. And if that money could be squeezed out of the system, even once, that's obviously a big difference to New Jersey taxpayers.

Now, there's one other issue-- And I'm glad to go back to that issue and talk about it as much as you'd like.

There's one other issue I'd like to bring to your attention, which the previous Mayor reminded me of. I worked for the Federal government back in the late '70s and early '80s. And one of my jobs was to help conduct the pay survey for Federal employees. And as a municipal official now, one of the real disadvantages we have in bargaining with our contract employees is they have professional representatives, and people who obviously do this all the time, and the ability to collect a certain amount of pay comparability information. We don't have that. I can look at pay surveys on line, and that sort of thing. But we found that private-sector pay increases are on the order of 2 to 2.3 percent a year for the past

decade. And we're being asked for much more than that. Yet, when we go to binding arbitration for the police, or we get into contract situations with other unions, they've got far more professional representation and backup than we do as a relatively small town.

So another thing I think the State could help us with is to provide that kind of pay comparability information. It's just a survey. But provide it in such a way that we've got something to work with when we're bargaining with our unionized employees.

I really do hope you go forward with these reforms. I think greater transparency is essential in the State of New Jersey. I think we shouldn't have to work so hard to explain to our citizens how our government works. And I thank you for having me tonight.

SENATOR SMITH: As long as you threw that issue on the table, let me flip it into another area. There are some who have suggested that if there were county school districts, and county contracts with the educational and support staff for a county-related school district, that there would be a more even bargaining power between the county district and the outstanding efforts of the NJEA. I mean, they're the world's best. I don't know if they take it as a compliment when I say that. But they are literally the world's best negotiators, etc. They represent their clientele very well.

Do you think that, at a larger level, there might be more equality between the bargaining positions, as opposed to the 600 school districts?

DEPUTY MAYOR SANDAHL: We have a regional school district. And I guess what I would say is pretty obvious. I've done a lot of bargaining -- not with the school employees, but with developers in our

town, and settlement agreements, and that sort of thing. And the bargaining is always, usually, settled by what the facts are. And if you have superior facts on your side, you have the right facts on your side, you're striking a good agreement. And what I notice is -- and with respect to your question is -- we often don't have the facts that we need to be able to say, "Here's what's a reasonable estimate of what's going on in the world right now. Here's what average pay looks like." And that would help us, I think, quite a bit. I think it would put us in a better bargaining position.

SENATOR SMITH: Mayor, thank you for taking the time to come out.

Are there any questions for the Mayor? (no response)

Thank you, Mayor.

DEPUTY MAYOR SANDAHL: Thanks very much.

SENATOR SMITH: Mayor Lonegan, of Bogata. (no response)

I don't see the Mayor present.

Mary Ann Viviani.

Mary Ann, I don't have you listed with a group. Are you here as an average citizen, or are you affiliated with a group?

Oh, I'm sorry, you are. You're the President of Bergen County Tax Collectors and Treasurers Association.

I'm sorry.

MARY ANN VIVIANI: Yes, I'm the President of the Bergen County Tax Collectors and Treasurers Association, and a certified tax collector, and Chief Financial Officer for the Borough of Waldwick.

I represent tax collectors from 70 towns in Bergen County. The State, many years ago, considered the job and titles to be of utmost

importance in the collection of taxes. We, as professionals, are required to take courses in tax collection, pass a State examine; we are required to be licensed, and must have 15 credits of continuing education every two years.

Responsibilities in our job include receiving payments of taxes, obtaining property information, holding annual tax sales, senior citizen and vet deductions, handling mortgage companies, post tax-year statements, tax delinquent reports to the State, tenant rebates, and tax searches. Besides these functions, we help taxpayers with the FAIR rebate and the property tax reimbursement forms.

Municipalities have a lot to lose in this proposal, the first one being the reserve for uncollected taxes, the receipts for delinquent taxes, interest on investments, and what effect it would have on our surplus in the years ahead on our budgets. Municipalities that have interlocal agreements -- and there are many in Bergen County. We have interlocal agreements between municipal courts, boards of health, dog licensing, tax collectors' offices, tax assessors' offices, and many other services that may actually cost us more if we go to the county. That is a concern we have.

The public has a lot to lose in the consolidation of our services. And I'm talking on the municipal level. As is required with someone-- A lot of our senior citizens know us. They want to come in. Today you happened to hold the meeting on November 1. Today was tax day. I would have loved for you to have been to my office. We had 1,002 people walk into the tax office today. It's very important for our residents to be able to come in. They see their government at work on tax day.

SENATOR SMITH: Let me ask you a question. In New Jersey, everybody's unhappy about property taxes.

MS. VIVIANI: Right.

SENATOR SMITH: But the group that's most unhappy are senior citizens on fixed incomes. If the proposition was put to them that by having a county tax collection, county tax assessment system, they could hopefully result in lower property taxes or stabilized property taxes, how do you think they'd feel about that?

MS. VIVIANI: I think if you told them what you had planned on doing -- to do it. They would feel more comfortable. They are not ready to give up something that they have without knowing what that unknown is. And that's one of the things that I wanted to talk about tonight.

It's not that the tax collectors or treasurers are against this. It's very easy to say that you're consolidating to the county, but you're also then bringing more jobs. You're going to have to create jobs at the county in order to handle all the duties that are being done now.

SENATOR SMITH: Right.

MS. VIVIANI: Whether that savings to that senior citizen is really a savings, when you've moved it to the county where they are never going to get to, to pay taxes -- and the fact that they have the ease of coming in. They know who we are. Yes, they may not always be happy paying it, but they still see where the money is going. They see the people that are there. They're never going to the county, and they're not going to see that.

SENATOR SMITH: Don't most pay by mail?

MS. VIVIANI: No.

SENATOR SMITH: No, they come in?

MS. VIVIANI: They love to come in. They really love to come in.

SENATOR SMITH: It's a social event.

MS. VIVIANI: In closing, I'd like to invite you to visit a tax collector's office and to see what is actually going on, and to see some of the services and responsibilities. Please think about what the loss may be to those municipalities, not only to the tax collectors, okay? Because yes, we are a group. Most of us hold multiple titles. Okay? We're not just tax collectors. So, in essence, we could still be there doing our other roles.

And would it really be a savings to the municipality? You really have not said what's going to happen when all the taxes that are not collected at the county-- I mean, yes, it would -- it's easy to say, "Well, you wouldn't have the reserve for uncollected. That would go into your town budget." Ultimately, the county is going to have to have that. The collection rates-- Last year, Waldwick collected 98.72. What is the percentage that the county is going to collect and it's going to get into Waldwick's coffers?

I'm not saying that it won't all come back, but it may not come back in a timely manner. We all did investments today -- money came in; it's gone out. And that's what we want to do.

So I thank you very much.

SENATOR SMITH: Thank you, Ms. Viviani.

We have two, I think, health-related witnesses: Steve Wielkocz, from the Fort Lee Health Department; and Dr. Paul Friedman, Vice President of the Fort Lee Board of Health. Perhaps you both could come forward.

STEVE WIELKOCZ: I'm Steve Wielkocz.

SENATOR SMITH: What's that?

MR. WIELKOCZ: Steve Wielkocz.

Paul Friedman is not going to speak. He's going to pass.

SENATOR SMITH: Oh, okay. Very good.

Mr. Wielkocz.

MR. WIELKOCZ: Wielkocz.

SENATOR SMITH: Yes, sir.

MR. WIELKOCZ: Thanks for this opportunity.

I want to start off by discussing the résumé of health officers. We have BS degrees in science, master's degrees in public health. Then we have an environmental health and law degree from Cook College. We have approximately 500 hours of continuing education credits, and we have at least five years -- but more like, on average, 10 to 25 years experience in the field.

When we go into work in the morning, it's more like going to war. At 8:30 we have a TB case, at 9:00 we have lice at school, at 10:00 we're closing down a pool or a restaurant, 11:00 there's toxic emissions from a building or industry in town. It goes on and on between restaurants, dog bites, poison ivy, flu clinics. The key gist is that health officers are the backbone of health in New Jersey. And we're very limited to begin with. If we tamper with Title 26 in regionalized public health, our jobs will be lost, and we'll be replaced by sanitary inspectors, where now the new title is registered mental health specialist. Not that they're not good, but they have half our education, they have half our experience in the field. It's more like a type of a dead-end job also; a lot of them come and go. So

you're really going to devastate public health in New Jersey by eliminating health officers or by greatly reducing us from 100 and, let's say, of 1,530 (*sic*), down to 20 or 30. And there's no savings. The average health department cost is one-half of 1 percent of a town's budget. If you're paying \$6,000 a year in taxes, that's \$30 a household.

As a matter of fact, the State Health Department's own statistics are that county health departments are \$26 per capita, regional health commissions are \$12 per capita; a local health department is \$24. So a local health department is less than the county, which is really why the county -- they've had a hard time taking over locals, because there's no savings. And I think the Commission all knows that 90 percent of a municipal budget is police, fire, and board of ed.

And I'm going to stay nonpartisan, but there were two Presidents and we had a past governor that reduced taxes on the wealthy and, in turn, cut out all State and Federal aid. Fifty to 70 percent of police, fire, and board of ed used to be paid for by the State and the Feds. So I know you have a tough job, because either you have to go after the police, fire, and board of ed, which is not popular, or go after things like health departments that do not save money. So--

SENATOR SMITH: We don't-- There's not a single proposal that we're looking at that's popular.

MR. WIELKOCZ: Right, I understand that. (laughter)

SENATOR SMITH: All right.

MR. WIELKOCZ: I know what you could do is raise the State income tax on the wealthy. I know it killed Florio, but I think the people might be more sophisticated now. But the point is, you're going to kill

public health and there's no savings. It's only a matter of time before we have a pandemic flu outbreak, or a bioterrorism outbreak, or a Katrina in New Jersey. And without health officers, we're not going to be able to handle it. And you could see what's happening to the politicians in Louisiana.

So that's basically what I have to say. I deeply appreciate the opportunity to speak.

SENATOR SMITH: Thank you for coming in.

Are there any questions for Mr. Wielkocz? (no response)

Thank you.

MR. WIELKOCZ: You're welcome. (applause)

SENATOR SMITH: Our next witness is Mayor Fred Pitofsky, Mayor of Closter -- the home of Spectrum for Living, yes? Great facility.

MAYOR FRED PITOFSKY: Senator Smith and Committee, good evening. It's a pleasure to be here tonight. I had a planning board meeting, but I was glad that it was cancelled, so I'm glad I could come here and make my comments. I have no prepared statements, so the people can get early that live far away.

I was looking over S-2244, and I think you should take that assessment and collection of real property taxes out of that part of it. I don't think it's advantageous. I believe in select joint services, such as we're a member of the joint insurance fund. I'm on the Executive Committee. We have an interborough for the police, dispatchers, and we're a member of the Riverside Cooperative. We save lots of money. And I believe the court system -- I'm trying to get other towns to consolidate with us in the court system. But it's ridiculous. The senior citizens -- they were all lined up

today to pay their taxes. And when we-- Our tax collector gets a 99.6 percent collection rate every year, and she's very conscientious -- so is the whole tax committee. So it would be against her -- for them to do that personally.

SENATOR SMITH: Let me tell you about my town. Today was tax day. So right after you paid your taxes, you walked out the door, you got a flu shot.

MAYOR PITOFISKY: Oh, yes?

SENATOR SMITH: Yes.

MAYOR PITOFISKY: Wow. We're charging \$10, Board of Health.

SENATOR SMITH: There you go.

MAYOR PITOFISKY: But wait -- they have 10 days to pay; so I didn't pay yet. (laughter)

SENATOR SMITH: Okay.

MAYOR PITOFISKY: But basically, I think it would be a ways to tie it in with the county; and I'll make it short and sweet, but to the point.

SENATOR SMITH: Mayor, did you have any opinion on the "base closing" commission idea?

MAYOR PITOFISKY: No, because I just--

SENATOR SMITH: I don't know if you've heard about that. And Senator Kyrillos has been a major proponent of that. But the idea was -- and this is on the municipal side -- that we have municipalities-- We had a mayor-- When he added up all his employees, including the part-timers, it was seven employees. And it was a large town. And we asked him, how

many people are-- How about the town next to you? And he said, "Well, they have 21 employees." Well, how about the other town to the west? "Well, they have probably 16 employees, but they have a downtown." All right? And I said, what do you think about consolidating your communities? "No, there would be no savings."

This base closing commission would study the municipal governments. And if they came to a conclusion that there could be some savings to the taxpayers, they would report to the Legislature. And once the Legislature accepted the report, it would go on the ballot in all -- say, two or three towns -- but people would have a chance to vote on it. What do you think about that idea?

MAYOR PITOFISKY: I believe in combining services among the towns to save money.

SENATOR SMITH: Well, it would result in one town. So there wouldn't be three mayors and three councils. There would be one mayor and one council.

MAYOR PITOFISKY: One mayor, one council. I don't get paid as Mayor anyway, so it--

SENATOR SMITH: No, I know. It wouldn't affect you. But what do you think about the idea?

MAYOR PITOFISKY: No, I don't like the idea.

SENATOR SMITH: Okay. (laughter)

We appreciate your coming in, Mayor.

MAYOR PITOFISKY: Thank you.

SENATOR SMITH: Jackie Gibson? And I assume that's Jacqueline.

JACKIE GIBSON: (speaking from audience) She was before me.

SHARON TAYLOR: (speaking from audience) We're together, so it doesn't really matter.

SENATOR SMITH: The Chairman can do things in any order.
Ms. Gibson.

And you don't have yourself affiliated with any group, you're here as a citizen?

MS. TAYLOR: I'm sorry.

MS. GIBSON: (speaking from audience) Tell him you're not me.

MS. TAYLOR: Okay. Good evening.

My name is Sharon Taylor, and I have come to speak tonight from Metuchen, in Middlesex County.

SENATOR SMITH: All right, now, just as a starting point, you're not being nice.

MS. TAYLOR: I'm not being nice?

SENATOR SMITH: No. Because I asked for Sharon Taylor to come forward -- oh, I'm sorry, Jackie Gibson to come forward.

Jackie, you don't wish to speak?

MS. TAYLOR: She wasn't going to speak. Right? Well, she may speak.

SENATOR SMITH: Okay. Then I'm going to--

MS. GIBSON: (speaking from audience) I was going to go after her. She signed in before me.

SENATOR SMITH: I know, but the Chairman sets the order.

MS. GIBSON: Oh, I'm so sorry.

SENATOR SMITH: Let's -- just so -- we're being very orderly.
Why don't you both come up.

MS. TAYLOR: Okay.

MS. GIBSON: All right.

SENATOR SMITH: And then we'll-- Because apparently
you're a tag team. Okay.

MS. TAYLOR: Yes, we're together.

MS. GIBSON: We're a tag team.

MS. TAYLOR: Yes. We're both from Metuchen, in Middlesex
County.

SENATOR SMITH: Okay. We'd like to hear what you have
to say.

MS. GIBSON: Okay.

MS. TAYLOR: We rode up together from Metuchen. Shall I
go or--

MS. GIBSON: Okay.

SENATOR SMITH: And it's okay if you'd like to go first.
We're taking you as a team.

MS. GIBSON: All right. Well, Sharon has a prepared
statement, and I'm the driver, and I was winging it.

SENATOR SMITH: Okay.

MS. GIBSON: So Sharon will speak first. (laughter)

SENATOR SMITH: Okay. Prepared statement -- go ahead,
Sharon.

MS. TAYLOR: Okay.

I am a past president of the elementary school Parent/Teacher Organization, and I'm currently the corresponding secretary for the Parent Teacher Council in Metuchen. I'm also the corresponding secretary for a group called Citizens for Quality Education, which is a grassroots group that runs a get-out-the-vote campaign for school budget elections every April.

But tonight I come to you as a parent of twin fifth graders in middle school in Metuchen. I moved to Metuchen from New York City for basically three reasons: The trains -- we are what's known as a transit town, and I work part-time in the city, so I'm able to walk to the train. The town itself -- I don't know if you know Metuchen. I know that you do, Assemblyman.

SENATOR SMITH: It's a great town.

MS. TAYLOR: Yes. It's a wonderful town. You can walk downtown. It's a safe town. We have a great mayor; we have a great police department. I would not complain about Metuchen.

And of course, the schools--

SENATOR SMITH: Are your property taxes too high?

MS. TAYLOR: Well, you know, of course they are. (laughter) They're always going to be too high. But I have to say, in my opinion we get an awful lot for our taxes in Metuchen. Okay? I am not complaining about what we get.

SENATOR SMITH: Right.

MS. TAYLOR: But, okay, so-- And the schools -- I love the fact that there are only 140 students in my girls' fifth grade, and that they will know these students, give or take a few, throughout high school. You can be as active in Metuchen, or inactive in the districts as you choose. I

choose to be an active parent. I know for a fact that Metuchen School District already shares services in the areas of transportation for special education students, and purchasing for supplies and energy. The district looked into purchasing the New Jersey health insurance plan offered by the State, but found it was cheaper to go it alone, which I thought was very strange, but that's the case. I'm telling you these things because I want to show you that Metuchen is already sharing services -- and without consolidation of districts.

Many expenses are incurred because of State mandates, especially special education, of which we have many students, but no promised reimbursement to cover the costs they incur. And please don't get me wrong, I have nothing against special education students, but when you mandate something and don't reimburse the cost for that mandate, then who has to shoulder the burden but the local taxpayer -- myself and Jackie.

A Metuchen Board of Ed member, who happens to be an economics professor at Hunter College in New York City, did a report of the pros and cons of consolidation by student population. She found that consolidation does not save money in districts between 500 and 2,000 students. Metuchen currently has 1,970, so we're just under. If Metuchen were to consolidate with nearby Edison, which I presume would be the town -- seeing as we're the hole in the doughnut -- immediately our costs would rise, because the teacher salary base is higher in Edison than it is in Metuchen. So even if we eliminated the administrators that we currently have -- the superintendent, the business administrator -- the savings would be less than the increased salaries of the teachers. So we wouldn't gain anything by joining in with Edison.

There are many ways to reduce costs, and looking into the State mandates would be one area to start. I do know that Governor McGreevey, when he was in office, because I actually met with him with the Garden State Coalition, commissioned a committee to study the mandates. I don't know what happened to that committee -- I think we all know what happened to Governor McGreevey. (laughter) Thank you for that.

SENATOR SMITH: By the way, did the--

ASSEMBLYMAN GORDON: He's getting married. (laughter)

SENATOR SMITH: --Garden State Coalition have a press conference today?

MS. TAYLOR: Yes they did, this morning. I, unfortunately, was not able to attend.

SENATOR SMITH: I had heard. I wasn't in Trenton. But what I had heard was that the Coalition's press conference was one in which the group said do nothing -- do not consolidate schools, do not have county-based districts, raise taxes so we'll have more money to support the system. That's what I understood the press conference was. Am I wrong?

MS. TAYLOR: I'm sorry, I don't know what they said. But I have heard that--

SENATOR SMITH: Do you realize that absolutely everybody in here has either said, "Go over there and cut them or streamline them," but nobody wants anything streamlined? Everybody wants everything as it is, no change, and status quo or raise taxes, which is--

MS. TAYLOR: Well, I don't think that's quite true. I actually have a friend in town who made a quite sensible solution. He said that the sales tax should be paying for school and that every single student should

have a certain amount coming from the sales tax, and then that would pay for the students. And then you wouldn't have all these--

SENATOR SMITH: Right. Are you saying raise the sales tax a little bit more?

MS. TAYLOR: No, not necessarily. I'm saying, stop using it for all the other stuff that it's not supposed to be used for. (timer sounds) But you've cut off my speech, and I'm getting to the good part.

SENATOR SMITH: I'm sorry. (laughter) Go ahead. Well, you're two people. So we're giving you a little extra time. Go ahead.

MS. TAYLOR: Okay. All right. I wanted to say -- okay -- prior to-- State purchasing requirements is one way that you could lessen the burden on districts. You could allow us to purchase through retail stores instead of places that charge much more than we would get at Costco or at Office Max. And also, I believe -- and I also mentioned this to Governor McGreevey when I met and he laughed in my face, which you probably all will do, as well -- the State should give incentives to insurance companies for health and liability to lower their premiums. And Governor McGreevey said to me, "You can't do that. That is a-- This is a" -- what's the word--

MS. GIBSON: Market.

MS. GIBSON: Yes, right. Free market. Thank you.

And then a couple of months later he gave incentives to a car insurance company to come into the state. So I really don't understand why that can't be done. So I just want to say, while do not oppose consolidation of services where money can be saved, as Metuchen is already doing, I am opposed to the various school districts being consolidated. I do not want my children in a school of 2,000 students. I like the fact I can go

to a board of ed meeting and get up at the podium and speak my mind. I can be active in the schools. The school administration knows my children, they know me, and I'm involved. So -- and I also really, more importantly, I do not personally believe that there will be any savings from anything that is proposed that will actually come back into my pocket. And if you could show me that I'm going to get a substantial reduction in my taxes, then I would agree to anything. But I do not see it happening, so--

And one last thing I'm going to say is, tonight has really opened my eyes, listening to all the people speaking. The incredible differences between the towns is unbelievable. Metuchen is a 2.5-square-mile town. It has-- I think it runs really well. We have our own police, we have our own public works, our own school district. Please don't change it.

Thank you very much for listening.

SENATOR SMITH: Thank you -- both of you -- you for driving and you for testifying. (laughter) It's most appreciated.

MS. GIBSON: I would like to add a thing or two. Basically, in Metuchen, when the board of education meeting -- the point comes in the meeting where, does the public have anything to say? Sometimes they don't waste any time or fool around. They just say, "Jackie, do you have anything to say?" because I'm the only one sitting there.

MS. TAYLOR: Me, too, sometimes.

MS. GIBSON: Yes. Sometimes Sharon is there with me. Frequently, I'm there alone. I go to about every board of education meeting. I'm very interested in children's education. And if I had wanted to save a small amount of taxes, I could have moved to another neighboring district and had a lower tax bill. But my children would be one small cog in

a big machine. And I'd rather have my children in a small, personal school district where people know who they are and where they know most of the other students. There are about 150 children per grade, so-- In my son's particular grade, there are only 50 boys, approximately. He knows everyone; everyone knows him. He knows-- The principal knows the name of every student he sees in the school in the elementary school. And that's the kind of town I chose to live in, knowing that the taxes were a little higher, because maybe then I could avoid having to have paid for a private school education on top of paying taxes for public school.

So from a local position, I want to keep my town with the type of size schools that I like. And people who like different in New Jersey, they have a choice, and they can go to somewhere different. They can go to a school district that maybe has a very large high school with a very good reputation, if that's what they want to do. But there are choices for different types of people here, instead of one size fits all.

If we go to county school districts, I'm afraid those choices will be eliminated. You won't have the choice anymore as a parent -- do I want to move with my children into the small district or the larger, more competitive district? What's going to be the best fit for my particular child? It will just be one big, homogenized sameness everywhere, and I think that eliminates some of the character of New Jersey. Also, from a statewide perspective, New Jersey schools are among the top in the nation. I don't think that's something that should be tinkered with lightly. As they say, "If it ain't broke, don't fix it." If you have a very excellent education system and you make very drastic changes, not only where is my guarantee that it's going to put more money back into my pocket, where is my

guarantee that these will continue to be the type of schools that I'm willing to send my children to? Because I take their educations very seriously.

And thank you for having these hearings so I could come out and learn all the great stuff I'm learning tonight.

SENATOR SMITH: Thank you for coming and participating.

MS. GIBSON: Thank you.

SENATOR SMITH: George Fosdick, Mayor of the Village of Ridgefield (*sic*).

Mayor.

MAYOR GEORGE D. FOSDICK: Ridgefield Park.

SENATOR SMITH: I'm sorry. What's that?

MAYOR FOSDICK: Ridgefield Park.

SENATOR SMITH: Oh. Old eyes, Mayor. I'm sorry.
Ridgefield Park.

MAYOR FOSDICK: My name is George Fosdick, the Mayor of the Village of Ridgefield Park. I'm in my fourth term as Mayor, sixth term on the Board of Commissioners. I don't have prepared remarks, but I have several things I would like to say to the Committee on the subject of consolidation, and municipal and local costs.

Prior to this meeting, I attended a joint municipal excess liability seminar for elected officials. And one of the interesting things that was pointed out is, as the result of directives coming down from various State agencies -- whether it's the Attorney General, Department of Health, PEOSHA, Department of Labor, courts, prosecutors, Attorney General -- that every municipal employee, if we were to comply with the regulations, would be spending 25 percent of its time annually in training sessions. I

point that out because I think that municipalities and local school districts are being pointed at and told that we're spending too much money, when indeed a good chunk of that money is being spent in response to the mandates that are being dictated to us by others. And I don't think that's right. And I want to get very specific about certain things. And my reference will be the Village of Ridgefield Park, a community first settled in 1685, and incidentally, direct descendents still live there. So I guess they don't think the taxes are that bad. (laughter)

The Village of Ridgefield Park is currently being directed to undergo its reassessment for the second time in the past five years. So these numbers are based upon the current assessment. The average home today, under the current assessment, which is being redone next year, is valued at \$194,000. The average tax bill in the Village of Ridgefield Park is \$7,488; 33 percent, or 2,516, is for the municipality; 59 percent, 4,396, is for the schools -- and a budget that is consistently approved by the voters -- and \$576 goes for the county.

The point I would like to make, in all discussions about regionalization, is that we have to let folks know what the impact is on their taxes. So in Ridgefield Park we have taken a number -- \$100,000. Now, for different municipalities and school districts, it may be a different number. But let me tell you this, \$100,000 in Ridgefield Park, either in an increase in revenue or a decrease in expenses, translates for the average taxpayer into \$22.15 -- \$22.15. So that when we say to our taxpayers we're going to do thus and so, and by the way, you'll save \$22.15 on your \$7,488 bill, or \$5.05 every time you pay your taxes each quarter, you might say, "I don't think that's worth it." What this Committee and the State is going to

have to do is to identify to municipalities and school districts what the savings are going to be if you want to sell a program. Without doing that, it doesn't mean anything. To tell us that we're going to save \$400 million on the State level means nothing to us in Ridgefield Park until you tell us what that's going to be.

Now, another thing, it seems to me that there is an inclination to say that bigger is better, or bigger is more efficient. I don't know if that's the case. Because if bigger or more efficient are what we wanted to be, then is that what Newark is? And that's no disrespect to Newark, because that's the largest municipal unit in the state.

Now, a couple of other things on regionalization: I asked for and received some interesting numbers. First of all, 53 years ago, the Village of Ridgefield Park became a receiving district for Little Ferry High School students -- 53 years ago -- a receiving district. If that were done today, I think you'd probably all stand up and applaud. But the folks 53 years ago were smart enough to do it. But here are some numbers, which is why we question whether regionalization is the answer. The Ramapo Indian Hills School District, which is a high demographic -- the per pupil school cost in that regional school district is \$16,663. Let's take a district that's more comparable to the Village of Ridgefield Park -- Carlstadt, East Rutherford. The per pupil cost is \$16,652. And what is it in Ridgefield Park? Ridgefield Park High School, \$12,244, or more than \$4,000 per pupil cost below that of regional school districts.

Let's take the State average. The State average for regional high schools is 13,569. And again, we're at 12,567 -- below the State average. So that we question this drive on the part of some folks to say that

your answer is regionalization or consolidation of services. Basically, I'm from Missouri -- show me. Remember what \$100,000 means.

Now, in our budget, just a couple of other things. I happen to have been a fireman for the past 42 years. I'm a former chief. But there's some interesting numbers, and this is not meant as any disrespect to anything that I'm about to say. But in the municipal budget, we have, as all communities do, I guess, a paid police department of 30 officers. The number hasn't changed in many, many years, although they're now answering over 20,000 calls a year. In our municipal budget, our police department, for the average taxpayer -- 7488: \$1,077 -- \$1,077.

Now, we are told that with six volunteer fire companies you have too much equipment. Well, those 100 volunteers, and I happen to be one of them, the budget impact in Ridgefield Park: \$47 -- \$47. "But Mayor, you're not being fair. You have a rescue squad and you have an ambulance corps. Why not include them?" I'll be happy to. Our ambulance corps, \$9. Our rescue squad, because we have two railroads, and 80 and 95, and we have a heavy-duty rescue squad, \$3. Forty-seven, and nine, and three -- what does that come up to?

SENATOR SMITH: Well, you're doing great.

MAYOR FOSDICK: Okay. Now, but -- volunteers. Went to the taxpayers, four or five years ago, and said we need a program -- the LOSAP program -- to help us keep the volunteers. And by the way, it's working for us. It's doing well for us -- \$33. We're still below \$100. "Ah, but you forgot the cost of all those fire trucks you're buying," the auditor tells me. First of all, we keep the fire trucks for 30 years. He said, "Figure probably \$100,000 in your bonded costs--

SENATOR SMITH: Mayor, I think you--

MAYOR FOSDICK: --or another \$22-- The point is this.

SENATOR SMITH: Yes, you're doing a great job.

MAYOR FOSDICK: No. Here's the point. This is why we become concerned when folks tell us, "You want to do this," "You have too many fire trucks," "You have too much of this." As a volunteer, I'm going to tell you something. I will, and still do, by the way, respond to calls in the Village of Ridgefield Park all the time, and will go anywhere anybody needs help. But if you're going to consolidate a fire company and say, "Well, you have to answer calls in all these other towns," I don't know how long the volunteers will ask--

SENATOR SMITH: Mayor, that's not on the table.

MAYOR FOSDICK: Okay. So, what happens is this. You lose the volunteers and replace them with paid people -- you lost all of your cost effectiveness.

SENATOR SMITH: We don't want to do that. We love the volunteers.

MAYOR FOSDICK: Fine. But just-- What I read and what I hear is, "too much of this, too much of that."

SENATOR SMITH: No, no, no, no, no, no. No, no, no.

MAYOR FOSDICK: If we consolidate and save money -- I don't know that you're going to do it.

SENATOR SMITH: On the fire district thing, just so you know what's being discussed--

MAYOR FOSDICK: Well, we're not a fire district. It's a municipal department.

SENATOR SMITH: But you made a lot of points about fire equipment and the discussion-- Somehow you got the impression that we're saying there's too much fire equipment, or somehow we don't like volunteers. That's not the case. The problem with the fire districts is that you have some towns where there are -- not companies we're talking about, but fire districts.

MAYOR FOSDICK: And see, Bergen County does not have fire districts.

SENATOR SMITH: Yes, I understand it. But there are other places in New Jersey; we're dealing with the whole state.

ASSEMBLYMAN WISNIEWSKI: So those proposals--

SENATOR SMITH: All right. And for example, we have a town -- and Assemblyman Wisniewski has a town in his legislative district -- there's nine fire districts in the one town. Each of them have separate taxing powers. Each of them have different rateable bases, and each of them are a little bit competitive with each other about what their equipment should be or shouldn't be. So the question is, will the taxpayers be better off still keeping all the companies, still keeping all the volunteers, but having one district, one board of commissioners for the town?

MAYOR FOSDICK: I think the answer to that, sir, would be -- you have to assess the impact of whatever you do on the volunteers. Will the guy say, or the woman -- we have men and women.

SENATOR SMITH: We have both, absolutely.

MAYOR FOSDICK: --will they say, "Wait a minute, I don't want to do that?" And if you lose-- That's the point I think that is missing

here. If you take actions which causes volunteers to say, "I don't want to do it anymore"--

SENATOR SMITH: We're just like the doctors, we don't want to do any harm. It's the Hippocratic oath -- do no harm. That's our goal as well.

MAYOR FOSDICK: Now, another philosophic point, because I've heard where you--

SENATOR SMITH: I have to cut you just a little bit. There's only one more speaker, and you can come back up. We promised everybody five minutes.

MAYOR FOSDICK: Thank you. Thank you very much.

SENATOR SMITH: But you can come back and finish your point.

ASSEMBLYMAN MALONE: Mr. Chair, can I just ask him one question?

SENATOR SMITH: Yes, sir.

Assemblyman.

ASSEMBLYMAN MALONE: What is your tax-- On the average, on the \$194,000 house, what have your taxes gone up in the last five years?

MAYOR FOSDICK: They've gone up about 20, 25 percent, dictated we think by--

ASSEMBLYMAN MALONE: Okay, but forget how-- How do your residents of your town feel about the property taxes going like that? They probably come and twist your ear off, don't they?

MAYOR FOSDICK: They do, but they vote for the school budget every year.

ASSEMBLYMAN MALONE: We have an issue across the state. It sounds like you're doing a great job, as the Chairman said. But we've been charged by the Governor and by people across New Jersey to try to come up with some answers on how we can do some things to cut some costs. And I haven't really heard from anybody tonight, or anybody at the last meeting we had, about substantive ways to cut costs when everybody is clamoring for cutting property taxes.

MAYOR FOSDICK: Here's what we have done. We have instituted a two-tier pay schedule for our public works employees. We are unable to get that for our police department; they wouldn't go for it. This year, we have gotten all employees, except for the police department, to agree that new employees -- new employees, I want to-- New employees will pay 5 percent of their salary toward the health benefit cost. In other words, I think a lot of things that are proposed you have a better chance of doing if you start with new and-- Because it's hard, very difficult.

ASSEMBLYMAN MALONE: And I understand that.

Okay. Thank you very much.

SENATOR SMITH: We find the same.

Thank you.

Thank you, Mayor.

The last witness who signed up is Richard Snyder, the Executive Director of Dollar\$ & Sense.

Mr. Snyder.

RICHARD SNYDER: Good evening.

The impact of numbers is oftentimes based on how they are presented. There can be no doubt that \$400 million is a lot of money, but consider this spread amongst 1,300,000 students.

In Ramsey, I go to our community's taxpayers and ask them how to proceed. And I tell them, for a high school student our cost is \$12,691, and we can reduce that to \$12,384. For the \$307 in savings, are they willing to have the district's administration based in Hackensack? Then I explain that decisions formally made by Ramsey, made in Ramsey for Ramsey families, would be made by someone in Hackensack. I point out that we would likely have to sacrifice some of our educational efficiencies in return for fiscal efficiencies.

Ramsey residents would save our superintendent's salary. That is \$200,000 split amongst 15,000 residents, or \$13.33 a person. But then again, maybe we won't see these savings.

Our superintendent often plays the role of Solomon. If he is able to mediate a solution to a special education conflict, he can save the district beyond the value of his salary. This happens often. He would also keep harmony, and I don't know how to put a dollar value on what that harmony is worth.

In a previous testimony, I made clear that Dollar\$ & Sense believes that the vast majority of district superintendents are critical to New Jersey's educational success. Their educational leadership and administrative abilities can more than cover their expense to the district.

The SCI report used numbers too. Certain districts and superintendents really do have serious issues. Some real problems really do need to be rectified. Transparency goes without saying. But let's consider

what they really looked at. The SCI investigators worked with 71 districts. Out of the total of 616, that's 11.5 percent. Is that enough to justify the broad stroke that has painted all of our superintendents in a bad light? Please consider that we are going to be forced to move our school board member elections, because 12 to 15 percent turnout is considered unacceptable. Dollar\$ & Sense did offer testimony to the Senate Education Committee on this topic.

When I last testified before you, we all agreed that no one wants to throw the baby out with the bath water. I'd like us to know what the baby looks like. In this world with global demand, New Jersey stands tall. We provide quality education and critical support.

Our high school graduation rate is number one in the country; 98.8 percent of our schools offer advanced placement classes -- the national average is 67.9. Our results on these AP tests are we're number three in the nation. Our fourth graders rank fourth in reading and fifth in math. Our eighth graders rank fourth in reading and in math. And most interestingly to me is, nationally, 70.87 percent of current expenditures goes directly to the classroom for instruction, student support, and instructional support. New Jersey is criticized by many who simply don't know. We dedicate 71.32 percent, and look at the results.

In conclusion, we are all for finding every means possible for sharing and affecting the economies of scale, as long as it does not compromise the educational quality. Many of us have moved in this direction for many years. There are many ongoing programs that can be expanded to benefit us all. We need to use the talent that we have. We need to organize in regions or counties and place qualified, hands-on people

at the helm. These region/county leaders can be directed by the Department of Education as to standards, and then they can apply what will work to accomplish the collective goals. Such leaders do exist. Our own Dr. Graham is a fine example. These leaders, working with local superintendents, can ensure that New Jersey has the best of both worlds -- fiscal and educational efficiency.

Now, Dollar\$ & Sense has worked very hard and proposed and offered many very definitive cost-saving measures that work very much in the direction of where we all want to go.

And I understand, I was number four on your schedule tonight, and I understand completely that it is the Chair's discretion.

SENATOR SMITH: Right.

MR. SNYDER: And I certainly hope that that doesn't reflect on the work of Dollar\$ & Sense.

SENATOR SMITH: No, no. It reflects on the fact that you testified at the last hearing. We wanted to give new people a chance to get before the Committee. But obviously, we're still happy to hear from you.

MR. SNYDER: It wasn't so obvious, and I'm pleased to hear that.

SENATOR SMITH: And if any of the members who testified tonight come to the next meeting, you'll be at the end of the list, because we want to give every new person a chance to speak.

MR. SNYDER: I'm only concerned that our points stand on their merit, and the good work we do absolutely is recognized for such.

SENATOR SMITH: Absolutely. Absolutely.

Any questions for Mr. Snyder? (no response)

Is there anyone else that came to-- Oh, yes, the gentleman wanted to come back.

Yes, sir.

Mr. Dunleavy, right?

MR. DUNLEAVY: I'm totally amazed at-- Yes, sorry.

Harry Dunleavy.

SENATOR SMITH: Yes, sir.

MR. DUNLEAVY: I'm totally amazed at the figures the gentleman gave about the quality of education in New Jersey. I'll make a few personal points.

SENATOR SMITH: Move the microphone close, not away.
(referring to PA microphone)

MR. DUNLEAVY: Oh, sorry.

I've taught calculus for three years at the Sussex County Community College.

And you've got something wrong, Mr. Smith; I'm one person here tonight that is not complaining about property taxes.

SENATOR SMITH: I'm right.

MR. DUNLEAVY: I'm complaining about the waste of money.

SENATOR SMITH: I understand. You're the exception, sir.

MR. DUNLEAVY: Yes. And I'm fortunate. I'm one of the immigrants in America that did fairly well economically, and if I don't go out to work in the morning, it doesn't matter.

Presently, I'm volunteering, if you saw my resume, at the juvenile center as a math teacher. Going back to the question -- the three years that I taught math at the Sussex County Community College. Before

I started every calculus course, I gave a basic algebra course, which you should be able to pass if you're taking calculus. In those three years, one student passed that pre-calculus test, and she was from Scotland. But that's not the end of the story. Was she the best student in the class? Not by any means, but as-- She said herself, at the end of the class -- she finished down in the middle of it -- she went to a better school than the other people from Sussex; mostly from Sussex County, the students I had.

Governor McGreevey's name was mentioned a while ago. I was his appointment for education the first time he ran for office in New Jersey, and I was his campaign chairman -- well, his co-chairman with the then-county Democratic chairman, and he asked me to give him a report on education in the county and what I knew about the state. I didn't have to go too far, because there was a national one at the time -- it rated New Jersey the second lowest in the country with Mississippi and Louisiana, sharing the title of being the lowest. Right now, that title is held by South Carolina.

Only a few months ago, John Stossel -- he has a program. I'm not sure if it's CNN or what, where 17 students from New Jersey -- supposedly top math students -- were compared in a test with 17 from Belgium. Who do you think came out on the top? There wasn't even a comparison. The Belgium students, including the best student, were miles ahead of the others. The Belgium students all agreed with John Stossel that the New Jersey students were not less intelligent, or anything -- the same as I feel -- but that they had better schools in Belgium.

The testimony here tonight is amazing. People would like to have their property taxes reduced, but there are all those little clicks who

like to have their little bit of power and their local school boards. And you raise a very important point, Mr. Smith. I only mentioned about the officials and all their cost-- Sharing services, which we did with two other districts -- and actually, we did work for two hospitals -- it saved a lot of money for those districts. It would save millions and millions for a county, if we had county school boards of education.

There's a few other little things. Some things I did when I was working as a Merchant Marine Officer-- As you can tell from the accent, I was born in Ireland; and I used to do substitute work just as a hobby -- because I love math -- in a few different high schools. So the four best high schools supposedly in Sussex County, I slipped in the Irish Leaving Certificate to the 12th grade math students. How many would you think passed? Three passed. That is how poor our standard of mathematics is in New Jersey. We're turning out mathematical illiterates.

And there's one or two other things. Okay, in the juvenile center that I'm in -- I've been there now since May, as a volunteer -- I've had at least three students who have come in illiterate in algebra. Three of them now -- well, actually they're out now. They're free people again. Three of them left. They could do quadratic equations by all three methods -- the quadratic formula, factoring, and completing the squares. They all had tremendous abilities, but they were lost somewhere in the school system. I think it's unfair for people to say that we have a good school system.

And Mr. Smith, and your Committee, please do something about it. Go to a school board, get rid of these superintendents, because the local school boards are just a group of people who love a little bit of

power -- and I'm speaking as a former school board president -- that love a little bit of power. They don't care about the property taxes or whatever else.

And just something Mr. Malone raised. You said eliminating the -- I think you asked the question -- eliminating the county superintendent would be a good idea.

ASSEMBLYMAN MALONE: No, I just asked the question.

MR. DUNLEAVY: You asked the question. You're right, yes. As it is, actually the county superintendent does not have too much authority, because those local school boards are doing what they want to do. And I have seen concrete evidence of them hiring unqualified teachers and putting them into math classes. People who didn't have a degree in math, didn't have a background in it. So they don't have that much authority already. That's something that we need to get rid of, and we need to think about the kids.

And again, I'm not complaining about property taxes. I pay my taxes. And fortunately, this is a great country, and I've been reasonably successful. And thank you for listening, unless you have questions.

ASSEMBLYMAN MALONE: Mr. Dunleavy, you mentioned that you were the point person for Governor McGreevey on education. Did he listen to you at all?

MR. DUNLEAVY: Yes, he did.

ASSEMBLYMAN MALONE: Okay. And what happened as a result of him listening? He must not have heard. He may have listened, but it didn't sink in or something.

MR. DUNLEAVY: A little bit, unfortunately. I may have been appointed to one of his major positions, but I developed Lyme disease at that time and that fell apart at the time. Other than that, I might have gotten one of the top positions. He had me in line for it. He listened to everything attentively. He listened to what my wife had to say as well. And that was what happened in that respect. He did appoint me later on. He made me the county head of the Motor Vehicle Commission. I served there for about two years. As soon as--

ASSEMBLYMAN MALONE: You've had quite a career, Mr. Dunleavy. I can't imagine what you haven't done after listening to you.

MR. DUNLEAVY: As soon as his scandal broke out, I was fired with a two-line fax saying, "You served at our pleasure. We have the legal right to terminate you."

I'll make one little point, and I'll leave it to you. During my term as a school board president, as you will see in my resume, I put the-- That county technical school board -- we had an academy for elite students, for math and science. The charter school was there. We supplied the teachers, but they had their own board, and we had the technical school. I put it from-- First by firing the attorney, I put it from a deficit into the black, and now it's back in the red again. But that's another story. And not one pedagogical person was fired.

And please, the Committee, go to a county school board system. And save those big property taxes, or worry about them.

SENATOR SMITH: Thank you, Mr. Dunleavy.

MR. DUNLEAVY: Thank you very much.

SENATOR SMITH: I may have missed somebody.

Mr. Rooney Sahai? (declines from audience)

Okay.

I see a newly invigorated and enthusiastic witness.

MR. DUNLEAVY: I'm going to get attacked here. (laughter)

SENATOR SMITH: The Irish versus the English. (laughter)

ASSEMBLYMAN MALONE: Are you Irish, too?

MS. TAYLOR: No, I'm English.

ASSEMBLYMAN MALONE: You're English. We're not going to stay in the room too much longer. (laughter)

SENATOR SMITH: The Irish versus the English. (laughter)

MS. TAYLOR: But I give you a laugh.

I will agree with the gentleman about the education of Americans, as opposed to Europeans. I grew up in England, went to a boarding school all my life, and I went to Hunter College in New York. And for the first two years, I was doing the same stuff I had done between 16 and 18 years of age in England. So I totally agree.

But I disagree. It is not the administrators that teach the children. It is the teachers. So I think tenure would be the way to weed out the good from the bad. I'm totally opposed to tenure.

SENATOR SMITH: Would you see the people from the NJEA back here? Would you discuss that with them?

MS. TAYLOR: Well, I'm sorry. If you're a good teacher, you should be paid a huge salary, in my eyes -- if you're a good teacher. If you're a bad teacher, you should not be protected under tenure. And I never will change my mind on that.

But, Assemblyman Malone, you said tonight, which I disagree with also, that no one had given any solutions to the problem. Well, I gave you three, and I guess they were just dismissed out of hand.

ASSEMBLYMAN MALONE: Well--

MS. TAYLOR: Which is always the case, because I feel like you can testify and testify, but really are you listening to what people are saying?

ASSEMBLYMAN MALONE: Well-- Repeat those three again that were--

MS. TAYLOR: State mandates are crippling the districts. I mean, the special education mandates -- we're promised funding. We don't get the funding, but we have to pay for the mandates that you incur.

Purchasing mandates -- we can't go to Costco or Office Max, or anybody that could give us bulk buying power.

ASSEMBLYMAN MALONE: Why can't you go to those places?

MS. TAYLOR: Because the mandate says that you must--
Wait.

Jackie?

ASSEMBLYMAN MALONE: No. No. You can--

MS. GIBSON: Yes? What?

MS. TAYLOR: Why can't we go to-- There's a State mandate that says we can't go to Costco. We have to go to--

MS. GIBSON: (speaking from audience) We have to go to a State-approved purchasing program.

MS. TAYLOR: Thank you. Right.

SENATOR SMITH: I think you may--

ASSEMBLYMAN MALONE: No, no, no.

MS. TAYLOR: Which is much higher pricing.

ASSEMBLYMAN MALONE: You can go out to competitive bids on any items.

MS. TAYLOR: You have to take the lowest bid, as well. Right?

MS. GIBSON: Yes. Then you have to take the lowest bid.
(indiscernible)

MS. TAYLOR: And you have to go to an approved State--

ASSEMBLYMAN WISNIEWSKI: Please come up to the table.

MS. TAYLOR: We're going through a referendum, so we're in this process right now. And Jackie and I -- Jackie especially -- are the only ones who go to the board of ed meetings.

ASSEMBLYMAN MALONE: I'll be able to spend -- I'll be more than glad to spend some time. You can go out. And if you get the lowest responsible bidder to bid on a product or materials you want, that individual can be awarded that contract.

MS. TAYLOR: I thought they had to be State approved.

ASSEMBLYMAN MALONE: No. If it goes through--

MS. GIBSON: Well, or you can go through the State-approved bidding list, and avoid the whole process of having to wait to go out to bid to buy, like, the 15 PCs that we might want to get, and not have to go through a whole bid process just to buy 15 PCs in our small school district. But the problem is, if you go out to the lowest responsible bidder, there is a narrow legal definition of responsible bidder, and that may not be exactly the item you were hoping to purchase.

ASSEMBLYMAN MALONE: I would love to talk to you. After the meeting is over, let me talk to you just a little bit about what you might be able to do with that. Okay?

MS. GIBSON: All right. Thank you.

MS. TAYLOR: But then I gave you the sales tax -- paying for the students.

ASSEMBLYMAN MALONE: Yes, but there wouldn't be anywhere near enough money in sales tax to pay for the \$10 billion. We're spending \$10 billion in State money. You don't have \$10 billion in sales tax money. There's nowhere near enough sales tax money to cover education, absolutely. Nowhere.

MS. TAYLOR: Well, you might have to raise it a half a percent, or whatever, but-- Okay.

ASSEMBLYMAN MALONE: Well, you'd have to raise it to about 90 cents on the dollar.

MS. TAYLOR: But what I don't understand is, how come Metuchen's per pupil cost is 9,000, but -- what was it -- Ridgefield Park was 12,000, and another school was 16,000. I don't get that.

MS. GIBSON: We're cheap, Sharon. (laughter)

MS. TAYLOR: All right -- that we have good schools.

ASSEMBLYMAN MALONE: I'll talk to you after it's over.

MS. TAYLOR: All right.

Thank you. I thank you.

SENATOR SMITH: No, but just -- you want to check your figures. Metuchen is not \$9,000. Go check your figures on that one.

MS. TAYLOR: All right. I will.

Thank you.

SENATOR SMITH: Assemblyman Gordon, I think you had a couple of things you wanted to get into the record.

ASSEMBLYMAN GORDON: Yes. Thank you, Mr. Chairman.

In the interest of time, I will ask that one of these simply be placed in the testimony -- and that is an e-mail that I received today from the Superintendent of Schools in Fair Lawn, Dr. Bruce Watson. His point is mainly that district superintendents play a critical role in leading the district, and there would be great loss in consolidating administration at the county level. And I will just ask that his e-mail be placed, in its entirety, into the record.

SENATOR SMITH: So noted.

ASSEMBLYMAN GORDON: What I would like to do is read a statement by County Executive Dennis McNerney, who is unable to be here. It's a relatively brief statement. I would appreciate it if that would be placed in the record, as well.

SENATOR SMITH: Go ahead.

ASSEMBLYMAN GORDON: And it reads as follows:

"To the members of the Joint Legislative Committee on Government Consolidation and Shared Services: Thank you all for your efforts and for holding this public hearing at Bergen Community College. Your commitment to sharing and consolidating duplicative government services is to be commended.

"Over the past few years, local property taxes have continued to escalate despite the best efforts of our elected officials to cut costs and to save money for taxpayers. I believe that one of the reasons property taxes

are so high is the cost of individual municipal services. In Bergen County, with our 70 municipalities, 68 police departments, and 80 school districts, we have to provide a lot of services. However, it wasn't always this way.

“Just 120 years ago, there were only 14 townships in Bergen County, and these townships shared among them a handful of school districts. Then, in 1894, the New Jersey Legislature passed a school act that made each township a separate school district and required taxpayers to pay, pro rata, existing debts of the old districts and all future debts for the new districts. This created a rush of *boroughitis* in Bergen County, in which 23 boroughs were carved from the original townships. So even a hundred years ago, Bergen County officials knew how to take advantage of a good tax shelter when it presented itself.

“I believe this period is when Bergen residents started to become very comfortable with the concept of home rule. We like the idea that we know our police chiefs by their first names, that our fire departments and ambulance corps volunteers are our neighbors, and that we can see our municipal logo on the side of our own DPW trucks. The reality, unfortunately, is that this individually costs a great deal more than if we were able to share some of the operating costs of municipal services with other government entities.

“As County Executive, I have embraced the idea of sharing services as a means to save taxpayer dollars. Transportation, air quality, sewage, and public safety are all regional problems which require regional solutions.

“Since I've been County Executive, my administration has tried to squeeze more savings from our tax dollars by leading the way in sharing

services. For example, my administration helped spearhead a new, shared Department of Public Works garage for the towns of Cliffside Park and Fairview. We also purchased two state-of-the-art street sweepers to be shared among towns that have joined the Northwest Mayors Association to help them meet the State's new stormwater regulations. We have begun a countywide consolidation of 9-1-1 communications and public safety dispatch to eliminate redundant and costly municipal services, that also puts more police officers on the street instead of answering phones. And just this week, we announced the merger of the Edgewater Municipal Sewer Authority with the county's largest sewer authority, saving Edgewater taxpayers \$1 million a year.

"These are concrete examples of consolidating and sharing services that, when taken in the aggregate, will lead to significant property tax savings.

"As a chief executive, I know that these past few years have been unkind to municipal officials. Despite rosier, economic forecasts, times are still tough and we must do more with less. But doing more with less doesn't mean that we will sacrifice good, quality programs and services. Quite the contrary, I believe that the current economic climate lends itself to fostering better relations with our neighbors and working together for the common good.

"The fact that you decided to hold tonight's meeting outside of Trenton helps us continue the dialogue in which we examine the ways to lower the local tax burden for our residents. Your presence represents the culmination of years of our efforts to address the problems inherent in

balancing the property tax burden while still providing our constituents quality State and local services.

“Nevertheless, we must be realistic. I’m not expecting miracles between now and November 15. But I know that if we nurture the seeds we have planted here tonight, we can all see our labors blossom for future generations.

“I thank the Committee for all your efforts, and I look forward to working with you as the process continue.

“Sincerely, Dennis McNerney, Bergen County Executive.”

And I have the text of that for the benefit of staff.

Thank you, Mr. Chairman.

SENATOR SMITH: Right. And we will include that in the record, Assemblyman Gordon.

Thank you for bringing that with you.

Let me thank everyone for participating in tonight’s hearing.

Our last public hearing is Thursday, November 9, in Freehold Borough.

Oh, I’m sorry. Did you want to testify, sir?

PAUL ARILOTTA, Ed.D.: (speaking from audience) Was there an open public comment? I thought there would be an open public comment.

SENATOR SMITH: The whole night was. But if you’d like to testify, you’re more than--

DR. ARILOTTA: I would just like to make one comment, if I may?

SENATOR SMITH: Sure. And you are?

DR. ARILOTTA: I'm Paul Arilotta. I'm a Bergen County resident. I live in Ridgewood, and I'm currently the Interim Superintendent in the town of Ridgewood.

SENATOR SMITH: Okay.

DR. ARILOTTA: I would like to answer one of your questions. I was there today at the Garden State Coalition of Schools press conference. I honestly didn't hear anyone say that they were against any kind of consolidation and cost savings. As a matter of fact, they welcomed that. The concerns that were raised were that there has been flat funding in the State of New Jersey now, in districts like Ridgewood, for the last five years, which has caused quite a problem for us. They talked a lot about special education programs not being fully funded, causing another problem for us. They were certainly open to discussions about regionalization where there would be incentives for communities to come together. And we talked a little bit, or the parents spoke a little bit about whatever a critical mass would be. And we were talking about numbers of about 5,000 to 6,000.

I want to make a comment also about-- I've been working in Bergen County, living in Bergen County for 30 years. I've worked for the New York City Board of Education. I've been working here as an administrator in Ridgewood for 19 years. In the time that I've lived in Ridgewood, and in the time that I've served in a couple of capacities in Ridgewood, I found the Board of Education members to be nothing less than dedicated to serve the community, not at all looking for power or authority, never abusing that authority, being assessable to community members, doing their best -- three days a week, four days a week -- to be open to the community, to be assessable to the community.

The conversation about county -- there were two points about going to a county system. While you might get some savings in terms of buying supplies in a coordinated kind of a way, Senator, I would like you to think about the possibility of a county strike in the case of NJEA sitting at the negotiating table with elected or appointed officials. The odds are still stacked against the county in that case. So I think you'd cause a little bit more of a problem with that.

Secondly, my friend -- the English woman from Metuchen -- if we are looking for accountability in teaching, and if we're looking to improve the teaching process and weed out people who are not effective, that would be much harder to do at the county level. The accountability for teaching would be much more difficult in a remote situation. Parents who call daily on questions of special education, having to go to a place like Hackensack, where it's very remote and not being able to have their questions answered locally, would be very problematic.

I think Mrs. Brogan talked a little bit about the issues of cost savings. We've been trying to work with our neighbors in Paramus and in Region 1. We're really not against cost savings, or consolidation, or regionalization. I think the Mayor from Ridgefield Park said it best: We'd like to know what the net savings would be. We'd like to know what the real cost of a county operation would be. As a matter of fact, working for the New York City Board of Education, I know the more remote the people are to the daily, ongoing education, the less effective the education is.

So talk to us about whatever we can do to consolidate, give us some incentives to do that. And we're open to that. And that was clearly the point of this morning's press conference.

SENATOR SMITH: Thank you for your testimony.

MR. ARILOTTA: Thank you.

SENATOR SMITH: And that concludes our hearing tonight.

Everyone, thank you for coming.

Oh, I'm sorry. The Mayor-- We were almost finished.

MAYOR FOSDICK: I can't resist because the Irish have spoken, the English have spoken -- I happen to be a Scotsman. (laughter)
And we're the ones who are parsimonious, if you might care about that.
(laughter)

Just, the question was asked--

ASSEMBLYMAN WISNIEWSKI: Please sit by the microphone, though. (referring to PA microphone)

SENATOR SMITH: So it would be recorded.

MAYOR FOSDICK: Just to finish where I left-- The question was asked-- Please-- I thought I -- tried to make it clear in the beginning, talking about the insurance matter and the mandates. Please take a look at the things that we are being required to do. Because we believe, while many of them are well intentioned, this is driving costs and we're not getting the funding to do those things.

A quick example: A volunteer fire chief gave me a chart with all the things that he has to do to comply with the various insurance and State and NFPA mandates. This costs us money. Well intentioned, but it costs us money, and we're not getting the funding to do it.

The other thing is a philosophical thing -- please be careful. Democratic or popular government was never meant to be judged solely by a standard of economic efficiency. If that becomes the standard, forget

about it. There are other things. Call it parochial, whatever you want, I happen to believe there is value in local governments and municipal situations where you have local citizens serving in various capacities -- as has been pointed out here -- who are willing to dedicate their time, put up with the abuse and everything else, to try to serve the community. Please be careful if you mess with that system, because it gives us a vitality and a plurality which I think makes us what we are, and it's worth preserving.

Thank you. (applause)

SENATOR SMITH: Thank you, Mayor.

And thank you, everyone, for coming.

(HEARING CONCLUDED)