
Committee Meeting

of

JOINT LEGISLATIVE COMMITTEE ON PUBLIC SCHOOL FUNDING REFORM

*“Testimony from representatives of the Department of Education
on school district accountability, transparency, and monitoring”*

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

DATE: September 26, 2006
1:00 p.m.

MEMBERS OF JOINT COMMITTEE PRESENT:

Senator John H. Adler, Co-Chair
Assemblyman Herb Conaway Jr., Co-Chair
Senator Joseph V. Doria Jr.
Senator Gerald Cardinale
Assemblyman Brian P. Stack
Assemblyman David W. Wolfe



ALSO PRESENT:

Kathleen Fazzari
Theodore C. Settle
*Office of Legislative Services
Committee Aides*

Jacqueline Burke
Senate Majority
Mary Alice Messenger-Gault
Keith White
*Assembly Majority
Committee Aides*

Brian Alpert
Christine Shipley
Senate Republican
Beth Schermerhorn
Thomas Neff
*Assembly Republican
Committee Aides*

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SENATOR JOHN H. ADLER (Co-Chair): Ladies and gentlemen, good afternoon. Welcome to the Joint Committee on Public School Funding Reform.

If you'd take a minute to check your cell phones, and beepers, and clock radios, and other devices, and turn them off or turn them to silent, it would be a courtesy to the members of this Committee, to the presenters from the Department of Education, and to the general public -- who cares very much about our focusing on these issues so that we can get it right -- and get it right this year -- to give people some real relief and some long-term reform.

We have three representatives from the Department of Education. The Commissioner was kind enough to call me and tell me she couldn't make it because of another commitment, but she sent three people, collectively, to talk to us this afternoon about various issues of accountability. I think some of the members of this Committee have very correctly pressed us on having discussion on accountability, because we want to make sure that, as we spend the tax dollars -- whether it's State dollars or dollars raised from property taxes -- that we spend it on educating children to a high level, rather than on wasting money, or inefficiencies or duplications; or worse things, that would be fraud and crime.

So we have three members of the Department who, I guess, have themselves organized into some sense of order. So Ms. Arons, Ms. de Koninck, and Ms. Attwood, you guys know which one is going first. I think the plan is for each of you to speak for some period of time, and then the members of the Committee will ask any of you questions. And so, please, after you're done speaking, stay for your colleagues and for our questions.

So begin please. Good luck.

JESSICA G. de KONINCK: Thank you, Senator.

Good afternoon. I'm Jessica de Koninck. I'm the Director of Legislative Services for the Department of Education. And I'd like to thank the Committee, and particularly the Committee Chairs, for having us here today. To my right is Donna Arons, who is Special Assistant to the Acting Commissioner. And Donna is going to speak a little later about NJQSAC. And to my left is Katie Attwood, who has presented to you before -- is going to speak today. She's the Director of Fiscal Policy and Planning, and will be speaking about some fiscal policy concerns.

We're here today to discuss fostering accountability in schools and districts, and the nexus between funding and accountability -- not only fiscal accountability, but accountability for student achievement throughout the schools in New Jersey. And among the things we're going to talk about today is, we'd like to thank Chairman Adler for participating on the School Mandate Study Commission and filing legislation to affect the recommendations of that Commission, which we strongly endorse; and also to Co-Chair Conaway for his role in cosponsoring the New Jersey School District Fiscal Accountability Act, which Katie is going to talk about in a few minutes.

Rather than proceeding sequentially, the way we've arranged our presentation this afternoon is more of a panel format. I'm going to begin by providing a brief background of the recent history of school funding and accountability. And Donna, as I said, is going to talk about QSAC, which is our new State monitoring system; as well as proposed amendments to QSAC, designed to improve the monitoring process, as well

as to enhance accountability. Then Katie is going to expand on the fiscal component of QSAC and review the specific provisions of CEIFA relative to accountability. She's already discussed other provisions of CEIFA, as well as the School District Fiscal Accountability Act. Then I'm going to review the governance provisions of QSAC -- you can see that's pretty ambitious -- as well as the School Ethics Act, and offer a series of recommendations from the Department. And as the Senator indicated, we'll be available to answer any questions.

I do want to add at the outset, however, that we're not really prepared to answer detailed questions pertaining to particular schools or districts. We're here for the 20,000-foot overview. But we will be happy to answer those questions at a later time or refer them to appropriate people in the Department to answer them for you.

Acting Commissioner Davy does extend her regrets. Today is her annual Commissioners' convocation, at which she meets with all of the district superintendents in the state. She met with North Jersey superintendents at Drew University this morning, and is meeting with South Jersey superintendents at Stockton State College, even as we speak. However, she very much looks forward to meeting with this Joint Committee as you continue with your deliberations.

So by way of background, this Legislature adopted the Public School Education Act in 1975, as a comprehensive overhaul to a school funding system previously adopted in 1955. And I want to note that this afternoon I'm not going to focus my remarks on the judicial decisions. I'm really focusing on the legislative side, so I'm not addressing *Robinson v.*

Cahill or *Abbott v. Burke*, that did take place during the same time and provide a context for some of the Legislature's activities.

The Public School Education Act, which was referred to as Chapter 212, included, along with a funding formula, specific accountability provisions and incorporated a requirement that the Commissioner develop standards for the evaluation of school performance; and requiring a filing by every school district and vocational school district of an annual report of progress. It's notable that the accountability requirement is comprehensive. It concerns performance, and it's not limited to issues of fiscal management.

The Public Education Act was amended several times; and in 1987, substantive amendments permitted the takeover of school districts. And that was a big change. And I'm sure Senator Doria could do this part better than I can. In 1987, with the takeover law, a seven-year monitoring system was put in place, and districts were then categorized as Levels I, II, or III of monitoring, based on a series of indicators that were weighed equally. And that's important, because QSAC is not weighted equally.

If a district could not successfully implement a corrective action plan and move out of Level III monitoring, it would ultimately be taken over by the State, although that hasn't happened in a significant period of time. And not because -- although there are districts in Level II monitoring.

At the time the takeover act was adopted, it was innovative. It was a national model. It was among the first ways of looking at state monitoring that focused on accountability, and it placed New Jersey in the lead of monitoring in the accountability of school districts. Shortly after the act was enacted in 1989, the State took over the Jersey City school district, followed shortly by Paterson and Newark. The problem with the

State takeover law, however, is that it did not include or encourage the development of exit plans for districts in takeover. So that we've been in those districts since we went -- states went in, been in. And as other monitoring models developed throughout the country, based in part on the New Jersey lessons, the New Jersey system became outdated and very little changes were made to monitoring from '87 through 2005. The major exception is the Municipal Revitalization and Recovery Act (*sic*), which did permit State intervention to add additional members and for the Governor to veto board minutes. And the only municipality to which that Act currently applies is the city of Camden school district.

The funding formula has been revised twice since Chapter 212; 212 was replaced first by QEA, and then by the Comprehensive Educational Improvement Financing Act -- just so you know that we do sometimes know what the acronyms stand for, which is CEIFA. In addition to the school monitoring law, CEIFA includes an independent set of accountability provisions that Katie is going to discuss.

Finally, there are a variety of other accountability provisions in the law. The annual Appropriations Act, for example, denotes circumstances under which the Commissioner may withhold funds to a school district -- really an Abbott school district.

On the Federal side, No Child Left Behind includes a variety of consequences for school districts that do not obtain adequate yearly progress on annual assessments or do not have highly qualified teachers, etc. We have a variety of judicial decisions, which I indicated I'm not really going to go through today, as well as a variety of other specific statutes in the criminal and other codes that deal with district accountability.

But I've covered the history of the major-- And now, since school district monitoring is the touchstone of State accountability, I'm going to turn to Donna for an overview of NJQSAC.

D O N N A A R O N S: Thank you.

NJQSAC stands for New Jersey Quality Single Accountability Continuum. It is the new law that provides a structural framework for implementing an evaluation and monitoring system for public school districts in the state. QSAC amends, in many significant ways, the current monitoring system in the school takeover statute.

I'm going to give an overview of the QSAC provisions, and then Jessica and Katie will also be discussing some of the more specific elements of QSAC in their presentations.

I'm going to start with an overview of the goals of New Jersey QSAC. The first is collaboration between the Department and districts. NJQSAC reflects an understanding that a more effective approach for achieving progress in districts is for the Department and the districts to work together as partners. Therefore, one of the goals of New Jersey QSAC is to increase collaboration between the Department and districts, and for the Department to be seen and used as a resource for the districts.

Next is targeted assistance. A district may have problems functioning in only one or a few discreet areas. By focusing assistance to those areas, departmental involvement can be kept as narrow and targeted as possible. Under the old monitoring system, departmental intervention meant usually full State takeover of a district. This was a drastic measure that was only used in limited situations. New Jersey QSAC is more flexible

and enables the State to tailor the remedy to the circumstances of the district.

Better identification of problems: New Jersey QSAC will involve a more close monitoring of districts to assist the Department in identifying and addressing problems before they become more serious. New Jersey QSAC is also designed to recognize and support district progress. Under New Jersey QSAC, achievement is measured not just by numeric test scores, but also by other measures of progress in a district.

Finally, New Jersey QSAC is intended to be a single accountability system. It was intended, to the extent possible, to minimize a duplication of effort on the part of districts who have to comply with many laws and programs. Under New Jersey QSAC, we are attempting to reduce the number of times a district is asked to submit information to the Department. Thus, for example, improvement plans required by New Jersey QSAC will be aligned with plans required by No Child Left Behind. Also, New Jersey QSAC is a system that applies to all public school districts in the state, as opposed to NCLB or Abbott rules that apply only to certain subpopulation of districts. New Jersey QSAC is an accountability system by which all public school districts in the state will be measured.

The New Jersey QSAC statute identifies five areas of district functioning as being essential to providing a thorough and efficient education. The monitoring scheme is organized around these five areas, and all aspects of this program, the evaluation, the improvement activities, the interventions -- all relate to these five areas. And the five areas are: instruction and program, personnel, fiscal management, operations, and governance.

The statute sets forth a process for evaluating and monitoring districts. Monitoring begins with the review of districts using the District Performance Review, or DPR, which is an instrument prepared by the Department. The DPR has a number of performance indicators related to each of the five components. These indicators are criteria -- that are as objective as possible -- that districts should be satisfying if they are performing at the highest level.

For example, under instruction and program -- that component -- there are indicators related to student performance on assessments and the alignment of curriculum to the Core Curriculum Content Standard. Under fiscal management, there are indicators related to audit results. For operations, there are indicators related to facilities plans and health services, etc. The indicators will be weighted to reflect the relative importance.

Following the completion of the DPR, the District Performance Review, which is done first as a self-assessment by the district and verified by the Department, districts will be placed on a "performance continuum." This means that district performance will be expressed in the form of the percentage of weighted performance indicators satisfied in each of the five components. In other words, in each area of the five components that I listed before, they will get a score. So for instruction and program, a district will get a score indicating what percentage of the indicators they met in that component. They will get another score for personnel, etc.

Improvement activities may be required depending on the percentage of performance indicators satisfied by the district in each area. As an aside, I should point out that there will be a greater role for county superintendents under NJQSAC, as they will be responsible for verification

under this enhanced monitoring system, as well as coordinating the improvement activities that may be required.

Now I'm going to list the different improvement activities provided for under New Jersey QSAC. One is an in-depth evaluation. Under certain circumstances, districts may be required to undergo an in-depth evaluation to determine the causes for noncompliance with the performance indicators. The District Improvement Plan is another improvement activity. All districts that satisfy less than 80 percent of the weighted performance indicators in one or more area will have to complete a District Improvement Plan to outline strategies for improvement in that area or areas. The Plan must be implemented immediately, and progress in implementation will be monitored by the Department. This is another area of responsibility for the county superintendent.

And finally, there is technical assistance. Based on the NJQSAC Improvement Plan, the Department will also provide technical assistance to the district, either through departmental employees or through highly skilled professionals.

NJQSAC also provides for intervention in districts under certain circumstances. Intervention refers to the State taking control of and directing activities in a district, as distinguished from technical assistance where the Department may provide assistance in the form of coaching, technical advice, professional development, etc.

There are two kinds of intervention: There is partial intervention and full intervention. In partial intervention, the State would appoint a highly skilled professional to direct activities in one to four areas of district functioning. In full intervention, the State would appoint a State

district superintendent and possibly other highly skilled professionals to direct activities in all areas of functioning.

Under the former statute, as I mentioned before, State intervention was largely limited to full State takeover of a district. Partial intervention is an innovation of New Jersey QSAC that enables the Department to be more flexible in targeting areas of need in a district. Either kind of intervention can occur when a district satisfies less than 50 percent of the performance indicators in one or more areas of school district functioning. And just to clarify, the intervention would occur in those areas where the district satisfied less than 50 percent of the indicators. Intervention takes place after an Order to Show Cause proceeding at the Office of Administrative Law.

The former takeover law is largely silent with respect to return to local control of districts. Under New Jersey QSAC, we looked to district progress in determining when to begin the transition to local control. The proposed regulations by the Department set forth the following factors for initiating the withdrawal from intervention: One is evidence of sustained and substantial progress by the district, in that the district is now in compliance with 80 to 100 percent of the performance indicators in the components that are being considered for return to local control; and that there are adequate programs, policies, and personnel in place and in operation to ensure that the demonstrated progress will be maintained.

For the past several years, the Department has been engaged with a diverse group of districts to pilot the New Jersey QSAC performance indicators and to receive input on programmatic and implementation issues. As a result of the pilot and of numerous discussions with stakeholders, we

are working with legislators to propose some amendments to the NJQSAC statute that we believe are essential for successful implementation. It is our hope that these amendments will be passed by the Legislature this Fall, so that we can begin implementing NJQSAC in January 2007.

The statute provides that Level II and State-operated districts will be evaluated by a team of highly-skilled professionals initially. Level II districts are those districts so categorized under the former takeover statute, and they are subject to a higher level of monitoring. There are six Level II districts. Once they are evaluated, they will be placed on the performance continuum and subject to whatever improvement activities are appropriate, as I have just discussed. The State-operated districts will also be evaluated by a team of highly skilled professionals to determine whether they meet the factors for initiation of the transition to local control.

The remaining Level I districts, which represent the vast majority of districts in the state, will be evaluated on a schedule to be determined by the Commissioner. And the Department has been working on identifying which districts need to be monitored first.

That concludes my overview of New Jersey QSAC, and I'm now going to turn it over to Katie Attwood.

Thank you.

KATHERINE ATTWOOD: Thank you, Donna.

Over the next few slides, what I'm going to try to go into, in a little bit more detail, are the real specifics regarding the fiscal management component of New Jersey QSAC; and give you some examples of how we built this tool, based on some real experiences.

But first, I wanted to mention and highlight that prior to New Jersey QSAC -- which does have fiscal management -- one of the five major components of the annual monitoring review is really the tool that the Department has used to assess school district fiscal management -- has been the annual independent financial audit, and following up on recommendations through that process. And quite frankly, I think that process, while it's good and identifies clear problems for which QSAC builds off of, there were certain aspects of, particularly, auditor opinions for which we did not have any authority to take any direct action. What you will see -- under not only New Jersey QSAC as measuring that, but also the School Fiscal Accountability Act that was recently enacted, that provides the Commissioner even greater authority -- but how New Jersey QSAC is going to change, or will change, how our previous monitoring system -- which also had a fiscal component, but they were very broad in nature. They weren't specific, and go beyond statutory and regulatory requirements. So we're not only going to build on the results of the annual audit and those pieces -- it's very critical that we do that -- but we're going to focus also on the activities that we feel are essential and critical to well-managing districts to achieve not only good audits, but the day-to-day requirements that are in our statutory and regulatory frameworks. And I'm going to give some examples of that.

And so what we see under New Jersey QSAC -- for the Department's aspect and rule for monitoring fiscal management practices -- is that's really going to give us, the first time, to be able to identify in an earlier aspect, some clear triggers of some potential fiscal problems for which, then, we can get in, prior to when those problems become serious.

And that is what Donna had mentioned when she said QSAC is a mechanism to identify and address problems becoming serious. And I'm going to go through some examples of how we built this tool to, hopefully, get at some of those aspects.

So within the fiscal management component of the New Jersey QSAC and the performance review, the DRP, it is outlined in five areas for fiscal management. You'll see that the annual audit results are a clear area, but it goes beyond that. It goes into budget planning and integration with instructional priorities. Where it looks at -- and specifically in those indicators -- is to ensure that the process and the money is linked to the instructional needs of the district.

For example, an indicator will look at whether the district had a process and procedures in place to establish those priorities within their budget process. It will look to see that the costs that are included in that budget -- there's clear evidence that's linked to those budget priorities that have been established. It will go further and will look -- it looks to see whether there's actual evidence and documentation behind those budgeted costs, beyond just the instructional (indiscernible) priorities, but in those critical areas like special education that we have found that, many times, put districts into some fiscal problems during the year. And QSAC will look at this section in budget planning and integration with priorities. Those types of activities ensure the budget process is linked with priorities and is backed up with adequate and sufficient historical data and analysis to the board.

The second area of QSAC, which I think is weighted the most, and I think is the real area that this goes into something new for the

Department standpoint, is that it gets into what happens after the budget has been adopted. It looks at their school district's day-to-day controls and budgetary management practices. Now, yes, this is something that is part of an annual audit that the school district auditors would look at and test for internal controls. But we go beyond -- the tool goes beyond that and looks at the regulatory requirements, and then practices to achieve those requirements. And let me give you some examples of that.

One of the requirements under day-to-day practices for school districts is monthly board secretaries' report. The previous monitoring system -- which is a report of the financial statement that's presented to the board every single month -- the previous monitoring system would check to see that they presented those boards' secretaries reports. Their new audit would also look to see that. And so does New Jersey QSAC, but it also goes and has indicators of, well, purchase orders, was payroll reconciled prior to the monthly report, or cash receipts entered, etc. Looking at the practices that go beyond the, just, requirement, was it done; but was it done timely and was it done completely? And those are just some of the many examples on that.

It also goes into, for instance, the practices of purchasing -- ensuring purchasing is done after the approvals, if insurance payments is done after invoices are received. Those are very specific; and any well-operating school district would say, those are the practices that we would be following. There's specific internal controls, in fact, that are required to be followed in many cases to ensure that we have our monthly board secretaries' report, and we ensure that our money is being spent as approved and consistent with the original budget or revised budget, accordingly.

The third area is, we talked about the annual audit findings. Of course, QSAC highlights that. It is a significant component. You'll see that, unlike the previous monitoring system, where I think each one was weighted equally, we have different relative weights for different aspects. And under the audit piece of the DPR, you will see that if all grouped together, while it's more specific than the requirements that kick in a State monitor -- which I'm going to go into under the school district Fiscal Accountability Act -- it mirrors it. And it's all for one. You have to -- it measures not only the annual audit opinion, repeat audit findings, material weaknesses, whether it was submitted timely. And it groups those, so any one of those things that a school district may not have been able to achieve in that prior year would kick them -- at 20 points, for example -- and then that would be a trigger. So it's a heavy, significant trigger within New Jersey QSAC; however, other areas are also there that are more the early warning signs, as I just talked about, with budget and financial controls.

And the last two: Accountability on restricted revenues is a separate focus, because, hey, bonds, the Federal moneys, grants, those things have specific or given moneys for specific reasons. And there needs to ensure that those specific accountability measures are being followed that are required under those laws.

And lastly, we feel that efficient expenditure of funds goes throughout all of these components. And I'll talk about how it highlights in the last component. But if you're linking your budget moneys to your instructional priorities, you're spending your money more efficiently because they're being targeted to the needs that have been identified. If you're insuring your budgetary controls are in place, your purchases are

made after approvals, your payments are being made after invoices, and all the internal controls, you're ensuring the fiscal integrity of your system and the expenditure of school district funds.

But where we went further is in the fifth area. We wanted to highlight school district practices, measures to promote efficiency. So in the fifth component, we have specific indicators that measure school districts' activities for shared services: Joint purchasing; we look at overtime, measures of amount of overtime. There's an indicator for that per the amount of salaries. It looks at their food service practices, for instance, whether that's going to be providing -- operating at a deficit or not. So it goes into -- beyond linking money to instructional priorities and ensuring controls are in place, but also looking at measures that would promote efficiencies that school districts will be engaged in. And in fact, it has an "other" for which school districts can show innovative practices that they may be engaging in, in addition to those that we've indicated on our list.

And by the way, all of these components have not only been worked out internally, but externally. The Department has worked with many stakeholders in formulating the specifics to develop this comprehensive and rich tool.

So under the New Jersey QSAC, we now have an opportunity to identify, in a better way, concerns to the Department and the district. It's going to give us, as Donna talked about, ways that earlier -- to provide technical assistance and other collaborative solutions. But what it also is going to do -- and this is critical to the next discussion I talk about in CEIFA provisions -- is that it also is going to provide the Department with greater information not only on fiscal management, but also on

instructional issues or operational concerns, or other issues which are operating within the district that can help and feed into that annual budgetary review and process, for which the Department is responsible for, that will give greater information.

And I want to say that, because I want to lead that into what the Department already has right now under CEIFA. And when I was here -- whenever, a couple of weeks ago -- I did discuss this, but not in a lot of detail. But right now, under CEIFA, during the budget review process, the Commissioner -- which is effectuated through the county superintendents or Abbott Division -- would -- is able to actually recommend any reallocations, or expenditure changes, or revenue reallocations if a district is failing or not achieving the Core Curriculum Content Standards. It's actually -- the language is the Core Curriculum Content Standards. And in fact, CEIFA allows the Commissioner to increase spending for those districts that are spending below, what I talked about before, the T&E budget for that particular district.

But that is not something the Department -- that is just, quite frankly, a tool the Department has not effectively utilized very well since CEIFA has been in place. And we feel that the whole New Jersey QSAC process, and the information, and the greater richness and more objective nature of information that will be coming -- not only in fiscal, but more importantly the instructional piece -- mirrored with No Child Left Behind, will provide us greater information and utilize this tool. This is definitely not something the Department would like to get rid of. We think this is important to keep, this authority.

What are some of the drawbacks of this authority right now, though? One thing is that -- I talked about reallocations and budgetary actions that the Commissioner can take at time of budget approval. But that is a budget approval. So after the budget has been set, gone to the voters, etc., CEIFA provisions for the Commissioner to be able to reallocate and direct expenditure changes after that approval no longer applies.

Now, New Jersey QSAC will help us in this process, at least at the time of giving us greater information prior to the budget, but not necessarily after. And that's a gap we still need to fill in terms of authority for the Department to take action.

The School District Fiscal Accountability Act, that I'm going to talk to, is a new authority that gives some action to be able to take after the budget approval. But this is something that CEIFA does not enable, at least in terms of the budget approval piece, and it's something we do feel that we would like to keep and more effectively utilize in the future.

Recently, in recognition, we have the annual audit process. But again, if there isn't anything that's in place to take action against a school district, if there was a specific finding by an annual auditor of a severe nature, and an opinion-- For instance, there's basically four opinions that an annual auditor can provide a school district. An unqualified opinion, which is the best you can get; a qualified; an adverse; or a disclaimer of opinion. And while school districts' auditors provided those in their annual audits, they also provided recommendations and findings. And those are what normally were followed up with in terms of recommendations and corrective actions, but never any action with the actual finding of itself, which is very severe.

So one of the things that we -- was recognized, it was a gap. And thanks to Assemblyman Conaway and Connors, we now have a law, a provision, that enables the Commissioner now to appoint a State monitor in a school district when its annual financial audit from the previous year has, what I just described, either an adverse or a disclaimer of opinion, either one of those two. She can immediately now -- has the ability to put in a State monitor. And I'll talk about what that State monitor can do. Or, if a school district has two of these next criteria that I'm going to describe, which is a deficit-qualified opinion, repeat audit findings, and material weaknesses. And now we have -- the Commissioner has the authority to be able to appoint somebody to direct the day-to-day business operations, as well as personnel matters. And this is different than what we've ever had under other monitoring systems, that you've heard Donna called -- even under any type of intervention, it would still require an order to show cause.

So now the Commissioner has the ability to go in, in very targeted and very, very serious circumstances, because very rarely do you have opinions of this nature. And as most people know here, the Commissioner has exercised that authority and appointed a State monitor in the Willingboro School district.

The law also requires a forensic audit by the State Auditor of any school district that ends the year in a general fund deficit and is eligible for a State monitor to be appointed. So the State monitor does not need to be appointed for the forensic audit to be implemented. And we are, right now, working with the State Auditor's office to identify those school districts that would follow under that criteria. I do know that the forensic audit for the Willingboro School district is underway.

And I think I'm going to turn that over to Jessica to finish with governance and our recommendations.

MS. de KONINCK: Thank you, Katie.

I'm going to continue to focus on QSAC for a moment. And part of the QSAC process -- our going through the QSAC process has enabled us to identify some of the recommendations that are part of our legislative recommendations.

One of the areas of QSAC, as you heard Donna discuss, is governance. Through QSAC, this is really the first time that the Legislature has comprehensively included board and district governance as an essential aspect of monitoring. It really looks at every component of how the school district organization works. And the school district governance is not something that was deeply focused on under the prior monitoring system. And in New Jersey, we've seen too many -- and I'm sure elsewhere as well, I don't want to speak for other states -- but we've seen too many examples where some form of governance breakdown results in a problem in a school district.

So the governance DPR is designed -- that's District Performance Review again, if you've forgotten. It's designed to capture the major statutory and regulatory requirements all in one place, to ask school districts to evaluate what they're doing, and whether, in fact, they're doing what you, as the Legislature believes that they're doing. If you pass a law directing board members to go through a board -- to go through training, you have an expectation that they're doing that. And so, in the governance DPR, we've pulled out the major statutory and regulatory requirements to

make sure that as districts self-evaluate they look to see if they've done what it is they're supposed to be doing.

As with the rest of QSAC, the governance of DPR begins with an emphasis on student performance, on teaching and learning. We are, after all, about education, although much of this conversation is about money. And the first thing that a district is asked to do is to make sure that the board, as is required by statute, has annually adopted a curriculum. And one of the things we've found is, over the last few years as we have been reviewing monitoring of districts, is that the curriculum also must be aligned to the Core Curriculum Content Standards, and that's an area where districts have fallen down. And if there are issues in student performance, it can often be tied back to a lack of articulation between the contents and the curriculum, because the assessments assume the assessments are tied to the content standards. So the board needs to be -- the administration needs to be presenting to the board an aligned curriculum, and the board needs to be adopting an aligned curriculum. And we go through a similar process with each substantive governance area. So we look at the statutory requirement around board member training. And one of the recommendations we're going to make to you is that training be enhanced or made more particular. Right now, New Jersey School Boards Association -- I'll do a little advertisement of them -- does wonderful board member training, and wonderful training for new board members -- but it's once, and you get what you get. And whatever you happen to be paying attention to that day, there are more substantive-- Public education is no longer as simple as it once might have been, although it probably never was that simple. Most boards operate on a committee basis. If you are, for

example, on the board's personnel committee, it's our recommendation that you be required to have additional training in personnel. If you're on the finance committee you may want to participate, and School Boards does a really great program on, understanding and building salary guides. And that's not easy stuff to understand. But we do have expectation that said board members representing everyone in their community is going to have that level of expertise. So that is one of the recommendations that we're going to be making to you.

QSAC spends a lot of focus on making sure that the board goes through the annual evaluation process in two ways: Both to make sure that all district employees are evaluated, that there are observations that are -- that the required observations are performed by district staff; by holding the superintendent accountable, and that means that there is an annual evaluation of the superintendent that the board conducts, and that that evaluation is shared with the superintendent. This appears to be another area where some districts fall down, and it's an area of great concern for us.

Similarly, we're focused on budget development and approval.

Communications: is the board complying with the Open Public Meetings Act? Is the board complying with the Open Public Records Act?

And finally, but equally if not most important, board ethics. And I'll come back to some of these things again in our recommendation. Right now, the School Ethics Act sets standards for prohibited conduct for district officers and for school board members. And school board members are also required to comply with the Code of Conduct -- the School Ethics Code. While both are relatively detailed, we're going to make some specific

recommendations about enhancing and making more specific some of the ethical requirements.

So with that, let me move to some of our recommendations, because I know that's what this Committee is really here for. You really want to hear from us and everyone else what we would like to see happen, and we're finally going to do that. You've been very patient, and--

ASSEMBLYMAN HERB CONAWAY JR., (Co-Chair):
We're going to clap.

MS. de KONINCK: So let me begin by saying we'd like to see most of the existing accountability provisions retained and enhanced. Katie talked about the CEIFA powers, Donna talked about QSAC and those other powers that exist in the law as well.

We're also requesting that the Legislature consider providing the Commissioner with emergency powers under limited circumstances, to order an immediate QSAC evaluation in one or more areas of the DPR. Once again, under limited circumstances, the ability to veto board minutes or portions of board minutes when that's essential. And the ability to appoint a fiscal or other appropriate monitor; for example, someone to oversee personnel, to oversee district operations, and oversee the implementation of any necessary improvement plan. And during the three-year cycle, in those situations of an emergent nature, where without some sort of immediate intervention a situation will only get worse, and where immediate intervention may be able to mitigate the situation. We're not recommending broad powers, because there are other administrative concerns that need to be considered, but in emergency situations to permit the Commissioner to get in, to do an evaluation if necessary, to veto board

minutes if necessary, and to appoint a monitor similar to the Fiscal Accountability Act, but in other very limited circumstances.

We are strongly supportive of proposed Senate Bill 1876, which is being sponsored by Senator Karcher and Senator Turner; 1876 incorporates a number of the recommendations of the SCI report. It doesn't incorporate all of their recommendations, but a number of their recommendations. And mostly, it requires boards of education to provide greater public access to information concerning administrative compensation. And documentation would include a detailed statement of the employment contract terms of superintendents, business administrators; annualized cost of all benefits; detailed statements of any benefits which are conferred after, upon separation; any other kind of in-kind remuneration; and to provide notice prior to renegotiating, extending, amending, or otherwise altering the terms of a contract with one of the school district officials.

People need to know in certain situations what's-- People in the district have a right to know what's going on in their own district. This bill also requires districts with district Web sites to post administrator contracts on the Web site. We're also proposing, in conjunction with that or with some of the other accountability provisions, that a board not be able to renew a contract of a superintendent or a business administrator who has not received a performance evaluation -- that evidence of performance evaluation needs to be submitted at the time the contract is done. Unfortunately, that has been a problem in New Jersey. And not surprisingly, those are -- that's a sign that a district may have other sorts of issues.

In a similar vein, we're at least asking that you think about, because we're still thinking about, whether it makes sense to prohibit buy-out of superintendent contracts in the absence of good cause to terminate. And that's something that's for your consideration.

We are also supporting Senate Bill 2136, which Donna discussed earlier, which are amendments to QSAC. The value -- going through this pilot project has really been invaluable in terms of showing to us what sort of changes might need to be made to get QSAC to work better. We are very grateful that Senator Adler has reintroduced what's now Senate Bill 226--

SENATOR ADLER: Cardinale.

MS. de KONINCK: --which Senator Cardinale is cosponsoring, incorporating many of the recommendations of the Educational Mandate Study Commission. I have seen many of the people who served on that Commission testifying before this Committee. And so, thank you.

As I said, we're looking -- we're asking for additional training for school board members. And to strengthen the School Ethics Act in a couple of ways: By defining nepotism less broadly, specifically by considering -- by thinking about the term *immediate family* and whether that might be extended; by discouraging, for want of a better phrase, pay-to-play opportunities. Ethics is an important concern for the Governor, and it's an important concern in the operation of school districts.

With that, I'm sure that I've left out something, but we're happy to entertain any questions.

SENATOR ADLER: Thank you, Mr. Chairman, for calling on me. (laughter)

I think we have a bunch of emergencies right now. And I'm hoping, without focusing too much on the public schools in Camden, that when we leave this room we now treat Camden as an emergency. Because either QSAC has triggers that catch all the different crises that face Camden, in terms of abysmal graduation rates, and abysmal HSPA test scores; and unpaid payroll taxes; and overpaid, overtime secretaries -- and I'm just scratching the surface on the problems in that one small, extraordinarily expensive district. But I guess I'm wondering whether the Camden Recovery Act, QSAC, CEIFA, or something else -- amendment of some of those existing laws is necessary, or whether the Governor's office and the Department, or somebody else, has the power to actually step in on that very, very obviously failing district, by any measure that-- And if QSAC doesn't have a measure that catches this, then we've got to amend QSAC this afternoon.

And that's not, again, all the other districts throughout the state, all of which have kids and have tax money, and all of which we have to be concerned about; but clearly, by far, the worst district in the state, by far, is Camden. And I guess I don't get why we're not already there running Camden, even with the problems you have once you go into a district of getting out. Even with the clever withdrawal provisions we've now created. Why aren't we already in Camden?

And I'm not yelling at you Katie, or you Jessica, or you Donna, or the Acting Commissioner, or the Governor, or any of us, but together we are failing the kids and the taxpayers in Camden. And that's the worst example in the state by so much that everything else just pales. Tell me about Camden. Why aren't we there?

MS. ATTWOOD: Well, I think the best way to answer: I think you asked what are these things that we talked about today that would help us in addressing a situation like Camden. And I think I want to start with QSAC, because I think that's essential. Because the fiscal monitoring tool and mechanisms that I just talked about absolutely, while we have not run that through Camden, we would assure that based on their audit findings, based on our understanding of the practices, that they would be a district that most likely would fall within at least under the 80, if not under the 50 percent for which actions could be taken.

But secondly -- and this is where I want to highlight -- because that is a process. Camden is eligible for a State monitor under the School District Fiscal Accountability Act. It had an adverse opinion, it had repeat audit findings, it had several criteria that it would be eligible. And the Commissioner has already announced that she does plan to make an appointment there, and she will very soon.

SENATOR ADLER: Okay. We've got until like 5:00 today. I'm hoping it gets done this week. And I don't mean this disrespectfully, but it's been a crisis that has cost another generation of children a chance at a thorough and efficient education. So we have constitutionally failed our obligation to those kids. And at the same time, we state taxpayers have sent hundreds of millions of dollars unsuccessfully to that district. And without saying the money should have gone elsewhere, because I understand our constitutional obligation, if we're going to spend hundreds of millions of dollars every year in a small, very troubled city, let's actually help kids. And let's treat it today like the crisis it's been for the entire time I've been in the Legislature, for the entire time-- Oh, gosh, every single

person up here -- the entire time we've all been in the Legislature, and it's gotten worse.

And so when I vent, I'm not venting at you. I'm expressing my own sense of personal failure to those children and to all of our taxpayers. But gosh, it's clearly an emergency. And we talked in your adept presentation about emergency powers as a proposal. Tell us what we can do; or if you can't tell us today, tell us tomorrow. We'll come back Thursday and pass a new law if that's what you need. Because this is an ongoing property tax for the whole state. But that's just the best example of how we absolutely have failed, collectively, to do anything about it in terms of oversight up here, to stop the fraud and the waste and the abuse and the failure. We've hurt kids. So I'm hopeful that, as you described, there's going to be an appointment soon by the Acting Commissioner. It's got to be now. And it's just a tragedy. I wouldn't tolerate it for my kids in Cherry Hill. I'm sure the people up here who've got kids, or in some cases grandchildren, wouldn't tolerate it for their kids. It's beyond comprehension to me that we have collectively tolerated it anywhere; and particularly in the poorest city where the kids are so far behind to begin with, how we can let that happen.

This week, not next week, find somebody competent. And if we've got to do other stuff, we'll come back Thursday and Friday and pass a law and get it signed by this Governor. But this is a crisis that just can't wait. Because kids keep getting older every year -- they're funny that way. (laughter) And so we lose kids who go from kindergarten to dropping out as ninth graders. We lose them, and they go somewhere, but they're lost educationally, unless maybe they come back through GED or go into the

military and get training that way. We lose human beings that way, and that's not what we're about as a state.

So please don't take this as a personal affront to any of the three of you, or collectively to the Department, but we just aren't succeeding where we have to succeed the most -- with the most fragile, vulnerable, put-upon kids in our whole state. These Camden kids are already behind the eight ball.

This week, please? This week on that one.

MS. de KONINCK: Let me add one more thing, Senator, with reference to Camden. We do have an intervention team in there right now. And I think it would probably be valuable if we provided you with either a written report or if you want to hear from the team in person. But not only your Committee; the Education Committee, I think, will have an interest in hearing what's going on in Camden in more detail than you're able to read in the papers, because we all agree with you that it's a matter of deep concern to all of us.

SENATOR ADLER: I hope it's a matter of urgent concern though, because literally-- You know this, I didn't mean to be sarcastic earlier. Every day kids get older. Every day that kid doesn't get an education, that kid slips behind. That's not fair to those children. That's not fair to human beings that we're losing, and we've lost for a generation here.

I'm sorry to give a speech, but this week, please? This week.

ASSEMBLYMAN CONAWAY: Senator Doria.

SENATOR DORIA: Thank you, Mr. Chairman.

Just to follow up, I agree wholeheartedly with Senator Adler's comments.

And my question is, Jessica, I thought that QSAC -- we gave all this authority. I mean, you're saying that we need to do more. My opinion is that the Commissioner can send in a monitor immediately, can take action under the Accountability Act or under QSAC. I understand that it's not being implemented until January. But also, it's the law now. So if the Commissioner wanted to, the Commissioner has the authority to do most of those things.

My concern here is if we talk about doing amendments, we can amend things to death. I think that we -- we all thought-- I was the original sponsor of QSAC when I was in the Assembly. We all thought that this is the means by which we can start to review the monitoring process and come up with a better process to allow for districts to come out of takeover, and to let the Commissioner have the authority to go in if there are problems in any of these five areas. So I don't understand how we're now saying we need new authority to do these things. It makes no sense. I think we do have the authority.

MS. de KONINCK: Yes and no.

First of all, as I indicated -- and I'll let Donna answer the QSAC question with more specificity. There is always a concern about whether there is a need to proceed via order to show cause. And sometimes the Commissioner just can't wait. Sometimes the Commissioner needs to be able to get in tomorrow. The way that we're envisioning QSAC -- as having a three-year system rather than a one-year system, because with the thousands of schools in New Jersey, it's not realistic to expect that we're

going to be able to do the kind of in-depth review in one year of every district. So as there's a change towards three years, things happen during a three-year period of time that can't abide. And sometimes information comes up or something happens during the process that needs to be addressed before the process happens again.

Also, the pilot has shown us areas where we weren't as smart as we thought we were, and we could craft this a little better. So I agree with you, but we need to make sure we cross all our T's and dot all our I's.

Let me turn to--

SENATOR DORIA: I share the same frustration as the Chairman here, Senator Adler. I mean, I think if we spend all our time-- I know how long it takes to get legislation through. You know how long it took to get QSAC through. It took almost two years. If we spend that time doing that again, we're not going to move forward. I think that the Department, through the State Board of Education-- I mean, we do regulations on some of the stupidest things. Why can't we do regulations as it relates to, now, QSAC, to make sure that we can move forward? No question, you can't do all the evaluations in one year. But guess what? There's a lot of school districts you don't have to evaluate the first year or the second year, because they don't have the problems that a Camden or an Asbury Park or a number of other districts have. Because Asbury Park probably equals Camden, if you were to talk about districts that have problems. And it's a much smaller district.

But what I'm saying, and I think we're expressing the frustration that the Commissioner-- We feel that in many instances we've given the Commissioner the authority. And that authority ties to the

regulations. And if the State Boards of Education, which exists to help to do this, takes the bull by the horns, they can use QSAC and do the regulations to move forward. And then if we need any tinkering around the edges, they can come back. But if we have to spend the time before we implement QSAC to go back and amend it, it's going to be another year to two years before we can move forward, which I don't think any of us want.

MS. ARONS: Maybe I can clarify that a little bit, Senator Doria. We did move forward with regulations on QSAC. And in fact, they are at proposal level. They've been published already. And they're scheduled to be adopted in December. We were moving forward with them and with proposed legislative amendments at the same time. They're all in synch. And there is a bill in the Legislature, if we can get it passed, it's all together. And in January, we can begin implementing QSAC.

SENATOR DORIA: My question is, we passed QSAC, I'd say, right now, at least six to eight months ago. Am I correct?

MS. ARONS: I think it was actually a year ago.

SENATOR DORIA: It's more than a year ago. Okay. We took two years to get it done, because we first introduced it sometime back in 2003. It passed sometime in 2005. We're now at almost the end of 2006. Why do we need to continue to extend this process? I mean, the regulations took a long time to formulate, as always. But what I'm saying is, we're not waiting to pass this new bill to begin QSAC, I hope. That January, no matter whether this bill passes or not, the implementation of the law plus the regulations will take place. Am I correct?

MS. ARONS: The regulations are-- We were moving forward on both at the same time. As you know, the State Board process is a long

process. We began it, I believe, in December or January of last -- last December or January, I can't recall exactly when we had the first discussion before the State Board. So a lot of the amendments are technical amendments, but because of the way the statutes was written, we weren't sure how to implement it as written, and that is why we were trying to move forward on both fronts. I don't know what else to say.

SENATOR DORIA: Didn't you write the statute that came from the Department? If I remember correctly, the basics -- then it was reworked to make sure it fit into the legislative policy-making criteria through OLS, and we passed it with some amendments. My question is, why now are we saying-- Are you saying that we're not going to be able to implement QSAC in January because we're waiting for amendments?

MS. ARONS: Well, I'm not sure how it's going. If we don't have the legislative amendments, I'm not sure-- The statute still exists, and we need to obviously-- We have to have some kind of a monitoring system in place. So we may have regulations, but we may have to implement it without regulations. I don't know. I mean, I have to--

SENATOR DORIA: Well, you have regulations for what we've done so far.

MS. ARONS: Well, but they would be inconsistent with the statute that is existing.

SENATOR DORIA: Well, that's not unusual by the way. Most of the time the regulations passed by the Departments are inconsistent with the statutes, but we let that happen. So this wouldn't be unusual.

MS. ARONS: Okay. Well, that would be my concern.

SENATOR DORIA: Well, that's a new concern by most departments. Most departments don't have that concern.

I hate to be-- I'm frustrated, because I know how long these things take. And I think I'm as frustrated as Senator Adler; and I think all of us, up here, are frustrated. Because we know what we need to get done, and if we keep on dancing through these hoops, nothing gets done. And we spend all this money, and children still continue not to learn. And I mean, it's frustrating from all of our-- I know it's frustrating to the Department and the Commissioner also. But, at some point, we've got to take the bull by the horns and just move and let the chips fall where they may. That's what all those 600-and-some-odd lawyers we've got sitting over at the Justice Department should do. I mean, they're sitting around, basically, playing with themselves, so let them do something.

Excuse me, excuse me.

ASSEMBLYMAN CONAWAY: I think we'll-- I hate to say-- I won't use the word segue, but-- (laughter)

SENATOR DORIA: I'm sorry.

ASSEMBLYMAN CONAWAY: --move on to another question.

Assemblyman Stack.

SENATOR DORIA: I'm sorry. I'm frustrated.

ASSEMBLYMAN STACK: Thank you. Thank you very much.

I just have one question. I'd like to know what will be the difference between what is done now to ensure accountability, and what will be done under QSAC in Abbott districts? Will there clearly be stricter

requirements? Will there be more accountability, and specifically in the Abbott districts?

ASSEMBLYMAN CONAWAY: Did you hear the question?
(laughter)

MS. ARONS: Yes.

MS. de KONINCK: It's a single system. We're trying to have a unified system for all students, because we hold all students in New Jersey to the same high standards. So students in the -- Abbott districts will be asked to fill out the same DPR as every other district. And each of the three takeover districts did participate in the pilot -- in at least one element of the pilot process, because part of the goal here, obviously, is to develop a strategy to exit those districts from takeover so that they can be responsible for their own governance. But there aren't going to be two separate systems, one for Abbott districts and one for everybody else.

ASSEMBLYMAN CONAWAY: Assemblyman Stack, that's good?

ASSEMBLYMAN STACK: That's it.

ASSEMBLYMAN CONAWAY: I'll just ask, while you're talking about the Abbotts and the Abbotts were mentioned, what can you tell us about any findings that the Department has made with regard to the five accountability measures? And I guess we'll start with the fiscal ones, and maybe move on to personnel matters, curriculum in the Abbott districts. We understand there's a report floating around out there that may or may not be ready for publication, but it is certainly a matter of big concern as we move to promulgate a new funding formula. And if there are

things that are you able to offer us, specifically related to the Abbotts, I'd-- If not, we'll figure out another way to get those answers.

MS. de KONINCK: The pilot process was designed specifically as a pilot process. So that's not eliciting yet the kind of data that you are looking for. But we will ask Assistant Commissioner MacInnes to provide whatever data he can concerning the specific areas that you are asking about and get that back to you.

ASSEMBLYMAN CONAWAY: Very good. Thank you.

Senator, you mentioned that -- and this is in regard to legislative recommendations -- the need to have better training on the part of school board members. And it's something that I'm familiar with, given the problems I've had in my own district; and have a draft of a bill that would make sure that the continuing education courses that are currently being offered are, in fact, completed by board members before they complete their first term. I talked to school boards people about that, they seem to be in general agreement. Are there -- other than the courses-- There are 12 of them. Did I hear you say that perhaps there are going to be additional things that we require of them? Or are the 12 course offerings -- as I understand it, that are currently existing -- are those adequate, in your opinion, to make sure that board members are up to snuff across the broad range of responsibilities they have, from governance to fiscal monitoring, etc.?

MS. de KONINCK: School Boards offers more courses currently than board members are required to take. They are required to participate in an introductory program which covers each area, but not in depth. And many board members, most I would suspect, don't have a

background in public education, in public finance, in personnel practices. And School Boards tries to encourage participation in their courses. They offer a certificate in advanced boardsmanship. We're suggesting that some of that-- Just as we're requiring additional professional development for teachers -- and there is currently, although it may not remain the 100-hour requirement, and the Federal Government requires that all teachers be highly qualified -- we're similarly looking for professional development for board members, so that they can do their jobs as well as they want to. No one wants to be on a school board and not do as good a job as he or she is able to do. And as I said, I think School Boards offers a wonderful array of courses. But in order to ensure particularly that board members who need those courses get them, we're suggesting that there be additional requirements. And that may result in some small cost to districts in terms of paying for their courses. But I think, overall, a well-trained board member who serves on a negotiating team, for example, is going to readily save that money for his or her school district.

ASSEMBLYMAN CONAWAY: Now, you referenced the School District Fiscal Accountability Act, and I understand that the Department is getting experience with the working of this Act. Are there any things in the Act, as you have seen it currently working, that we want to consider changing? And I -- just before you answer that -- if you do have suggestions-- I do have a concern, given the situation that we have seen with districts who have ended up in a deficit situation, that the responsible authorities in that district -- apart from the board -- the business administrator in particular, and the superintendent-- That when these deficit situations arise, that there should be some -- and I'm going to

amend, get this ready -- there should be a mandatory referral for review of their credentials, to continue to work in that area in the state.

We have the situation in Willingboro, which has been referenced. To my understanding, is that the business administrator that was working there, and that failed -- or failing situation -- is working elsewhere in the State of New Jersey. And that while there are actions which could be taken, there is not requirement right now to trigger action to review the qualifications and credentials of that particular person -- which I think needs to be in the fiscal monitoring bill. So can you tell me how that bill is working, and can you make any suggestions about changes other than what I've just referenced -- changes that ought to be made?

MS. ATTWOOD: Well, it's very early in the stages of the implementation of this, but-- And Willingboro is the first district for which we have appointed a State monitor. In that district, it was -- they have been there. They have made several recommendations, helped close some serious problems that are there. Of course, this is a longer-term problem. I would see the issues with the bill may be that it is very tight. I would think that that may be the only thing you may want to look at, is that it really will trigger at only very, very tight circumstances. That's good, or that can be bad. And that's why we talked about these emergency powers beyond those very, very tight circumstances. It's very rare, remember, for a deficit, for the fiscal monitor bill to be kicked in. It's not just a deficit. You have to have at least a deficit and one of the other components that's listed there. And very few districts would be eligible for an appointment under that. And that was I believe, I understand, crafted as such that -- because it is great powers for the Commissioner to go in and direct changes.

But quite frankly, I think it's a little early, but we certainly could ask greater feedback, for the people that are directly involved in that process, for future changes. But I want to turn to Jessica on the specific recommendation that you talked about, if you have anything to add onto that.

MS. de KONINCK: In situations of wrongdoing, it's-- Clearly, if -- there's a process if there's criminal wrongdoing, and there is revocation upon a conviction. Short of that, the Department does have a concern, and I'm not sure we're prepared to make a recommendation today. But we share a concern that -- for administrators who seem unable to adequately perform their jobs, when that is not picked up by the local board in some way, how to address that. So I think you've identified a real concern, and we need to give some thought to how we might come back to you with some recommendations around how to address that.

ASSEMBLYMAN CONAWAY: And finally, and -- or at least for the moment, you have laid out a number of additional duties and responsibilities that the Department will undertake under QSAC. And of course, districts have a lot of responsibilities, too. And I, one -- we'll hear this in some of the mandate stuff that I know folks are working on -- I hope that there has been a reduction of other paperwork and reporting; that some things go away as QSAC comes on board, so that some of the administrative time that needs to be spent on this can be more efficiently applied. Let's say that. Are there reports and things that go away as QSAC is standing up?

MS. de KONINCK: Well, the QUOR (phonetic spelling) is one report that's going away. And remember also, because it's an important

question and a concern I think everyone shares -- is that we are replacing the old monitoring system. We're not adding monitoring to monitoring. What -- we're replacing one system with another system. We've also endeavored to streamline, but also because No Child Left Behind requires a single accountability system. So that by doing this, we're trying to avoid having series of different monitorings for different program areas.

On the Federal side, we can't avoid it. There are different audits that are required, and we can't do much about that. But certainly on the State side, to the extent that we can get one report about -- that relates to school district operations, there's not a need to generate a lot of additional information. Once we do have the student level database in place, that will enable the district to better focus on districts -- the Department to better focus on districts where we have concern. And as recordkeeping has improved slowly but steadily, it will, I think, decrease the amount of, at least, paperwork. It doesn't mean the information won't need to be entered, but we're able to do a lot more online than we used to previously.

All the budget information, which was traditionally done manually -- and it was an awful process -- and this is all thanks to Katie's hard work -- it's all-- You can enter it all electronically. So even if there are not necessarily fewer reports, preparing them and transmitting them is much simpler than it used to be. And we're not requiring, as part of the QSAC process, that districts copy all of the data that they need to refer to when they fill this form out. We're not asking them to send boxes of material to the Department. The county superintendent will verify that the documentation, in fact, exists, but this isn't intended to be an exercise in

running a photocopy machine. It's really an exercise in making sure that you're doing what you're supposed to be doing.

So there should be board minutes. If a district is not keeping adequate board minutes, that's a problem. That's a problem, not because they haven't sent the set down to Trenton, but it's a problem because that's the operational document. The board policy is the Bible for the board. Their board minutes are their operational document. If those basic kind of things don't exist, then that's a problem more significant than if it takes a few minutes to check off a box on a form.

ASSEMBLYMAN CONAWAY: And just following on that, you mentioned a number of additional authorities, and an enhanced role for the county superintendent. One of the things we've heard, symptomatically, in the other hearings is that there's a concern that the Department may -- well, I've heard it expressed otherwise -- but the Department may not have the personnel that it needs, or enough folks to do this important accountability job. With the implementation of QSAC, do you anticipate that there will be additional personnel brought under the Department to help make sure that all this accountability gets done? And that if there are audit findings, somebody is there to check it? And if there are budget line items which are out of whack -- \$25,000 for substitutes, when it should be 500,000, for instance. I mean, is somebody going to be there to look at that stuff to make sure that there's a follow on -- here, we found it at zero hour; three months from, six months from now, somebody is there to check to make sure that these things have actually been corrected. What do you see as far personnel and manpower to get this thing implemented, this concern?

MS. de KONINCK: Well, certainly, no one here is going to say, "Don't worry about it. There's no problem." But I don't think that the Commissioner is yet prepared to commit to how much, if any, additional staff. I know one of the things Acting Commissioner Davy is looking at is how the Department is organized currently, whether we are adequately focused on providing technical assistance to school districts and whether the Department itself may be organized in a better way to more efficiently deliver services. And I know that's something that she will -- would like to share with your Committee, as she finishes going through that process. How we are trained internally as a Department. It's a shift, also, in the role of the county offices to having more responsibility for outcome. That's different than the role may be seen in some of the county offices. So it's an internal education and organization issue. And at that point, there isn't anyone who's going to say we couldn't use more folks. I mean, that's the way it is, but--

As is also the case, as Senator Doria indicated, most districts are doing just fine. And staff alone is not going to address the issue in those that aren't. We need to be paying more attention, which is what QSAC does do, to what's going on, to digging down and finding out what's going on. So once Acting Commissioner Davy has had the ability to assess the organization more deeply, and how to better utilize the county offices, because the county superintendents are State employees, I'm sure she'll be able to provide you with a more thoughtful and detailed response to that.

ASSEMBLYMAN CONAWAY: Senator Cardinale.

SENATOR CARDINALE: Thank you, Mr. Chairman.

You talked about sending highly -- I think your words were “highly trained professionals” into the districts to provide some assistance and some of your initial views of what’s going in a district. Who pays for those highly trained professionals? Is that part of a charge that is made to the district? Is it paid out of the district’s budget, or is it out of your departmental budget?

MS. ARONS: The statute provides that it’s a shared cost between the district and the State.

SENATOR CARDINALE: Now, if that hasn’t been budgeted by the district, how do they cope with that additional expenditure?

MS. ATTWOOD: I mean, it would depend on the time frame of it. With the QSAC, as I was deferring to Donna a little bit on the time frames and the framework, but it really is kind of built into the budget process for which -- the determination by the Commissioner on the continuum of where they are. And hopefully, the results of any type of technical assistance that would be needed, they could build that in their subsequent year budget. But if that is -- in the case the budget’s already-- Because I think it’s in the Spring, and that’s when the budgets are established, so there is time to build that into the next year’s budget. But generally, if that was under a different sequence, the Department would certainly be working with the district and could identify and look for resources and reallocations within that year. But I did want to highlight -- because I do believe the way it’s built, and the time frame, is to build into the budget process for the subsequent school year.

SENATOR CARDINALE: Now, as I understand the overall presentation that you’ve made, if that doesn’t work, then you may send in

another team, or you may actually get into sending in a monitor. Is that pretty much the progression that occurs?

MS. ARONS: You're referring to QSAC. Under QSAC, the--

SENATOR CARDINALE: Well, I'm talking about your whole set of powers. I'm not concerned with where that power is.

MS. ARONS: Right. Well, I guess you say that there are different-- The Commissioner would have different authorities or different powers under different statutes.

Under QSAC -- which is the monitoring system -- it starts with an evaluation. And if there's a breakdown in the process, or there's an -- after the evaluation, and a district scores less than 50 percent -- that's the trigger under QSAC. There is the ability for the Commissioner, then, to send in a highly skilled professional to direct activities in one area; or if the district is below 50 percent in all five areas, and it's determined that it's necessary to send in -- to put that district, basically, into full intervention, that could occur then.

Now, Katie described-- Under CEIFA, there are different-- Under different circumstances, there are different powers and authorities. And under the Fiscal Accountability Act, there are different-- It depends on the situation. I mean, in a way, it's almost as if the Commissioner has sort of a toolbox of different tools for different situations.

SENATOR CARDINALE: I'm not concerned with which box the tool comes out of. All right? I'm only concerned with the overall operations of the school and when you see something wrong. I'm sure you don't send highly trained professionals into schools where you think

everything is going well. You have some indication that something is not going well, that's sort of one of the first steps that you take.

Then you-- As I understood your presentation, wherever that authority comes from, you can then send in -- you can get to the point where you send in the monitor. Now, when you send in the monitor, who pays for the monitor? Is that similar?

MS. ARONS: Yes.

SENATOR CARDINALE: Okay.

MS. ARONS: At least under QSAC it is. I don't recall under--

SENATOR CARDINALE: Now, if that-- These are administrators. They're doing a function. Are the administrators who were already in place continuing to stay in place?

MS. ATTWOOD: Let me answer. I mean, I think that when you mention State monitor -- and the way we've talked about the State monitor -- we've talked about it not through that process. And it's only in a fiscal situation -- a very dire situation -- for which the Commissioner now has the authority to appoint. No, that person is an additional person in the district when she has exercised this. And, in fact, that's intended. It's because it is intended to build capacity. It's not intended to replace, and strong-arm, and run the district. It's intended to go in there, in the narrow scope of the school district Fiscal Accountability Act -- in the very dire fiscal circumstances -- immediately.

When the QSAC process, for whatever reason, wasn't able to pick it up and capture earlier, through technical assistance teams, she can appoint somebody who goes-- And they are an additional staff member there. Their charge is to work within the district to build capacity, but

when -- in case, they have the authority to overrule a board and superintendent decision. And that was very critical. That is not something they should be doing every day. They should be working within to help build capacity so they can leave once that's done.

SENATOR CARDINALE: The point I'm making, or the point I'm trying to get to is, these folks -- whatever level of folks that you're sending in -- are additional administrators, are they not?

MS. ATTWOOD: Under the State Monitor Act, yes. Under the QSAC process -- under intervention, or full intervention -- there could be other mechanisms. And there's quite a bit of array of ability for the Commissioner to appoint a State superintendent -- not called a State superintendent -- but put in new administrators that replace existing ones.

SENATOR CARDINALE: And then the existing administrators would be gone. Is that correct?

MS. ARONS: Well, I'm not trying to be difficult here. It depends on the situation. Under partial intervention, there's an array of possibilities. I think in certain circumstances, it would work the way Katie was describing, because it may just be a situation where the people who are in place need to be trained to do the job the right way. And then the highly skilled professional can leave.

Under full intervention, it would look more like State takeover. There would be a State district superintendent, and many of the central-- There's the option of replacing the central administration and things like that. So I think that may be what you're getting at under full intervention.

SENATOR CARDINALE: That's exactly where I'm going, all right? Is there not an ultimate threat to an inefficient administration that if

they don't straighten out their own house, they may be replaced and no longer have jobs?

MS. ARONS: I would say so.

SENATOR CARDINALE: Okay. Is that a very rare situation in New Jersey, absent some of the actual takeovers that we have seen?

MS. de KONINCK: Except QSAC is just in the initial implementation process. Apart from the three State-operated districts, the State has not taken over a district, has not replaced administrators. And part of the reason for the QSAC revisions were that takeover doesn't appear to be the best way to set a district on the course towards high student achievement. And that's what we're looking for.

SENATOR CARDINALE: And I would agree with that. But I think human motivation is a kind of a thing that we ought to be trying to use, not avoid. And it seems to me that the process that you've described would be a process whereby you would have additional help coming into this industry -- that is, the school -- that is going to make the day-to-day duties of the individuals who are working there somewhat-- They're going to have an extra pair of hands to do that job. And it almost seems like they have no downside and, perhaps, no motivation to improve on their own, because there is no downside.

Now, am I understanding your process correctly, or am I understanding it incorrectly?

MS. de KONINCK: I think you're understanding the process correctly. But I'm not sure that I would -- that it's necessarily a matter of there being no downside, but rather, how are districts able to improve. And it's been the experience that simply telling someone that they're doing

something wrong, without showing them how to do what it is that you're -- what it's expecting them to do, doesn't necessarily work. And so if the State is telling a district, "You need to get your books in order," but, for whatever reason, they're -- the finance office doesn't have the capacity to do that-- One way to accomplish that goal is to replace the existing finance department and bring in new people. But there may not be that many people available, statewide. And you may, for other reasons, want to keep that individual there. He or she may be good at a variety of other tasks. And so building capacity, statewide, is another way of addressing the situation.

We've heard a lot of frustration from districts that the State is very good at telling people what they can't do, but not as good at helping them learn how to do what it is -- whatever they're not doing correctly.

SENATOR CARDINALE: You've heard that there has been some frustration here, on the part of members of this Committee, with some of the present practices.

We've heard from the Co-Chairman that there was an administrator -- and he's concerned, if I understood his remarks -- that that administrator was actually forced to leave, but then went to another school district, where that administrator may very well not be performing well. And I think you expressed concern about that. And I would express concern about a system which allows an inefficient administrator to hop from one district to another.

I'm also concerned that in some of these instances, the folks that you're sending in from the Department are being -- are at a pay scale that is probably lower, in some instances, than the ineffective

administrators that they're trying to straighten out. And among the things that I think we are charged with on this Committee is trying to look at those kinds of circumstances, and take them into consideration, in whatever we ultimately propose.

That's what I'm getting at. Am I correct that some of the folks you're sending in, who are these highly trained professionals, are actually seeking to correct the functioning of people who are actually being paid -- because of a local board decision -- more than the people who are retraining them?

MS. de KONINCK: Two things: Some of the people who are being sent in are highly skilled retired professionals who are being paid per diem, and their salary is probably commensurate. And some people are being paid less -- State employees -- probably paid less. And one of the reasons we're supporting Senator Karcher's bill, 1876, is because information needs to be made public. These are public decisions. What school board administrators are paid, statewide -- I'm not focusing on a particular district -- is a local decision. And people need to know what -- how much they're paying, and for what. And those decisions can -- have traditionally been made at the local level. If a decision is made to change that, that's something else. But for now, at least having the information public, everyone will be on the same page. A concern is when the information is not public, when contracts are renewed and no one knows about it, which is the kind of thing we hear anecdotally.

So yes, you're not -- your understanding of the system is accurate. And we're hoping that this better addresses the technical assistance concern that it's had in the past.

SENATOR CARDINALE: I'd like to tell you that I agree with your concept of making it public. And I believe that that would provide a corrective action in many situations in New Jersey. But there are some situations in New Jersey -- Camden -- where, when you make that public-- The most interested taxpayer in Camden understands that they're only paying 3 percent of that perhaps inflated salary. And that does not provide much of a motivation. So that while in the town I live in, it might provide a motivation in the town -- because we pay 97, 98, or 99 percent of our school budget -- in a place where the opposite is true, it doesn't provide a motivation.

So what I'm about to suggest and ask you for your input on is whether, in what we do, should we grant the Department the power to recognize, in some instances, the ineffectiveness of a given employee, and the power to reduce the compensation of that employee if, indeed, they wish to stay?

MS. de KONINCK: Let me respond to that in two ways. First, we forgot to mention earlier in our presentation that, shortly, the Department is going to have, on its Web site, a list of all the superintendents' salaries throughout the State. It's salary-only, as reported in the annual report. So it doesn't break out other information. But that will be available for the entire State of New Jersey. And that's taken, in part, from the SCI recommendations.

We have been having conversations internally around those kinds of issues. And should the-- Because one of the recommendations in the SCI report is that the Commissioner review every superintendent's contract in the State of New Jersey. And it's just not-- Back to Dr.

Conaway's question, it's not -- doesn't make -- work well, in terms of the Department's capacity and the need to focus on other things. But whether the Commissioner should have the ability to look at renewal of a contract of a superintendent in a district in need of improvement, under No Child Left Behind or in some other sort of limited set of circumstances -- whether the Commissioner would have a right -- the opportunity to review those contracts.

So as we responded to Dr. Conaway before, it's not an area where we're prepared to make a recommendation today. But it's certainly an area that we're concerned about. In a well-functioning district, the review process should, as a rule, pick that up. If a board is reviewing a superintendent, and a business administrator is being annually reviewed, and that review is shared, and there's whatever professional improvement plan -- or its equivalent -- it's going to address itself. But for those other situations-- Those are conversations that are ongoing. And I'm sure the Commissioner will want to respond in a more detailed way.

SENATOR CARDINALE: I noticed that the Commissioner recently intervened where a local board proposed a \$600,000 buyout for an individual superintendent. And the Commissioner sort of vetoed that -- did not allow that to go forward. That told me a couple of things. One, it told me that the Commissioner has the power to do that. It made the press, and it was sort of a sensational story -- that it was kind of an exceptional action. And I wonder if you could tell me, in terms of your oversight capacity of the fiscal actions of various boards, whether that is, indeed, a very rare circumstance or whether there is some sort of ongoing program of fiscal

examination of decisions that are made by boards that involve large sums of money.

MS. ATTWOOD: Well, that specific district, if I have it correctly, has a special -- has special powers, granted under the Annual Appropriations Act, given to the Commissioner to take specific actions in Abbott districts. And that's a unique authority that, I think, when we were talking about are we going to have one or separate authorities-- That when we talk about New Jersey QSAC and where we're working, is we want a single mechanism for the Commissioner to take actions and not. And that's why we talked about some examples of giving her broader, not necessarily Annual Appropriation Act authority, but similar types of authority. And we enumerated some. But as I said, the Commissioner is still working on some of the recommendations on others for which -- that she would be able to take similar types of actions and similar types of triggers across the state, in very limited circumstances. But what you mentioned specifically is actually authority that's generated out of the Annual Appropriations Act.

SENATOR CARDINALE: Well, that's an Abbott district, and that's the-- The Commissioner would have similar authority with respect to any Abbott district, would she not?

MS. ATTWOOD: Under the current Appropriations Act, yes.

SENATOR CARDINALE: I'm going to get back to that, because you said something that triggered -- that perked up my ears. You talked about the T&E budget. If an individual district was not appropriating, according to the T&E budget, you could-- That says to me you have, somewhere in the Department, a number that you consider the

T&E budget. Is that correct? I was always under the impression that that was correct.

MS. ATTWOOD: Yes. And when I talked about the CEIFA process a couple of weeks ago, and I talked about the calculation of that, yes, that's embodied in the statute for which annual -- of which each year-- There is a T&E budget for each district, which is within the maximum and the minimum T&E budget established in the law. Quite frankly, right now, most districts are spending above the maximum T&E budget -- I think 70 percent of them.

But, yes, the authority granted in CEIFA was that if they were spending under, the Commissioner could direct an increase. And as I said quite frankly very early on, that is something that we look upon that we have not effectively done and utilized, and that we could more effectively utilize those types of resources -- not just to increase a budget, but actually reallocate. And a lot of that depends on getting good information, and getting that earlier, and working more collaboratively; and not having to try to figure out how to do that in 10 days, by the time State aid goes out and budget approval-- It's impossible to do that within that time frame. It needs to be a broader process; it needs to be more collaborative; and when utilized, utilized with good information.

SENATOR CARDINALE: This is a very important concept for this Committee, as we are charged with dealing with a new formula that is still consistent with the Supreme Court decision in Abbott. So when we come up with a formula, it would be very helpful for us to know that you have a number that you generate -- that if we were to plug that number or it's equivalent, each year, into a formula, that we would be providing what -

- and I was about to ask you if this would be a correct terminology -- an *adequate* amount for a district to appropriate to provide a thorough and efficient education for the children in that district.

Now, would you-- And do you believe that were we to say no district, however they're getting money, would be allowed to appropriate less than this T&E number that you generate each year -- would that, in your view, provide sufficient funds for an adequate education for the children in that district?

MS. ATTWOOD: I think really the best thing that we can say at this point is that's part of this whole discussion on developing a new funding formula and how we want that to be established. I think we've heard several discussions on establishing a formula that provides sufficient funding to ensure adequate education. And we've separately talked about spending and limitations on that.

I'm certainly not -- I don't think any of us would be in a situation, right now, that we could recommend specifically a "yes" or "no" to that question.

SENATOR CARDINALE: I think you misunderstood my question. I'm not talking about that number being the end of the formula. But does that number reflect, in the opinion of the Department, a number which is the number that is necessary to provide an adequate education in a particular district?

MS. ATTWOOD: And, again, I can only say the same thing. That is part of this process for which we will establish a new formula.

SENATOR CARDINALE: Okay. Tell me what that number is, in your understanding.

MS. ATTWOOD: I'm not really sure I understand what you mean. I can go over, under CEIFA--

SENATOR CARDINALE: You told us that there was a minimum and a maximum, that the Commissioner -- were a district to be providing less than the minimum -- would have the option of going in and saying, "You must provide more." Okay? I don't know what the maximum is, what the purpose of the maximum is. But if that minimum number is a number where the Commissioner could go into any district and say, "You're not providing an adequate amount," it seems to me that that's the minimum amount to provide an adequate education. And if I don't understand that properly, tell me what you -- what is your concept of what that number is that you talked about.

MS. ATTWOOD: I think that what we're missing is that, when we-- And let's just talk under the existing statutory authority under CEIFA right now. When I talked about -- that she has the ability to direct an increase up to this T&E budget, that was in the cases where the district was not achieving it's Core Curriculum Content Standards -- that there was an educational reason that we have determined that they needed to increase spending. It wasn't just, "Hey, they're not spending that amount. We're going to automatically increase." That is not what we were trying to-- And I don't think any of us would promote just increasing spending where there was no need.

SENATOR CARDINALE: Okay. I understand your answer. But there is a number, somewhere, that relates to what is going to be generally necessary to provide the thorough and efficient educational opportunities. You're talking about within the program of that individual

district. But that implies that that provides a thorough and efficient education. We're not permitting any districts to provide less than a thorough and efficient educational opportunity.

MS. ATTWOOD: Under the current framework, under CEIFA, as it's written right now-- It was written that it provided -- as discussed before -- a T&E model that established, yes, a T&E per-pupil amount which, allocated to the districts enrollment, provided a budget. I think what I really tried to stress before is that that always was a framework for which to assess: some districts could spend more than the amount, less than the amount, within. It was a framework.

But what I think was important to glean from what we haven't been doing under the existing framework, versus what's the right number-- Because I really believe that is something that this whole process is to talk about, when it relates to funding. When it relates to determining what is needed, educationally, to improve students' needs and educational outcomes, that's why we talked about QSAC. Because we really believe that is our process -- new process: to be able to provide that input into school district informational systems, in terms of -- and our results -- in terms of being able to utilize the Commissioner authority under CEIFA to direct reallocations at budget approval time.

SENATOR CARDINALE: And I think you also said, just a moment ago, that 70 percent of the districts in New Jersey are spending more than that amount.

MS. ATTWOOD: Can't quote me on that, but that's what I remember the last time I looked to see -- and that could have been a couple of budget years ago -- where districts were spending. I think when CEIFA

first was passed, 30 percent were above. Now it's about 70. And that's a framework of budgets growing faster than the box.

SENATOR CARDINALE: Now, that raises a question in my mind. If most of our districts are spending more than the amount that the Department has indicated is necessary, and none are being allowed to spend less than that, why is our ranking of our educational achievement, nationally, not better than it is?

MS. ATTWOOD: Well, I know I'm not going to be able to answer that second question. (laughter) But let me try to just-- Again, they are allowed to spend less than the T&E minimum budget. They are allowed to spend less. What I was talking about is that we have the authority to require an increase.

SENATOR CARDINALE: No, no, I understand. They're allowed to spend less if they're achieving--

MS. ATTWOOD: Right.

SENATOR CARDINALE: --a satisfactory result. I'm not challenging that. But most of them are spending more.

MS. ATTWOOD: But I think--

SENATOR CARDINALE: I'm not concerned with those that are achieving well. I'm concerned with those that are underachieving but are, in fact, spending more. And I'd like to get at what causes that, if you can help me.

MS. ATTWOOD: I think it's very difficult for me to answer from the educational perspective of that. I just would-- But I believe, in terms of why you started at 30 percent and now you have 70 is one of the reasons why we're all here. (laughter) The current funding system is not

representative of where we want to go. And that's the challenges we're talking about.

SENATOR ADLER: Senator Cardinale.

I apologize for interrupting you, Ms. Attwood.

I think we already talked, in prior hearings, about some of these cost drivers: special ed, and utilities, and oil costs. We talked a little bit about the salaries and benefits as maybe the biggest cost driver -- maybe appropriately the biggest cost for budgets. But I think Ms. Attwood, and Ms. DeKoninck, and Ms. Arons aren't really here to talk about that, as critical as that is overall to our mission. I think, today, they were really talking about accountability.

SENATOR CARDINALE: I brought it up because she mentioned this number and because -- she mentioned it in her presentation -- and because I thought it was important for us to know. Because I believe there has been some question of whether there is such a number available anywhere in this process. And I think most of us believe that it is available somewhere in this process. And it would be useful for us to get it. And I just want to emphasize that the Department is doing something along this line, which perhaps we discussed this a number of times -- they are, perhaps, not yet ready to share with us. And I think so.

SENATOR ADLER: Apparently, they're still not ready to share with us -- or these individuals don't have it. But I think since--

SENATOR CARDINALE: And I'm going to leave that subject.

SENATOR ADLER: That's a great decision.

SENATOR CARDINALE: I want to talk about a couple of the recommendations that you made and get a little bit of expansion of your

thoughts on-- You said you wanted to strengthen the School Ethics Act, and by defining *nepotism*. Could you expand on what you mean by defining nepotism?

MS. de KONINCK: What I really-- What we're really focusing on is the -- for now -- the School Ethics Act prohibits school officials or members of his immediate family to have an interest. We're looking for a-- We believe that *immediate family* needs to be more broadly (*sic*) defined. Perhaps eliminate the word *immediate*, or perhaps extend the degrees of kinship and consider, perhaps, other close relationships as prohibited.

We're concerned about conflicts; we're concerned about appearances of impropriety; we're concerned about making sure that we, in New Jersey, adhere to the highest standards, and would rather err on the side of being too exclusive in certain domains.

SENATOR CARDINALE: So would you think-- Are you thinking in terms of -- and I'll let you know that I am -- but are you thinking in terms of, the thought that, if someone is a member of an organization-- Let's just use the names of -- no, let's use Town X. On School Board X -- an employee of School Board X seeks office in School Board Y, another town in which that person lives. Do you see that as something akin to nepotism or creating a conflict?

MS. de KONINCK: An employee of--

SENATOR CARDINALE: An employee of one school board who seeks--

MS. de KONINCK: Employment at another school board?

SENATOR CARDINALE: No, who seeks to become a member of a school board in a neighboring community.

MS. de KONINCK: We're not suggesting, necessarily, where specifically the Legislature needs to draw the line. We think that that's a conversation that's-- The specific line can really be drawn anywhere. We're concerned, right now, that the line is drawn very narrowly -- is not drawn narrowly enough, and we'd like to see it drawn somewhat-- We'd like to see it drawn somewhat more narrowly. And our specific concern is around the definition -- as I indicated, around the definition of how a family member is defined.

SENATOR CARDINALE: Well, then I think I--

MS. de KONINCK: Did I say it backwards?

ASSEMBLYMAN CONAWAY: You did. But you're asking a question about conflict of interest, I think, not so much nepotism, if you don't mind, Senator.

SENATOR CARDINALE: Well, you know, they're kind of related concepts. And I just wanted to find out how broadly she is defining that concept.

MS. de KONINCK: I'm really--

SENATOR CARDINALE: You also said you wanted to discourage pay-to-play. In these new ethics, you wanted to discourage pay-to-play. What do you mean by that exactly? School boards do not have political contributions for the people who run for a school board. So what are you driving at?

MS. de KONINCK: The issue in a school board situation that's most likely to come up is a conflict situation and not, most likely, a nepotism situation. And it has to do with letting of contracts, particularly contracts that don't need to be bid. I mean, that's the situation where it's

most likely going to arise. And in fairness to school board members, I think on an individual basis-- On an individual basis, it's difficult for an individual, often, to understand why something is a conflict. Because they know that their friend, neighbor, whatever, does the best service -- provides the best service.

So, once again, I think it's an issue-- It may not be an issue, necessarily, of prohibiting, although that may be the direction in which the Legislature chooses to go; but also a situation in which we need to make sure that there's full disclosure, there's plenty of open information, that there's not an opportunity for decision making other than in as broad and public a way as possible. And that's what we'd like to focus on.

In the Code of Ethics -- I'll just turn to that for a minute -- the board-- The Code of Ethics for board members is written in an oath form. And we think it might behoove all of us to go through the exercise of going through each of the items in there, *A* through *J*, and thinking about what specific examples we're really talking about, what it is that we really mean when we say, "I will make decisions in terms of the educational welfare of children," what are those decisions. And that's what should be-- Perhaps that's what needs to be in the statute, rather than some more general language. General language permits flexibility, which is very valuable. But when you're trying to -- looking for areas of clear line-drawing, it's not necessarily as helpful.

SENATOR CARDINALE: Now, you didn't mention political patronage. Do you review any of the decisions that are made by local boards that could be construed as political patronage? It seems that that is a category that fits with the other two, but you did not mention that.

MS. DeKONINCK: The ethics-- There's an ethics commission that would review complaints. The Department, as a rule, isn't the body that would be concerned with that. So I'm not sure I understand your question.

SENATOR CARDINALE: Okay. Let me explain it. And I know that you're not a body that hears complaints. But you are a body that gets reports on school budgets, for instance. Suppose you were to review a budget and see that a school district had employed 350 lunch room aides, where they have 12 schools. Would that trigger, in your mind, any kind of need to look at that expenditure?

MS. ATTWOOD: Well, I think the specific example -- I think, if you're asking about -- if something outrageous came through the budget process that wouldn't make sense, yes. Especially-- That is part of the process. And I think-- Again, I want to highlight that 10-day review is very hard to get at every single thing that can possibly be done. So if you're looking at trying to be able to get at a little bit more greater detail in that -- is looking at maybe changing that process. But, yes, I would also believe that those types of things should get out through the various DPR questions, as well.

SENATOR CARDINALE: So you would consider that sort of a ridiculous example: 350 lunch room aides in a school district with 12 schools?

MS. ATTWOOD: Well, again, based on-- Sure, because you only have one lunch. But who knows how big these schools-- You could have a ridiculous example that schools -- very large.

I think what you're asking, though, is: Can we figure out a mechanism -- is there a mechanism in place to be able to identify some outrageous spending? And we continue to strive to try, with the budget documents that are supported, to try to highlight those. But the process and the time frame really doesn't focus down to the amount of lunch room aides and that. It really-- The way it operates right now is more focused on ensuring, at least at a minimum level, that there is sufficient expenditures in the instructional categories, and the tuition categories, and the transportation categories, etc., for the district to be able to operate the next year -- within the 10-day budget review time-frame process now.

SENATOR CARDINALE: So you really look for inadequacies, not overspending. Is that what you're telling me?

MS. ATTWOOD: I think that if some county office would find an overexpenditure that looked huge -- a 200 percent increase -- yes, I think that, of a thousand-line budget, in a 10-day process -- yes, those types of things would -- should come out. There's actually specific supporting documentation that we have, as part of the software, for which anything greater, over the 10 percent, kicks out, and questions should be asked about that.

SENATOR CARDINALE: Someone gave me some information here saying that -- oh, yes. In 2004, there was testimony before the Legislature, from a Dana Rone, that the 2003-2004 Newark public school budget was almost \$670 million. The District's 2005 Ernst & Young audit shows an expenditure of \$916 million. That is a 38 percent increase in the State's largest school budget over a period of two years. Has your Department thought that that's extraordinary, and there should be some--

Is there a reasonable explanation for that? Have you thought that that should be investigated in any way?

MS. ATTWOOD: It's very difficult to answer a district-specific circumstance. I don't even know, really, where those numbers -- those numbers your talking about -- when you compare a budget to audit. So I'm not really sure we are the right people to sit here and answer an example that you just provided. But I believe we would certainly be able to follow up. If you want to share with us your specific example, we can follow up and, hopefully, be able to provide you a more comprehensive answer on that.

SENATOR ADLER: If I can interrupt, Senator Cardinale.

I'm going to ask Senator Cardinale to do that specifically. If he could give you, in writing, briefly, some of the concerns he has; which I think all the members would share about perceived inefficiencies that might actually be waste, or worst than waste.

I think our goal here is to find ways to reduce spending, or to reduce growth in spending consistent with our constitutional and moral obligation to educate kids everywhere. And some of the things Senator Cardinale is touching on sound, to me -- not knowing the facts any better than the three of you as presenters on a different topic today -- it sounds to me as, at best, inefficiencies that really you and we, collectively, should examine.

Senator, I thank you for brining those topics up.

SENATOR CARDINALE: I'm going to give this right now. And there's a whole series of these. Rather than take the Committee's time asking and getting answers for all of them -- many of which you would have

to generate -- I'd appreciate-- They're fairly simple questions. And I sort of put little doodlings around some of them. But you can deal with them all. There's not a tremendous number of them. It's only three pages.

SENATOR ADLER: And, Senator, on behalf of the other members of the Committee, I would hope you would share with us copies of that information, too. I mean, obviously, Katie can have that copy. But if we could get subsequent copies-- I'm not trying to curtail your direct communications with the Department.

SENATOR CARDINALE: There is another copy, I know, right here with my aide.

SENATOR ADLER: Well, there's no rush. But maybe, like, by tomorrow, if we could have copies it would be useful to, I think, all of us. (laughter)

SENATOR CARDINALE: All the Committee members should get it, and the staff.

ASSEMBLYMAN CONAWAY: You're good? Senator Cardinale, are you good?

SENATOR CARDINALE: We should get the rest of these answers.

But, yes, I'm fine for now.

ASSEMBLYMAN CONAWAY: I did want to get to one point that you raised at the end, some time today. But I'll forget about it if I don't ask it now. And that is: Is the QSAC process designed to pick up -- looking at the example of the number of food service personnel. I understand there are particular circumstances -- we don't know the size of the district. But within that process, if you're looking across similarly

situated districts, and you have -- in similarly situated districts, you have a number X for food service employees. And then you find that there's a district that has X , $2X$, or $3X$. Are the computer systems that the Department has -- and you might not have this capability, I understand. But is there a way to pick this up so that there can be a more thorough review of the personnel requirements beneath that number -- that $3X$ or $2X$ number? Is there a way to pull the outliers out, when QSAC stands up and begins to function?

MS. ATTWOOD: I guess I need a little more explanation of the question. Are you talking about the food service operation specifically?

ASSEMBLYMAN CONAWAY: Yes. Looking at his example-- He talked about-- I don't know about the numbers, and I don't know about the size of the district. So I know that you couldn't answer that question as he posed it.

My question was, however-- I think the question that he asked -- was getting at was, you know, you have 600-and-some districts -- too many, we know -- and in those, they're hiring food service personnel. And an average district of a thousand kids ought to, by and large, have X number of food service employees. Now, you find one district with a thousand kids, and they've got $2X$ or $3X$ food service employees. Does QSAC, and the computer systems around that-- Will it allow you to pull that -- to flag that, and have somebody charged with burrowing in and finding out whether or not that hiring in that specific instance is appropriate? It may be that it is. But is there a way to pick the outliers out and is there a process there -- that will be in place, or is in place -- to burrow

out -- down into the numbers at that district level and find out why the outlier exists?

MS. ATTWOOD: Well, I think-- I'll answer with the food service system, because that is actually a specific indicator. We don't actually ask it the way you've asked it. We ask: Are they running the operation without a deficit? In other words, can they generate enough revenue from the sales from the system for which they can operate without having to utilize the tax levy to support it? And that is actually an indicator of one of our efficiency measures. That's how we've tackled that specific--

And I would open it up that any-- That's the way I think we need to look at this, versus holding out hard numbers. Because, you know, circumstances change. Instead: What are we trying to achieve in that question? Are we trying to achieve, in the question you just posed, an efficient operation in a school district for its food service? And, yes, many, many districts operate without a deficit. And that was the indicator we put in there.

And if there are other questions, again, I would offer the same thing -- specifically target areas that you want us to see if we can tease out of QSAC. Give us those types of questions, and we can figure out if we can develop indicators that will target those specifically.

ASSEMBLYMAN CONAWAY: So I'll put it on the table then. Where there are outlying districts, in terms of spending in any of these categories, I think QSAC should be -- would hopefully be able to pick up those outliers and have some process for examining them to make sure that, in fact, the spending that goes on in those particular categories is appropriate to the mission and with an eye to looking at efficiency.

I mean, it would be-- I think we would all agree that any of these functions within the school systems are not jobs programs; and that a job programs is somebody's tax dollars going to spend in a job support thing. But we have determined, I think -- and there's a lot of concern about the spending that goes on in these school districts. And it seems to me that there needs to be a way to identify and to measure these districts against a standard; to measure them against each other; and to find out, in very specific details as we gather all this information, where the outlying districts are, where the outlying spending is. And maybe it's appropriate; but again, I think there should be an examination to determine appropriateness.

So I'll just put that on the table.

Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Thank you, Chairman.

Are you all awake out there? (laughter) Because I'm not going to ask too many questions. All my questions have been asked three hours ago. So hang on there. (laughter)

However, Senator Doria, who is not here -- but I believe he and I were involved years ago in -- with the Total Quality Management Program. Now, it is my understanding -- and you didn't mention this at all -- that if a district followed the Total Quality Management criteria, they would be exempt from monitoring. Is that correct? That was correct. Is it still?

MS. de KONINCK: The current monitoring system -- although, as Katie pointed out, there are opportunities under the DPR to demonstrate best practices and other ways of doing things. So under the

current monitoring law, a district is permitted to utilize the Baldwin model as an alternative organizational tool.

There's nothing in QSAC that mandates that a district use a particular organizational tool. And in a DPR, we're not looking at how the district is organized, but rather whether they are complying with what it is they are supposed to be doing. Many higher-performing districts prefer to use a Baldwin or a Total Quality Management model, because it works well for them. We're not suggesting that districts have to do that.

ASSEMBLYMAN WOLFE: Can that be used in lieu of the criteria you talked about?

MS. DeKONINCK: We're looking for statutory compliance. So we're not looking at the same sorts of things that the initial monitoring law was looking at, because we're trying to focus, in a more targeted way, on what's the basic level that everybody's got to be doing, regardless of how they're doing it. So it's a different paradigm.

ASSEMBLYMAN WOLFE: Now, I really share the, I believe, the total Committee's concern and passion about the status of several of our more notorious school districts. And I'm rather curious -- in talking, again with Senator Doria, you were kind of bantering back and forth about the legislation and the regulation. And there seems to be some time lag in when the law actually gets done.

And I think, also mentioning Asbury Park, Asbury Park seemed to have been taken care of, like, at the snap of a finger. I mean, the issue came up about the excessive salary, and, bam, the State was in there the next day.

Camden has been in oversight status for seven years. That's one step below takeover. Now, why is it-- I mean, we've all (indiscernible) it. Why has it taken seven years for the State of New Jersey to say, "We're taking you over"? I mean, I understand we have to be nice, and we've got to do these things. But I mean, we all see-- It's like money flowing through our fingers.

I'm not blaming you.

MS. de KONINCK: No, and I'm not--

ASSEMBLYMAN WOLFE: I'm just saying-- I think this is for all of us. I mean, this is so frustrating. When we-- I think as Chairman Adler has said, there are needs in every district. And just to see that it's gone, and there's no accountability, and there's still not-- I mean, the Department of Education is looking at that district, the Governor's Office is looking at that district. When is the State going to clear them out, take them over, go, they're gone?

MS. de KONINCK: Let me say a couple of things, before I go back seven years.

ASSEMBLYMAN WOLFE: Please don't. (laughter)

MS. de KONINCK: Governor Corzine came into office and made it clear that Camden was a priority. And having a priority begin at the top is critical. If it's-- Everybody's got to be on the same page. And that was part of the reason Acting Commissioner Davy was able to go into Asbury Park as quickly. And she's not going to tolerate districts that are not doing what needs to be done.

ASSEMBLYMAN WOLFE: I understand that, but I mean it's like--

MS. de KONINCK: That's her-- Let me go back.

ASSEMBLYMAN WOLFE: No, wait. Camden is like a bleeding wound.

MS. de KONINCK: But the State has not chosen to take over a district since it took over Newark. It isn't as if there haven't, unfortunately, been other districts in Level II monitoring status for a period of time. And I think at some point, because takeover doesn't solve the problems, and requires capacity in a way that doesn't solve the problems -- that there was a loss of will all around to use that, to implement that.

The Municipal Revitalization Act dealt with a variety of problems, incidentally the school district. But the focus is not on a school district. And we're in there now. I think that's the best answer. There's an intervention team in there now. Senator Adler has asked for action this week on appointment of a monitor. Katie has indicated that there is a -- that the Commissioner is -- that decision on the individual is going to be eminent. This is not a problem that happened overnight, and it's not going to be solved overnight. But as Senator Adler very aptly put, each year children get older, and each year we lose another year, and there's no -- we can't make that up. So we hear you, and we'll bring that back.

ASSEMBLYMAN WOLFE: Okay. I just have one more question. The employees of the takeover districts -- the three that we've taken over-- We still have three? (affirmative response) Okay. Are they employees of the State or are they employees of the municipality?

MS. de KONINCK: They are-- They remain-- They are school district employees. And the takeover law has a lot of detail around how that works. And that might be a good treatise for somebody who wanted to

get on Law Review. (laughter) But they're basically district-- They're basically-- For the most part, they're basically district employees.

ASSEMBLYMAN WOLFE: Well then, Assemblyman Epps-- Is he a State employee, or is he an employee of Jersey City?

ASSEMBLYMAN CONAWAY: Well, we know he's a State employee, because he's an Assemblyman. We know that part.

ASSEMBLYMAN WOLFE: I understand that.

MS. de KONINCK: He is an Assemblyman, and he is the Superintendent of the Jersey City Schools. He's not-- It's my understanding that for these -- that as such, he continues as an employee of the Jersey City Schools.

ASSEMBLYMAN WOLFE: Okay. Now just one more thing -- and I'll come back to Senator Doria.

Senator Doria and I, years ago, began the work on legislation that would relieve the takeover districts from takeover status. Where is that now?

MS. de KONINCK: QSAC is one of the primary purposes -- I can't speak anymore. (laughter)

ASSEMBLYMAN WOLFE: I mean, is there--

MS. de KONINCK: One of the primary -- is to be able to get out of the--

ASSEMBLYMAN WOLFE: I mean, if you looked at Paterson, and Newark, and Jersey City, is there a time line that you could say one is ready to be let go, or one is going to be with us for a number of years?

MS. ARONS: The first step, when QSAC is implemented, is to have a team of highly skilled professionals evaluate the State-operated

districts, which we are in the process of working out so that that can start. And then, depending on how they do-- We've started to work with the districts. We've had meetings with the State-operated districts to--

ASSEMBLYMAN WOLFE: Yes, but you're doing that now. But don't you know, up until now, kind of where they are? I mean, I understand you're saying there's this process in place. But some of them have been taken over for decades, or decades and halves.

MS. de KONINCK: We have a sense of where each of them is. And one of the benefits of QSAC is that it permits a transition back into local control. One of the problems previously was that there was -- it was an all-or-nothing situation. And so each of the districts will transition back into local control in each of the five QSAC areas. And the order will differ somewhat for each. And we probably have a pretty good sense of where each is. But from a procedural perspective, this has to be done collaboratively with the district. So for us to say each of the districts is at any particular point would circumvent the process.

ASSEMBLYMAN WOLFE: Okay, ladies. Thank you very much for your help.

MS. de KONINCK: Thank you, Assemblyman.

ASSEMBLYMAN CONAWAY: Senator Doria.

Thank you, Assemblyman Wolfe.

Senator Doria.

SENATOR DORIA: In a way, I just want to follow up.

I'm sorry for expressing frustration before. But obviously we presently still have the old Level I, II, and III monitoring system in place. Am I correct?

MS. de KONINCK: The regulations, until new regulations supersede them, are the regulations that are--

SENATOR DORIA: They're in effect. So in a way, we still have the ability to go into a district under the old monitoring system to determine whether or not a district is performing at the levels it should perform.

MS. de KONINCK: County superintendents are continuing to monitor those districts that are up for monitoring.

SENATOR DORIA: So if there are any problems -- let's say like Camden, again, since Camden -- we have the ability-- And what you said is that you are going in, and you will have sent people in, and you will be putting in a monitor. We can do that under the existing regulations under the old monitoring system that did exist?

MS. de KONINCK: The Commissioner is relying on a variety of authority to go into those places where she needs to go. And if there are situations where that's questionable-- For example, with the School District Fiscal Accountability Act, the Legislature has been kind enough to immediately assist us in addressing those problems. We're in Camden, as you know; we're in Asbury Park, as you know. And there are other districts which, for want of a better phrase, we're in constant communication.

SENATOR DORIA: I just wanted to clarify that there is an ongoing methodology that exists, prior to the implementation of QSAC, that does allow the Commissioner to have the authority to intervene where necessary to protect the educational well-being of the students of the state.

MS. de KONINCK: Yes. Our concern is that that tends to be after the problems have occurred. And we're focusing, with QSAC, on a

more proactive approach. We would rather avoid problems than have to solve problems. That proves to be much more difficult to do.

SENATOR DORIA: Obviously everybody agrees with that. And that's important. But we do have a methodology right now.

MS. de KONINCK: That's correct.

SENATOR DORIA: The last question, Mr. Chairman, if you would forbear for one minute -- as it relates to the question Co-Chairman Dr. Conaway asked, as it related to personnel. Isn't one of the big problems that we have is finding people to be county superintendents? We had a number of openings. I don't know if there is still. At one time, we had six or seven openings for county superintendents, because it was difficult to find people who were willing to do the county superintendent job at the salary that's provided.

MS. de KONINCK: That has been reported to be an issue, yes.

SENATOR DORIA: Do we still have all those openings?

MS. de KONINCK: There are openings. We have a hiring freeze right now, also. So there are a variety of factors. But, yes, we have openings right now.

SENATOR DORIA: And that's a concern -- and also the concern about having sufficient personnel. Because the number of responsibilities for the Department has grown over the last few years, but the number of personnel has gone down by almost half over the last 10 to 12 years, I think. Am I correct?

MS. de KONINCK: That's correct.

SENATOR DORIA: And that's a legitimate concern, as we relate to the Department being able to do the job that it should do. My

problem is that we spend almost \$10 billion a year on education, and we don't provide the necessary tools to the Department to make sure that money is being spent properly. And that is a concern, I think, all of us in the Legislature should have -- that we need to make sure that the money that we are expending is spent properly.

Thank you.

MS. de KONINCK: Thank you, Senator.

ASSEMBLYMAN CONAWAY: Thank you.

Just a couple of questions on the accountability end. One has to do with dropout rates. And you might not be-- This might not be something you can take on.

But I guess as far as QSAC is concerned, are districts being monitored as it regards dropout rates? Do we know-- Freshman class starts in year one. Do we-- Is somebody following whether or not we're losing X number of freshmen by the end of the school-year one? And how is that number calculated when we determine a dropout rate? And are there things built into QSAC which would require districts to address problems with dropouts? Because as I understand it, there are -- there could be as much as 20 percent, 25 percent of high school age -- 19-year-olds out there -- that don't have a high school diploma. If that's true, then that's a big problem and, it seems to me, is one of those sort of early intervention kinds of things that the government ought to be finding out and addressing -- the issue of dropouts in year -- at a freshmen -- for the freshmen; rather than worrying about what to do with folks when they're seniors and further -- after they've left their high school years.

MS. ARONS: Yes, that is an area that is addressed in the instruction and program section of the DPR. There's a number of questions about dropout rate, how many students graduate -- using the special review assessment -- whether there are alternative education programs. There is a number of questions having to do with -- addressing that. And if those turn out to be problems, then in the improvement plan, that's something that a district would be asked to address.

ASSEMBLYMAN CONAWAY: Good.

Now, getting back to this question of sanction-- And as I-- As I'm getting this bill together, my understanding is that any board member -- and I believe it can extend even to the public -- but any person on a board, or the superintendent, or the B.A.-- If there's a situation happening in a district, where the professionals who are running that district -- particularly in terms of money, where if something goes wrong -- the (indiscernible) audits, deficits at the end of the year-- Because someone mentioned criminal charges. And I understand that it could be criminality. But there's also civil law. And there's also the fact that we license B.A.s, and we license superintendents to work here. Aren't board members empowered to bring actions at the Department level to review the qualifications of B.A.s and superintendents? Isn't that a process that exists today? And can you explain it? I mean, when does the Administrative Office of the Courts get into it, when does the State School Board act? Any information on that process?

MS. de KONINCK: There are situations in which a board can proffer tenure charges against any employee. I don't want to go into all of tenure law this evening -- this afternoon. But--

ASSEMBLYMAN CONAWAY: And I didn't ask that. I'm just focusing on--

MS. de KONINCK: And in terms of superintendents, a board can terminate a superintendent's contract for cause. And I know for cause, there are detailed statutory provisions. Yes, you are correct. There are detailed statutory provisions to remove individuals at every level who are not doing their jobs properly. And the important thing is that there be compliance with the details of those statutory provisions. They are not that complicated, but they are detailed. And you've got to go through them step-by-step. And then there is frustration when you don't follow a step, and the charges get thrown out or something.

But, yes, there are detailed provisions. If they are followed, it is possible to terminate or have the, ultimately, the Commissioner remove the license of someone who is not doing his or her job properly. And it does not necessarily mean they are engaging in criminal conduct. It doesn't necessarily mean that they're engaging in any sort of tortious conduct. But if they are not doing their jobs correctly, if they're unable to improve their capacity for doing their jobs, it is absolutely possible for the board to remove an individual at any level of employment.

ASSEMBLYMAN CONAWAY: And getting beyond that, to the question about the B.A. who moved. Decertification-- I'm really going to focus in on this point. Because the thought that someone could be in a situation, be responsible for a problem that's cost millions of dollars, and have the Legislature contorting itself to make up these deficits -- not to mention the townsfolk who have to raise taxes because of these problems --

to find out that that person can now move to another district and perhaps cause problems there--

So termination is one thing. But I want that person not to be able to work anywhere else in the State of New Jersey until -- now, okay, due process. If there is-- Let's make sure there is a remediation process, additional training, perhaps that certification can be returned to them at some point after certain steps are undertaken. But I am very concerned about what seems to be occurring now. And that is, bad things can happen on the financial side, and there are not steps that must be taken to review certification and remove certification so that that person can't cause havoc -- can wreak havoc elsewhere in this state.

MS. de KONINCK: I know that the Acting Commissioner shares your concern. And that's an area that she is actively looking into to determine the parameters, or more broadly look at the parameters, when there's -- to avoid that situation or eliminate that situation. And to some extent, existing law already permits it to be addressed. But there needs-- We agree, there needs to be a clear-cut framework in which that situation -- in which a situation as you've described doesn't present itself. We want the best and the brightest superintendents and business administrators in every district. And we don't want people who are-- And that happens at every level as well. Someone will leave a -- will be nonrenewed. And there may be some sort of settlement. And that winds up not being disclosed. It's not simply at the level you're talking about. So that's an issue that we need to drill down into and are delighted to work with you on.

ASSEMBLYMAN CONAWAY: So there's also a disclosure issue that we're going to have to address, as well.

MS. de KONINCK: Absolutely.

ASSEMBLYMAN CONAWAY: And my point is that we -- there's a mandatory process. There needs to be a trigger -- a mandatory trigger that kicks in a process. And we'll get to that.

And, lastly, has there been any thought, in thinking back -- because you're here under accountability and budgeting. And I have some information that suggests that perhaps we ought to be thinking more broadly about how we, in fact, budget money that is spent in school districts. And the suggestion has been -- and perhaps we'll hear more about this at another time -- that there -- that the budgeting process is not sufficiently tied to program and to goals. And I don't know if you have any comments about that, if there's any discussion in the Department looking at the basic way in which we arrive at a budget, and that a more -- that a better way of promulgating these budgets would be to perhaps better focus it -- and maybe they're wrong about this -- but to better focus it on program -- whole school -- what does it cost. Do we need to do something at preventing dropout-- What's the programmatic-- What does it cost, and how does that get plugged into the budget?

Can you discuss reform of the budgeting process?

MS. ATTWOOD: In the presentation -- in the discussion piece that I talked about, I think we definitely concurred with that. That was actually one of the pieces that actually came out in the process -- is developing the indicators under QSAC and having a budget section on linking the budget process to the instructional priorities. Because that definitely is an area-- And it's hard to articulate specific ways on doing that. It's not specifically-- It's not as easy as saying, "Let's look at our

historical tuition expenditures, look at our contracts, and make sure we have enough next year.” It’s a much broader process and must be integrated across the district among all the different levels. So we tried to build that into the process.

And as I also said in another slide, I think the information that will be gleaned out of the instructional DPR section, in terms of needs or weaknesses, will be done in a time frame for which it provides that information, not only to the district but the Department, to build into the subsequent year budget. So we’re hoping both of these things can help move us towards that direction. But I think we’re all in agreement with you that that is the goal we want to achieve.

SENATOR ADLER: I’m done. I’m exhausted.

ASSEMBLYMAN CONAWAY: Any more questions from members of the Committee?

SENATOR ADLER: Seeing none. (laughter)

ASSEMBLYMAN CONAWAY: Senator Cardinale.

SENATOR CARDINALE: I think several members of the Committee asked an additional question on follow-up. So I don’t think there’s anything extraordinary--

ASSEMBLYMAN CONAWAY: Oh, please.

SENATOR ADLER: Chatty Cathy here, but not me. (laughter)

ASSEMBLYMAN CONAWAY: I resemble that remark, and I’m happy to say so.

Senator Cardinale.

SENATOR CARDINALE: There were just two areas that I’d like to explore. You mentioned the difficulty of finding people to serve in

the capacity of county superintendents. And I understand that that's a real problem.

But I understand part of that problem is that many local school districts -- and I'm glad to hear that you are going to put some of this information on your Web site -- are, in fact, paying superintendents more than the Governor makes. And that since we have removed tenure from school superintendents, they have become sort of like free-agent baseball players, just running around and seeing who will bid higher for their services.

Do you have an opinion of what it would do to our ability to attract quality people to the schools in New Jersey if we established the principle that no school superintendent could be paid more than, let's say, 90 percent of the salary of the Commissioner? (laughter)

MS. DeKONINCK: We don't have an opinion on that one, Senator.

SENATOR DORIA: We wouldn't have any superintendents. They'd all stay as principals.

SENATOR CARDINALE: All right. Because I just heard the comment from my left -- if we extended that to not just superintendents but any administrator -- and maybe you had a slightly lower number for principals -- would that be something that you could, perhaps, research? And you can take a look at what people are paid in other states. People are mobile. They can go to other states. But it always struck me that the Governor and the Commissioner both have extraordinary responsibilities by comparison with any local superintendent. And local superintendents have

great responsibility. I was on a school board. I saw several superintendents in operation, and they had a great deal of responsibility.

But it pales by comparison with what a commissioner would have. Commissioners work pretty much around the clock, seven days a week. And I appreciate what commissioners -- what call there is on commissioners' time. It just has always struck me that we had this problem. And it seems to be growing. And if it's gotten to the point where we can't find county superintendents because of the salary constraints, I think we need to address it somehow.

The second question that came up as I was hearing another question-- We apparently have a school superintendent who has been made -- who has run for election and is also serving in the Legislature. Now, aside from any conflict questions -- which I think have been resolved over periods of time -- whether I agree or disagree with the resolution is another point. But just from the question of time, can one adequately be a superintendent of a major school system and devote time to the Legislature? Should not we make a rule somewhere that school superintendent is a full-time job?

SENATOR ADLER: If you're not prepared to answer that question, we'd possibly understand. (laughter)

SENATOR DORIA: It's above her pay level.

MS. de KONINCK: Thank you, Senator.

SENATOR ADLER: That would be a deferral for now of that legitimate question.

Senator Cardinale, I don't mean to sport with you, but it seems to me that's really a question for us in setting policy for the State. These are very competent career representatives of the Department. It's up to us,

along with maybe the Commissioner and the Governor's Office, to try to set overall State policy for them and others to implement. So I don't mean to disrespect the three of them by saying probably they shouldn't answer. I think it really is within our purview and that of the Governor.

SENATOR CARDINALE: It's my understanding though, Senator, that the Department had a part in making the decision in this individual case. It is not an overall public policy, because this particular superintendent is under the control of the Department in a very special way. And so the Department appears to have made a positive decision.

Now, if I am wrong about that, I would like to be disabused of my error.

MS. de KONINCK: We'll bring your concerns back to the Commissioner and share those with her. I think that's probably the best way to deal with that.

SENATOR ADLER: That's fair.

SENATOR CARDINALE: Thank you.

ASSEMBLYMAN CONAWAY: Thank you.

I just wanted to say you've done a great job.

SENATOR ADLER: I know what I was going to say.

ASSEMBLYMAN CONAWAY: You've done a great job, under very trying circumstances, to sit patiently for the many questions that we've had. You've performed splendidly. We appreciate what you have done for us today.

SENATOR ADLER: I have some things to say after that. Seriously.

ASSEMBLYMAN CONAWAY: And we were almost adjourned, but Senator Adler has a comment as well.

Senator Adler.

SENATOR ADLER: Thank you.

A lot of the members of the education community have, over the last couple of weeks, sent us some ideas for cost-saving measures that they think we should consider.

I thank you. I know my Co-Chair thanks you.

And if there are other ideas folks have -- I'm speaking to the Department, I'm speaking to people who are stakeholders at every level of education, and taxpayers -- please keep them coming. I mean, the whole idea of this, as you understand, is for us to find ways to fulfill the constitutional mandate for all kids and, at the same time, lower property taxes in some responsible way, short-term and long-term.

So if you have more ideas that you want to put in writing to us, we need to keep hearing them. Whether it's a particularized scandal in one community, whether it's a systemic problem throughout the entire public school structure, we need to keep hearing them.

So I haven't thanked people publicly for what they've been sending to Herb and to me. But I do thank those of you who have sent stuff and those of you who are crafting stuff now. Please keep it coming. We are reading, we are thinking enormously. And we are discussing privately, among the six of us, and with staff people, and with the Governor's Office, and DOE. And it's been an enormously difficult, frustrating process. But the fact that people keep sending us information

suggests to me people are thinking about this out there in the real world where we have to implement all this.

So thank you, and keep sending it.

Thanks.

ASSEMBLYMAN CONAWAY: We're adjourned.

(MEETING CONCLUDED)