

Committee Meeting

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before

SENATE EDUCATION COMMITTEE

and

ASSEMBLY EDUCATION COMMITTEE

SENATE BILL No. 1370 and ASSEMBLY BILL No. 3

(The "Public School Reform Act of 1992")

LOCATION: Ocean County Library
Meeting Room
Toms River, New Jersey

DATE: November 24, 1992
4:15 p.m.

MEMBERS OF SENATE COMMITTEE PRESENT:

Senator John H. Ewing, Chairman
Senator Joseph A. Palaia, Vice Chairman
Senator Andrew R. Ciesla

MEMBERS OF ASSEMBLY COMMITTEE PRESENT:

Assemblyman David W. Wolfe

ALSO PRESENT:

Assemblywoman Virginia Haines
District 10

David C. Hespe
Office of Legislative Services
Aide, Assembly Education Committee



Hearing Recorded and Transcribed by

The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, CN 068, Trenton, New Jersey 08625

N O T I C E

**TO: MEMBERS OF THE SENATE EDUCATION COMMITTEE
MEMBERS OF THE ASSEMBLY EDUCATION COMMITTEE**

**FROM: SENATOR JOHN H. EWING, CHAIRMAN
ASSEMBLYMAN JOHN A. ROCCO, CHAIRMAN**

SUBJECT: COMBINED COMMITTEE MEETINGS

The public may address comments and questions to Darby Cannon, III, or Kathleen Fazzari or David C. Hespe, Aides to the Committees, or make bill scheduling inquiries to Mary C. Lutz or Bernadette Kmetz, secretaries at (609) 984-6843.

The Senate Education and Assembly Education Committees will hold a series of combined meetings in order to receive public testimony on the following bills:

**S-1370 Ewing/Palaia
A-3 Rocco/Weber**

**The "Public School
Reform Act of 1992."**

The meetings will be held at the following places at the dates and times listed:

**Monday, November 23, 1992
1:30 P.M.**

**Committee Room 9
Legislative Office Building
Trenton, New Jersey**

**Tuesday, November 24, 1992
4:00 P.M.**

**Ocean County Library Meeting Room
Washington Street
Toms River, New Jersey**

**Tuesday, December 1, 1992
4:00 P.M.**

**Auditorium
Somerset County Vo-Tech
North Bridge Street & Vogt Drive
Bridgewater, New Jersey**

**Wednesday, December 2, 1992
4:00 P.M.**

**Helen Smith Elementary School
Cambridge Street
Saddle Brook, New Jersey**

STATE OF NEW JERSEY

ADOPTED DECEMBER 14, 1992

Sponsored by Senators EWING and PALAIA

1 AN ACT providing for State aid for school districts and revising
2 parts of the statutory law.

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4 BE IT ENACTED by the Senate and General Assembly of the
5 State of New Jersey:

6 1. (New section) This act shall be known and may be cited as
7 the "Public School Reform Act of 1992."

8 2. (New section) Notwithstanding the provisions of any other
9 law to the contrary, State foundation aid, special education aid,
10 aid for bilingual pupils, at-risk aid, transportation aid, county
11 vocational aid, debt service aid and transition aid for the 1993-94
12 school year shall be distributed as follows:

13 a. Each school district shall be entitled to State at-risk aid,
14 special education aid, aid for bilingual pupils, transition aid and
15 county vocational aid as defined under the "Quality Education
16 Act of 1990," P.L.1990, c.52 (C.18A:7D-1 et al.), in an amount
17 equal to the amount of at-risk aid (including the component of
18 at-risk aid payable pursuant to section 32 of P.L.1991, c.62),
19 special education aid, aid for bilingual pupils, transition aid and
20 county vocational aid which the district received in the 1992-93
21 school year.

22 b. Each school district shall be entitled to State transportation
23 aid in the amount the district received in the 1992-93 school
24 year. Further, \$4,000,000 in additional transportation aid shall
25 be distributed so that each district's transportation aid is
26 increased by the same percentage.

27 c. Each school district shall be entitled to debt service aid in
28 the amount provided pursuant to section 18 of the "Quality
29 Education Act of 1990," P.L.1990, c.52 (C.18A:7D-22), except
30 that the district's State share percentage shall be the same as in
31 the 1992-93 school year. In the event total State aid entitlement
32 for debt service for the 1993-94 school year exceeds the debt
33 service aid distributed to school districts in the 1992-93 school
34 year, the Commissioner of Education shall proportionally reduce
35 each district's debt service aid.

36 d. Each district which is not a special needs district shall
37 receive foundation aid as defined under the "Quality Education
38 Act of 1990," P.L.1990, c.52 (C.18A:7D-1 et al.), in an amount
39 equal to the product of the foundation aid which the district
40 received in the 1992-93 school year multiplied by 1.04.

41 e. Each special needs school district shall be entitled to State
42 foundation aid in the amount the district received in the 1992-93

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 school year. Further, \$115,000,000 in additional foundation aid
2 shall be distributed to special needs districts so that each special
3 needs district's foundation aid is increased by the same
4 percentage, subject to adjustment by the Commissioner of
5 Education with the agreement of the board of education of any
6 affected school district.

7 f. The maximum amount of the payment in lieu of
8 transportation for nonpublic school pupils provided pursuant to
9 N.J.S.18A:39-1 shall be \$675 per pupil.

10 g. Each district may increase its net budget for the 1993-94
11 school year by the same percentage that the district was
12 permitted to increase its net budget for the 1992-93 school year
13 pursuant to subsections a., c. and d. of section 85 of P.L.1990,
14 c.52 (C.18A:7D-28). The provisions of subsections e. and f. of
15 section 85 of P.L.1990, c.52 (C.18A:7D-28) shall be applicable to
16 net budgets for the 1993-94 school year.

17 h. All State funds distributed to school districts for the
18 1993-94 school year pursuant to this section shall be dedicated to
19 school purposes.

20 3. (New section) There is established the Education Funding
21 Review Commission which shall be composed of 15 members as
22 follows: three members to be appointed by the President of the
23 Senate, not more than two of whom shall be of the same political
24 party; three members to be appointed by the Speaker of the
25 General Assembly, not more than two of whom shall be of the
26 same political party; six public members with knowledge and
27 experience in the area of public school finance to be appointed by
28 the Governor, not more than three of whom shall be of the same
29 political party; and three representatives of the New Jersey
30 Associations for Public Schools to be appointed by the Governor
31 upon recommendation by the Associations.

32 Members of the commission shall serve without compensation.

33 The commission shall organize as soon as may be practicable
34 after the appointment of its members and shall select a chairman
35 from among its members and a secretary who need not be a
36 member of the commission. It shall be entitled to the assistance
37 and services of the employees of any State, county or municipal
38 department, board, bureau, commission or agency which it may
39 require and which may be available to it for these purposes, and
40 to employ professional and research personnel, stenographic and
41 clerical assistants and incur traveling and other miscellaneous
42 expenses necessary to perform its duties, within the limits of
43 funds appropriated or otherwise made available to it for these
44 purposes. The commission may meet and hold hearings at the
45 place or places it designates.

46 The commission shall be charged with recommending the
47 specific provisions of a school funding formula which will
48 establish a system of school funding which is sufficient to provide
49 an equitable level of educational opportunity for all public school
50 children in New Jersey.

51 The commission shall issue its findings and recommendations
52 and deliver a copy of same to the Governor and the Legislature
53 on November 15, 1993.

54 4. (New section) For the 1993-94 school year, any county

1 vocational school district established after October 15, 1991 shall
2 be eligible to receive county vocational program aid which shall
3 be calculated pursuant to section 26 of P.L.1991, c.62
4 (C.18A:7D-21.1), and shall receive county vocational aid in an
5 amount of up to \$1,000,000 as determined by the Commissioner
6 of Education.

7 5. (New section) For the 1993-94 fiscal year, there is
8 established within the New Jersey Economic Development
9 Authority a Capital Construction Account in the amount of
10 \$50,000,000, which shall be used to award grants to boards of
11 education of special needs districts on the basis of a facilities
12 needs assessment for the cost of construction, renovation, repair
13 or alteration of public school facilities. The New Jersey
14 Economic Development Authority shall determine the amount of
15 each grant based upon the recommendation of the Commissioner
16 of Education. Districts shall be encouraged to utilize these funds
17 to bring deteriorating facilities up to health and safety standards
18 or to expand the districts' capacity to provide early childhood
19 education through pre-kindergarten and full day kindergarten
20 programs.

21 6. N.J.S.18A:66-33 is amended to read as follows:

22 18A:66-33. Regular interest charges payable, the creation and
23 maintenance of reserves in the contingent reserve fund and the
24 maintenance of retirement allowances and other benefits granted
25 by the board of trustees under the provisions of this article are
26 hereby made obligations of [each employer, except in the case of
27 employers that are institutions of higher education. Obligations
28 of employers that are institutions of higher education shall be
29 obligations of the State, and the employer shall be deemed to be
30 the State for the purposes of this section] the State. Except as
31 provided in N.J.S.18A:66-27, all income, interest, and dividends
32 derived from deposits and investments authorized by this article
33 shall be used for payment of these obligations of the State.

34 Upon the basis of each actuarial determination and appraisal
35 provided for in this article, the board of trustees shall [annually
36 certify, on or before December 1st of each year, to the
37 Commissioner of Education, the State Treasurer, and to each
38 employer, including the State, the contributions due on behalf of
39 its employees for the ensuing fiscal year and payable by the
40 employer to the] prepare and submit to the Governor in each
41 year an itemized estimate of the amounts necessary to be
42 appropriated by the State to provide for the payment in full on
43 June 30 of the ensuing fiscal year of the obligations of the State
44 accruing during the year preceding such payment. The
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46 the obligations of the State. The amounts so appropriated shall
47 be paid into the contingent reserve fund. The amounts payable
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49 State.] shall be paid by the State Treasurer, upon the
50 certification of the commissioner and the warrant of the Director
51 of the Division of Budget and Accounting, to the contingent
52 reserve fund not later than June 30 of the ensuing fiscal year.
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4 members to the chief fiscal officer of the employer. Each
5 employer shall pay the net amount due, if any, to the State
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7 The payment schedule shall provide for interest penalties for late
8 payments.

9 Nothing in this section shall cause the State aid of an
10 institution of higher education to be offset, nor shall an
11 institution of higher education incur a debt or be required to
12 make payments pursuant to this section.]

13 Annually the board of trustees shall report the amount
14 necessary to be appropriated by the State on behalf of each
15 employer pursuant to this section and N.J.S.18A:66-66.

16 (cf: P.L.1992, c.41, s.4)

17 7. N.J.S.18A:66-66 is amended to read as follows:

18 18A:66-66. The State shall provide the amount of the
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25 shall pay the employer's share of social security contribution
26 upon all other wages. [In the case of employers that are
27 institutions of higher education, the employer shall be deemed to
28 be the State for the purposes of this section.]

29 (cf: P.L.1991, c.246, s.2)

30 8. This act shall take effect immediately.

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STATE OF NEW JERSEY

ADOPTED DECEMBER 14, 1992

Sponsored by Assemblyman ROCCO and Assemblywoman WEBER

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TABLE OF CONTENTS

Page

Assemblyman Jeffrey W. Moran
District 9

5

Edith Bolton
Teacher
Lakehurst, New Jersey

13

Patricia Hodges
President
Ocean County School Boards, and
Vice President
Lakehurst Board of Education

16

Linda McPartlin
President
Lakehurst Board of Education

21

Louis B. Wary, Jr.
Chairman
State Education Committee
New Jersey Taxpayers Task Force

24

Arthur Silverstein
Leisure Village West Civic Club
Manchester Township, New Jersey

29

Louis Martin
Leisure Village West
Manchester Township, New Jersey

33

Anne Schumacher
Member
Board of Education
Manchester Township, New Jersey

35

Betty Brady
Association of Retarded
Citizens (ARC) of
Ocean County

41

Gerald Lucas
Private Citizen
Randolph, New Jersey

45

TABLE OF CONTENTS (continued)

Page

John F. Garrity Superintendent Pleasantville School District	52
Michael. J. Ritacco Superintendent Toms River Regional School District	63
Robert Ciliento Secretary Toms River Board of Education	71
Eileen J. Smith-Stevens, Ed.D. Superintendent Rumson School District, Officer New Jersey Association of School Administrators, and Trustee Garden State Coalition of Schools	71
Philip Esbrandt, Ed.D. Superintendent Cherry Hill School District	75
Lester W. Richens, Ed.D. Superintendent and Principal Belmar Public School	80
Arthur Toms Private Citizen Tabernacle, New Jersey	84
William W. Witherspoon, Esq. Member Board of Education Manchester Township, New Jersey, and Member New Jersey School Boards Association	86
Samuel Fusaro Councilman Manchester Township, New Jersey	86

TABLE OF CONTENTS (continued)

	<u>Page</u>
Jeffrey Osborn Principal Manasquan High School	93
William R. Cahill Superintendent, Board Secretary, and School Business Administrator Farmingdale School District	96
Katherine Graziano Private Citizen Toms River, New Jersey	99
 APPENDIX:	
Statistical information submitted by Assemblyman Jeffrey W. Moran	. 1x
Statement submitted by John F. Garrity	6x
Memorandum to Committee Members plus attachments submitted by Councilman Samuel Fusaro	13x
Statement submitted by William W. Witherspoon, Esq.	21x
Testimony submitted by William R. Cahill	25x

mjz: 1-101

* * * * *

SENATOR JOHN H. EWING (Chairman): Good afternoon. I am Senator John Ewing from Somerset County, Chairman of the Senate Education Committee. It has been a long and winding road we have traveled over the past year to get to the point where we are today; opening a door to the threshold of a new era of excellence in education for all of the children of New Jersey.

The Public School Reform Act of 1992 is a first step in what we promise will be a continuing process of educational growth and development that puts the best interests of the children of this State above everything else. The legislation we are about to discuss is the initial component of a comprehensive program of reform that will ultimately address things such as the impact of a child's home life on his performance in the classroom and the deterioration of our aging school buildings.

Perhaps the legislation before us is not perfect; and we don't expect it to have everyone's ardent support. But we are here in Toms River today, following our initial meeting in Trenton yesterday -- and we expect to be in Bridgewater and Saddle River over the next two weeks -- to continue getting the input we need to make this the best effort yet in starting a new standard of excellence in education, because if we don't revamp the current method of funding education in New Jersey, the flawed Quality Education Act, our middle-class school districts will be devastated. Currently, the QEA would take millions of dollars from middle-class school districts, leaving these systems with a lose/lose choice: sky high local property taxes to pay for education, or dramatic cuts in school programs. In the current economic atmosphere, I think we all know what option these districts will be compelled to choose. What sense is there in making great strides in improving education in some schools, while other schools will be forced to shortchange their students?

While the Public School Reform Act may not have all the answers, it does provide us with a solution that is midway between doing nothing and allowing the QEA to wreak further havoc in the education community or going ahead with what some lawmakers are urging: a freeze on school aid. I would also like to remind you, if we continue with QEA, pensions and Social Security will be on the local taxpayers' backs. They will not go back to the State. If our bill gets passed, with some minor changes maybe, the State will be taking over the pensions. Otherwise, they come back to the local districts.

During the course of our travels -- and I do mean travels -- we have been to Egg Harbor Township, to Whippany, to Cherry Hill, and we've been here before, to name a few districts. We've had discussions with school superintendents from Cape May to Sussex County; we've talked to teachers, to parents, and to education officials. We learned a lot, and from the discussions we have had, we have crafted the plan that we have before us today, which is just the beginning.

It is important for you to know that regardless of the final form of our educational proposal, it will be based on three primary objectives:

- 1) The establishment of goals.
- 2) Maintenance of State aid at no less than current levels.
- 3) Greater accountability.

Our plan for educational excellence calls for establishment of an Education Reform Commission that would develop goals and objectives for schools. Additionally, the Commission would be charged with developing programs that address the unique problems of children in the special needs districts.

The concept also calls for establishment of a Task Force on Technology that would be responsible for developing a

plan for the use of technology in the classroom and in the operation of the schools.

Importantly, under our proposal, no school district would receive less aid than this year.

Our concept also contains another important component; it ties accountability to State aid, an ingredient missing from the current law.

Special needs districts will be required to establish kindergarten and prekindergarten programs and would have to establish C.A.R.E. centers -- Community Alliance for Reform of Education -- which would facilitate the provision of health, nutrition, and social and family programs to youth and their families.

Our proposal aims for substantially equivalent programs between the poorest and wealthiest school districts. It calls for spending accountability and it provides a series of benchmarks to ensure every pupil a "thorough and efficient education."

We must all remember one thing, however: This is all the money available to us. In this economy, we cannot accept other plans that call for money that the State simply does not have. I realize that teachers and educational groups have asked for more State spending under their own plan, but in these recessionary times, it is difficult enough to fund our own plan without considering other suggestions for which no funds are available.

One of the most important things we've learned in the past year is that educational excellence cannot be based solely on the amount of dollars spent in a district. Our primary concern should be the education of the child. To achieve that goal, we must determine which programs can be implemented to ensure academic excellence in all classrooms; then we should fund them.

Our proposal emphasizes the importance of programmatic changes, community and family involvement, and preparing children for the demands of the 21st century.

We have made some great strides, but we still have a long way to go to prepare our students for the current and future needs of business, profession, and industry.

I appreciate the large turnout down here. We had a good turnout yesterday. The members of the Committee and the staff will be meeting tomorrow morning with OLS, to go over the input we are getting from this group here, and from yesterday's. We will also be revisiting the overall bill again after we have our hearings up in Bridgewater and Saddle River. There have been many changes made since the original document came out, which actually was developed from going around to, I think, 12 or 14 different meetings throughout the State to hear what people felt about the QEA. From those meetings we developed a concept; had more meetings; and from that we developed this proposed legislation.

I am very pleased that we have with us Senator Palaia, Vice Chairman of the Senate Education Committee; Senator Ciesla; Assemblyman Wolfe; and Assemblywoman Ginny Haines. At the far end is Judy Peoples, who is from the Senate Majority staff; Pat Vita, from the Assembly Democratic staff; David Hespe, from OLS, and that's all.

We are keeping all the meetings open for both parties, because, in our minds, education is not a partisan issue, and should not be a partisan issue whatsoever. That is why we want as much input from both sides of the aisle, as well as from all types of people, whatever walks of life they might be, whether in the education field or not.

I'm sorry. Assemblyman Moran is here, sitting over there in the corner -- without the dunce cap. Assemblyman Moran, do you want to testify?

A S S E M B L Y M A N J E F F R E Y W. M O R A N: If I may, Senator.

Senator, first of all, I would like to welcome you to Ocean County, and thank you for coming to our County. Special thanks to Chairman Ewing, and Chairman Rocco who could not make it here today. Also, a very special thanks to Senator Ciesla, the home Senator in Toms River, along with Assemblyman Wolfe and Assemblywoman Haines, for making it possible to have this particular hearing here.

Before I start, I just have to comment on one point: Senator, it is enlightening to know that in my seven years in the Legislature attending many Education Committee meetings, going back, even, to when Senator Palaia chaired it in the Assembly, it is nice to know that we are still talking about children, as in your opening comments about doing what's right for the youngsters of New Jersey. It's enlightening.

You are all aware of the impact Quality Education Act I and Quality Education Act II have had in the 9th Legislative District, in my communities. My testimony will center on those communities hit by the unfair practice of Quality Education Acts I and II, and how this particular proposal is built on it. I have submitted to the Committee a breakdown of the 9th district and the impact it will have on the communities that I represent.

If you look at your sheets, for your edification -- the sheets that I presented to you by community, as well as the computerized breakdown sheet -- you will see that Berkeley Township, in particular, during the 1992-1993 Quality Education Act received \$1,664,000. Under the Quality Education Act now, Senator, that you are attempting to correct, they will get \$1,643,664. They will, in fact, lose \$20,788, not including the pension differential you described in your presentation. That means that they will, in fact, be losing \$20,000. Under

the Ewing/Rocco proposal, they would receive \$1,672,590. In fact, they will gain \$8138 more.

If you look underneath that, Central Regional, which is a community also in that district-- Also, if you look at Manchester, which is 75 percent senior citizens, the majority of whom are on fixed incomes-- During the 1992-1993, they received \$3,456,000 -- I'll round them off. In '93-'94, they will receive \$3,433,000. Under the QEA, they will, in fact, be losing \$23,305. So it is very relevant that we do make a change. But it is interesting to note that the change under the Ewing/Rocco plan will give them \$3,469,000, which would mean that they would gain, through the changes, \$13,192.

So if you look at Manchester Township on the breakdown sheet, on the third page that I presented to you, you will see that on the left-hand side of the yellow markings for '92-'93, the Township of Manchester provided 15.29 percent of aid from the State; the remainder coming from--

SENATOR EWING: The third page?

ASSEMBLYMAN MORAN: The third page, Manchester Township. The total contributions from the State of New Jersey will be 15.29 percent, \$3,456,786, and it goes down in '93-'94 -- the bill, in fact, you are attempting to correct-- It will go down to \$3,433,481. That means that they will, in fact, be losing a total of \$23,305, and under your plan they will, in fact, be receiving an additional \$13,192.

Our argument, and our contention, is not the fact that you are freezing school districts, and in some cases some are getting a little bit more than others. The fact of the matter is, we are using the basic foundation of QEA I and QEA II. Ironically enough, looking up at the Committee today -- both the Senate and the Assembly -- not one person on this Committee voted for that particular Quality Education Act, and I have to commend you for that. For those of you who were not there, I

can feel assured that you would not have voted for it, in fact, if you had been there.

The basic flaw that I am trying to explain to you is that we can't build on a system that is fundamentally flawed. Now, let's do a little history lesson on the basic fundamentals of QEA I and QEA II. The basic fundamentals of QEA I and II-- They took the property aggregate, what is in your community, and the income aggregate in your community. Those communities which I represent, predominantly senior citizen communities in southern Ocean County-- They have a high percentage of senior citizens. The income aggregate incorporated their Social Security income. In no other formula in State history have we used that. It artificially created a wealthy community in: Manchester, Berkeley, Lakehurst, Central Regional, and in many others in Ocean County.

What I say we should do is: Relook at the fundamental difference in the income aggregate and the property worth. You have attempted to do that in this bill by taking the property worth and making that the formula, and taking out the income aggregate. But when we compare apples to apples, when we compare the Ewing/Rocco bill to the QEA, we are still comparing the income aggregate. So by saying that Manchester, in fact, is going to be getting \$13,000, our contention is that they are still being cheated out of \$600,000, because the income aggregate portion of the first part of the formula was incorrect.

We can't compare growth for a community as to what they are or what they are not going to be getting, when, in fact, the basic formula was flawed. When you compare the difference between the QEA '92-'93 and QEA '93-'94 and the Ewing/Rocco bill, you are still using the basic formula paid. That isn't fair. They are land rich and dollar poor, based on the formula. The remaining residents of Berkeley, Central, and Manchester, those residents who are not senior citizens, are

also being discriminated against, because, in fact, the senior aggregate income of Social Security is being incorporated.

Let me give you some brief comments about the bill, and if you could follow along with me, I would really appreciate it. If you turn to page 2 of the bill, section 3, the average budget: Those communities that have been burdened with a high percentage of local levy, as in QEA I and QEA II, are being forced to reduce their programs in '92-'93, and therefore will have an impact in the future based on the formula from QEA II. It's not fair.

If you turn to page 3, section 3, equalized valuation: I find it interesting that in many parts of the State of New Jersey we exempt property worth.

SENATOR EWING: Wait.

UNIDENTIFIED MEMBER OF COMMITTEE: Line 12, page 3.

ASSEMBLYMAN MORAN: Page 3, section 3, equalized valuation. Ocean County, predominantly the 9th Legislative District and part of the 10th and the 30th, is regulated by The Pinelands Commission. The future tax ratables in those communities are almost nothing. The property worth in those communities is calculated at 100 percent, but their potential for tax-based worth is zero. So the growth in these communities is hampered by the formula.

Third, on page 10, section 8: "Each special needs district shall establish full-day kindergarten programs." That is commendable, Mr. Chairman, but what I find interesting throughout this whole section of the law, is that it talks about the kinds of things that the special needs districts should, in fact, be doing; which are, in fact, what we are dismantling in all of our districts, not just our half-day kindergarten programs -- which we are mandated by law to have -- but we are increasing the size of those programs, and in some cases in Ocean County, in fact, you will be creating

special needs districts based on assumptions that are in this bill.

The next one is on page 16, section 14: I find it interesting, and it is a comment that was made during the debate of QEA I and QEA II -- the base formula for categorical aid. The State regulations require each and every school district in the State of New Jersey to provide handicapped services for occupational and physical therapy to youngsters, yet no place in the law do we get reimbursement to the school districts for those services. The regulation requires us to provide it, yet every other categorical aid category within the State regulation you get subsidized for. In this particular case you do not. I find that is an area that is growing. It is an area that this Legislature passed with the preschool programs, and we never fully funded that portion of the aid that was required for the occupational and physical therapy. .

The last section that I want to make reference to, Mr. Chairman, is on page 35, section 45. For the last four days, I have been calling around and I spoke to a number of people in Trenton, and they are as concerned and as confused about this--

MR. HESPE (Assembly Committee Aide): We're utilizing the printed version, and you're using the intro version.

ASSEMBLYMAN MORAN: Okay. I am using the copy that we were provided through the Assembly. Page 35, section 45, lower case d.

MR. HESPE: That is on page 31 of our copy.

ASSEMBLYMAN MORAN: Okay. For the 1993-1994 school year, the equalized valuation used in calculating base aid pursuant to section 10 of the public law now being debated, and supplemental aid for special needs districts pursuant to section 13 now pending before the Legislature as this bill, shall be the same as was used in calculating State aid for the 1992-1993 school year pursuant to Public Law 1990, QEA.

We are going back to the basic formula which created the monster. How about those communities in the HMDC? They get an exemption on property worth. Why is it that those communities in Ocean County and throughout the State of New Jersey, including Burlington County, Salem, Cape May, and Atlantic County, that have Pinelands, that are totally restricted-- We debated this issue on QEA II. I was told by my colleagues then that those communities that reside in the Pinelands can afford it. I can tell you, ladies and gentlemen, the communities that I represent -- and that I know some of you represent -- cannot afford it.

If we are going to give tax exemption for property worth for communities like Secaucus and the HMDC, that have property worth three times that of ours, and have income aggregates three times that of ours, I think we should get just the same as they are getting. If not, we should have them paying the full fair share. If that is the case, then I suggest we turn to the next section, which encompasses the proposal that Senator Connors and I have submitted, along with Assemblyman Connors, which is the Senior Population Density bill. Each of you have a copy of that.

The total cost of that bill comes out to be \$36 million. I have spoken to Assemblyman Rocco about it. He said that he was going to take the time out to speak to you, Mr. Chairman, and other members. If you go through that, it shows you the disbursement of aid per community. The basic formula says this, and it is very simple. You take the total average of senior citizens by community within the State of New Jersey. You take the norm, you subtract the difference by community. If a community has 20 percent more senior citizens within its community, that 20 percent is a benchmark. They get 1 percent. For every percent they get \$50 per pupil. That comes out to be approximately \$38 million, and it is only fair.

Those people who can least afford to pay should be afforded the opportunity of relief; not those kinds of communities that have three times the aggregate worth and three times the income aggregate receiving.

We would appreciate it very much if you would seriously consider that as part of an amendment.

SENATOR EWING: Any suggestions that we receive today are going to be considered. There is no question about that. I said we were going to start at 9:00 tomorrow morning with the OLS staff, and go over it step by step.

ASSEMBLYMAN MORAN: Senator, I appreciate it, and I respect you for that.

My comments today are not intended to make your job any more difficult than what it already is. They are only to point out that there are some inconsistencies that existed under QEA I and QEA II that continue to exist today.

In closing I would like to remind you that Senator Connors bill -- S-309 -- and the Moran/Connors bill -- A-622 -- which I described to you-- We are ready and willing to sit down and thoroughly discuss the outcome of the results of that.

I have known each and every one here today serving on this Committee, and I have a great deal of respect for each of you. In spite of the fact that we are sitting on opposite sides of the table, that doesn't mean that we can't come to an agreement.

I would also like to remind you that we are here because of the youngsters, whether they live in Manchester, Berkeley, or the Central Regional School District here in Berkeley Township, or Toms River, or the youngsters from Newark, Camden, or Jersey City. Our objective should be as you described in your opening comments, Senator. We have to do what's right and what's best for the youngsters of the State of New Jersey. But let's not lose sight of the fact that those people who can least afford to pay are being punished as well.

Again, I want to personally thank each and every one of you for being here today, being in Ocean County. It is always great to see so many friendly faces. I can assure my colleagues and my constituents in the back of me that they will be given a fair hearing, and they will be listened to, and we will do what's right for the people of New Jersey.

Thank you, Senator.

SENATOR EWING: Thank you very much. Are there any questions? Yes, Senator Ciesla?

SENATOR CIESLA: I just have one. Jeff, thank you for the suggestions. I truly appreciate it.

In going through your bill, which was put in, I believe, earlier this year--

UNIDENTIFIED SPEAKER FROM AUDIENCE: Use the mike.

SENATOR CIESLA: This is a recording mike. I will speak up.

In going through the list of the proposed aid that would go to the senior communities, and in accordance with your desire to try to provide aid to the people who are least able to afford to pay the tax, I feel that is in accord with, probably, the Supreme Court decision that put us in the dilemma we are in now. Yet, when I look at some of the aid, and some of it is fairly substantial -- in excess of half-a-million dollars going to the towns of Summit, Springfield, Deal, and Montclair -- it seems to me, just knowing the characteristics of the towns, that they're -- and I hesitate using this word -- probably a bit wealthier than maybe our communities. It seems to me that while the intent of the bill and what you are trying to do for the people you represent is right on the mark, this legislation may need to be refined, because it seems to put money that should be intended for those least able to pay in some communities that have, perhaps, the greatest ability to pay.

ASSEMBLYMAN MORAN: Senator, you're right. We have looked at that, and it is a flaw in the bill. What we also looked at, too, is that just because you are a senior citizen living in Summit, that does not necessarily mean that you are a Proctor & Gamble's retiree at \$100,000 a year retirement package -- living in Summit.

Let me just give you an example of a mailman who retired on Long Beach Island in the community of Beach Haven. He retired 20 years ago with a pension of \$15,000, including his Social Security. Today he is making \$16,000. He pays his own medical support for himself and his wife. It is a benefit package; it costs him \$4000 a year. He pays \$5000 a year in taxes, because he is considered in a wealthy community. He has an income, after his insurance and after his taxes, of \$9000. He said that he can't survive. We have created him to be a potential welfare recipient. That is not what we want to do to our retirees, whether you live in Summit; whether you live in Deal, New Jersey; or whether you live in Berkeley Township or Manchester.

The fact of the matter is, we've got a responsibility. You hit the nail on the head in your opening comments, Senator. We have to be fair, and we have to be just. Just because someone is retired on a pension that is bringing in \$15,000, he should not be treated any differently if he lives in Manchester or in Newark. The person retiring on \$15,000 living in Newark is independently wealthy, because he or she is not paying the taxes they are paying in Manchester. It's just not fair.

SENATOR EWING: Thank you. Any other questions? (no response)

Edith Bolton and Linda McPartlin.

E D I T H B O L T O N: Thank you very much. I am Edith Bolton. I am a teacher in Lakehurst, New Jersey, one of your very small districts. We are here on kind of a combined

effort. The President of our Board of Education is here, along with another member who happens to be President of the Ocean County School Boards. Our administration is here. This is a combined effort to bring to your attention what we feel is a great inequity, in whatever formula you are looking at.

As you recall, the lawsuit that was filed on behalf of the special needs districts included, I believe, a listing of 30 districts, and that is how the 30 districts got to be included as a special needs. Probably Lakehurst was number 32. We just didn't happen to be part of the suit. One of the reasons we weren't part of the suit was because our students do not fail. We provide an excellent program in Lakehurst, and because our students don't fail, we feel, is one of the reasons we have not been treated fairly in the economic scene.

Our community has one out of every three persons a child. We have naval personnel who do not pay taxes or ratables to the town. If you look at the chart the Cherry Hill District put together, we are listed as 13th in the State; the 13th poorest community in the ability to raise ratables or taxes to support the district. If you combine those first groups, we are 8th in the State. When we look at the formula that has been proposed, we simply cannot determine how our aid was figured.

For instance, in Ocean County alone there are, one, two, three, four, five -- six District A factor groupings. All of them, except us, are getting increased aid. We are losing \$1900. We thought, "Well, maybe there is some other way the formula is figured," but if you multiply even the increase-- I happen to live in Toms River, and I don't think we should be pitting district against district. But last year, Toms River received an additional \$4 million. If we divide the school population of Toms River, 16,000 students, it means they got about an additional \$250 per student. If you take the additional aid we received last year, which was \$54,000, and

divide that by 630 students, you find out that we got \$85 a student. So we don't even know how that formula was promulgated.

It is true that the taxpayers in our district are paying about as much as they can. They swallowed a 58-cent increase in local property tax three budgets ago, and passed that budget to sustain our school at the level we were operating at at the time. We cannot, in all good conscience go to our taxpayers and say that they have to spend more money locally.

As it is, we are \$100,000 under the State cap. We can't afford to add another 20 cents onto the tax rolls for our people. We don't even spend the State average in the town of Lakehurst, because we cannot afford to put that on the local tax burden. We would expect that the State would at least bring us up to that State average, because it is in your power to do so.

We provide an excellent program. As I said before, do our students have to fail before we get help? Our class size has been very small, and that is the key ingredient: a stable staff, a dedicated staff, small class sizes. We know our students inside and out, upside down, and backwards. We can only do that because we have had small class sizes. But in the last three years, we have lost staff; we have lost positions. Our class sizes are growing. We cannot promise to deliver those kinds of results unless we get some help from the State in increased financial aid.

We would ask you to look at some of those things. It is our understanding that there are certain things that are put into the formula per pupil aid per program. We don't even know if we get that, since we thought the \$300 that would be given to those districts times 630 students would give us \$189,000. We're losing \$1900, so we don't think we are even considered in that \$300 number.

Equalization aid: We think you should take a closer look at that, coupled with the district tax share. Pat Hodges will share with you some of those items. I would like, at this time, to ask that Pat continue with our plight.

I thank you for listening. We will follow up with written testimony, if you need it, but I believe you tape this, so you should have our comments on record.

PATRICIA HODGES: Thank you. I'm Pat Hodges. I am a member--

ASSEMBLYMAN WOLFE: Excuse me?

SENATOR EWING: Assemblyman, do you have a question?

MS. BOLTON: Questions?

ASSEMBLYMAN WOLFE: Yes. I would like to ask either-- Perhaps you will talk about it later. You mentioned the special situation that faces Lakehurst because of the success of the students. Are there other districts in the State of New Jersey that you are aware of that would fall into the crack that you seem to describe yourself as falling into?

MS. BOLTON: I don't really know, David, because we have been fighting this battle for a number of years now, and it is just not-- We really are not-- We don't have political clout. We are a very small district. We do not hear ourselves mentioned too often, because we don't have a large population. I don't really know if there are other districts that fall into the same category. I only know that Camden is the only District A factor group that I know of that falls below us in the ability to raise taxes and to pay for their school. If you look at the Cherry Hill document, I mean, that might tell you.

ASSEMBLYMAN WOLFE: I am not going to be at the meeting tomorrow, so I would request that staff look into those communities that would come close to the criteria you described and see if there can be some factor that could be incorporated into the funding.

MS. BOLTON: Well, on the Cherry Hill list, Camden, Pemberton Township, and Bridgeton are the only three that are listed on the equalized property value per pupil, and East Orange. So there are four out of the 30 district factor grouping A.

ASSEMBLYMAN WOLFE: Camden, Pemberton, Bridgeton?

MS. BOLTON: Yes, Bridgeton, Camden, Pemberton, and East Orange. But if you combine the equalized property value per pupil and the district income per pupil, we are number two.

SENATOR EWING: Edie, may we have a copy of that when you get finished?

MS. BOLTON: Yes. I think that is available. I think we've got it--

SENATOR EWING: There are so many different lists floating around, and different runs, with different documentation behind them, that we would like to see what you are referring to.

MS. BOLTON: Absolutely. I would be glad to give it to you.

ASSEMBLYMAN WOLFE: Thank you.

SENATOR EWING: Yes, I'm sorry, go ahead.

MS. HODGES: That's all right. Thank you.

I'm Pat Hodges. I am a member of the Lakehurst Board of Ed. I am President of that Board.

In the past three years, I have had a chance to represent the 30 school districts and the boards of Ocean County as the President of the Ocean County School Boards, and I have also done that as a member of the Board of Directors of the New Jersey School Boards. Today, though, I am here for Lakehurst. The time has come for the mouse to roar, and it is going to. We have been complacent to a degree in the past over our funding, but the time has come for us to really speak up, and we have to do it vigorously.

Edie gave you some background on Lakehurst. I will just add to it a little more, if I may. Our median age in that community is 27 years old. One-third of our people are under 18. That really says a lot about our ability to raise taxes. Jeff Moran, our Assemblyman, was very articulate in his concerns about the bill, and we echo those. I am no expert on legislative bills or on funding formulas, but I know how this affects our district.

I know that the people in my community who work, with all due regard to senior citizens, no one there gets a blank check whose employer says, "Fill in the amount you want." So a fixed income, to me, is not synonymous to senior citizens. Our community faces the same problems as they do in that respect, and the ability to pay is not there.

What I want to say is, we are really confused. When the first QEA came out and the 30 special needs districts were identified, we kind of paused and said, "Why aren't we one of them?" The only thing we could come up with was, number one, we are not urban. We are not an urban district; we are designated as a rural district. But the other thing we came up with was that our students succeed. We get excellent test scores. They consistently exceed all the standards they have to meet. They are consistently successful.

What that said to us was, you have to fail before anybody says, "Oh, let's worry about Lakehurst." We really feel that we have been ignored or dismissed to some degree -- I don't believe maliciously, but only because, as Edie said, we do not have the political clout that many other districts have.

Edie gave you a lot of facts and figures. I think the one with the most impact is the fact that, as she said, Camden is the poorest, without a doubt, district in the State. They have the lowest per pupil property value; the lowest district income per pupil. In property value, there are only 12

districts between us and Camden, and in income we are right after Camden.

You can't ignore that; you can't dismiss that and say we don't have special needs. Yet, our students succeed. Why? As Edie said, dedicated staff, hard work. We do it with innovative programs. You talk to innovative programs in this bill. You talk to creativity. We have done that. We have met the needs of our students. We have family counseling which addresses some of the social needs. We have initiated a before- and after-school program. We did that in conjunction with the Navy base. We have done everything by the seat of our pants, by the grace of God, hard work, and dedication. We have not looked for-- We have aesthetic pride to extol funding. We have done what we could with what we had. We have done what we could creatively and with dedication, but we are at the end of our rope.

We are here to say we cannot allow Lakehurst to fail before you do something about it. We don't want more than we deserve, but we won't take any less, and we cannot be ignored. You cannot dismiss success and say, "It doesn't matter. Give them whatever you can give them. Maybe they will be quiet and go away." We won't; we can't. We have 500 students. Five hundred students in the face of the thousands and thousands of students in the State-- Maybe that is not a lot, but how many students are you going to lose before you finally say, "Enough is enough. Let's do something."

You are going to have a whole slew of classes that are going to go through that are going to lose every year. We have already cut our staff by 10 percent in the last two years, through attrition and through RIFs, and 10 percent is a lot of impact on a small school district. We have not had to cut essential programs, but we will. We are going to have to cut programs that we initiated on our own; programs that are not State mandated, and that are paid for by the local taxes,

because we have to keep the State-mandated programs. But we will not be able to meet the needs of our students with the programs we put into place, because we are going to have to cut them if the funding is not there.

In my closing, I will just say, in the bill it states: "The Legislature declares it is the obligation of the State to provide fiscal equity to those school districts which are unable to meet those needs within local resources because of socioeconomic or geographic disadvantage." Gentlemen and ladies, that is us. Please do not dismiss us. We are not asking for any more than we deserve. We need it.

SENATOR EWING: Nobody is dismissing anybody.

MS. HODGES: Senator Ewing, we--

SENATOR EWING: You are getting-- Granted, it is not very much money--

MS. HODGES: No, it isn't.

SENATOR EWING: --but you are getting a little over \$6000 per pupil in the proposed legislation.

MS. HODGES: In the proposed legislation, exactly. We have no idea what is going to be the final outcome. We cut our budget by \$200,000.

SENATOR EWING: Well, this is up to the school boards. You will be getting the difference between what the proposed legislation is, and if QEA stays in effect, you will be getting \$54,000 more.

MS. HODGES: Exactly. Let me just--

SENATOR EWING: I agree with you that it is not very much.

MS. BOLTON: No, that is what we got this year.

MS. HODGES: But, let me make one more point. The problem is this-- That is part of it, but Camden gets a little over 80 percent of its budget funded by State aid. We have 72 percent of our budget back. The problem is this: Camden, as a special needs district, has the benefit of all this peripheral

aid. There is supplemental aid and other peripheral dollars here that we will not have the ability to access. They will be able to get that aid that we cannot get because we are not a special needs district.

The formula treats us as a special needs district, yet we do not get the advantages that the special needs districts get. We are not going to get a C.A.R.E. counselor paid for by the State. We could use one, but we are not going to get one. We are not going to get any supplemental aid. We are going to get what we get, yet we have the same problems. We are in the same position. That funding formula treats us like a special needs district, but we haven't failed yet, and that is why we are not considered one.

I would ask you to reconsider that; to look at the criteria of the special needs districts. I mean, we are right there.

SENATOR EWING: All right, we will look at it.

MS. HODGES: Thank you.

SENATOR EWING: We have a lot of people to hear from.

MS. HODGES: I understand, and I won't take up any more of your time. Thank you.

Do you want to sit over here, Linda?

L I N D A M c P A R T L I N: No, I can-- It's hard to be last, because everybody said everything already. But I just want to say, it seems that whether it is QEA I, QEA II, or the new bill -- S-1370 -- Lakehurst always gets shortchanged. You said we're getting an increase of \$54,000, but we have been taking a decrease over the last couple of years, and we have had to make cuts in our budgets because of these decreases. This \$54,000 may just help to bring us back to where we were two years ago.

One of the things that they didn't mention was, for every penny we raise in taxes, we only get \$6000. Unlike many of the other communities, we are dependent on the State aid,

and any decrease can be devastating to our programs, our students, and our taxpayers.

You have a 6 percent cap in your budget here -- or, in your bill. We couldn't even reach last year's count. We were \$100,000 under it. It doesn't matter what your cap is, we can't reach it. We just want to be able to give our students what they deserve.

We have, as Pat said, provided programs to address the needs of our students; as she said, family counseling, the before- and after-school program, but also we have a homework work room, and we went to a full-day kindergarten, which is one of the things you mentioned. Those things will have to be cut. We cannot do it. It is the nonmandatory programs that we will have to cut first when we look at our budget this year.

As they said, we only rank 13th-- I don't want to go through all that, but I just feel-- I want to know where the equity for Lakehurst is in this new formula, and if you would please keep in mind Lakehurst when you look at this, because we are so small.

We have, for the last couple of years, spoken to legislators, we have come to all different kinds of meetings, and yet-- This is why I think we feel so frustrated, because each year we do get cut. When we come to our budget and we get the figures on one day-- I know they have changed the date, but we get them on the 15th, and then we have to go back--

SENATOR EWING: But that should work out now with the new bill -- it is on the Governor's desk; he hasn't signed it yet -- so that you will know in January.

MS. MCPARTLIN: But we have had to go back and make cuts after cuts after cuts, because the--

SENATOR EWING: We know that. That is why we changed the dates.

MS. MCPARTLIN: But usually we get cut; we don't get extra aid. So we're hoping that you will keep us in mind when you redo your formula.

MS. BOLTON: Senator, are you saying that you think a \$54,000 increase is enough for us in light of--

SENATOR EWING: But, Edie, you have been around long enough--

MS. BOLTON: Yes, I have, and I have been fighting this for years.

SENATOR EWING: Fine. Will you get all these people to sign a petition that they will vote for an increase in the income tax or something? Where are you going to get the money from?

MS. BOLTON: We have always supported that. You know that, Senator.

SENATOR EWING: What? I said to get all these people.

MS. BOLTON: But I am looking at the percentages of some of the District D factor. There is a 14 percent increase in aid; there is a 34 percent increase. With all due respect, Cherry Hill gets a 42 percent increase; Middletown, 49 percent. You can't tell me that that's fair, for a district factor grouping to get-- Do you know what we get on this list? Point zero six.

SENATOR EWING: You get 1.68.

MS. BOLTON: No, no. Oh, here, 1.68.

SENATOR EWING: Edie, I am not going to discuss the figures. Other people want to testify. We are going to look at it.

MS. McPARTLIN: Thank you. We would appreciate it.

SENATOR EWING: We have the data in, and we have made notes, and we are going to look at it, but we are not going to promise anybody anything tonight. I never promise anything.

MS. McPARTLIN: I think you have to look at the disparities.

SENATOR EWING: We will look at it and see if something can be done.

MS. BOLTON: I'll leave you this list.

UNIDENTIFIED WITNESS: Thank you very much for hearing us. Please keep us in mind.

SENATOR EWING: Thank you for coming. You are what we need -- the input.

Edie, did you give her the figures that show that Cherry Hill gets 42 percent more?

MS. BOLTON: Yes, it's on your-- Oh wait, okay, this is--

ASSEMBLYMAN MORAN: (speaking from audience) Senator, that's from the Cherry Hill report. (remainder of comment indiscernible to transcriber; no microphone)

SENATOR EWING: No, I just want to see what Edie-- (Ms. Bolton's response indiscernible to transcriber; she moved away from microphone)

SENATOR EWING: So you understand, so there is no misunderstanding of it, the Cherry Hill increase is not 42 percent, as was stated -- 1.03. I mean, that is the problem with these formulas and all the data that different people are getting from different areas. A lot of groups are forming their own stuff in order to promote their own particular bent in the thing.

So it is very, very difficult. You hear different words -- this person is going to get that, and somebody else is going to get this. We've got the data up here. Cherry Hill is getting 1.03. I couldn't believe it, but I wasn't going to argue with Edie until I saw the figures.

Pearl Schwartz, please. (no response) Unfortunately, she had to leave. She had to leave by 4:50. Mr. Wary.

L O U I S B. W A R Y, JR.: Ladies and gentlemen: Some of you here know me; some of you don't. My name is Lou Wary. I am with the New Jersey Taxpayers Task Force, and I am Chairman of the State Education Committee for the Task Force.

I had the privilege of speaking to you down in Cherry Hill and, Senator, I believe we had a little discussion on

that. I am pleased to see the progress in the latest version of the Quality Education Act, which I have briefly gone over today. However, I feel, sir, that it still leaves a lot of areas open that should require discussion and a little more thought.

Today, in listening to our couple of previous speakers, it appears that we have the same old rhetoric going, about how much are we going to get, and why aren't we getting any more? However, I do find some shortcomings in this proposal. The shortcomings I find are that no one addressed the unequalization of the individual school districts throughout the State of New Jersey, and the resources that each one of them were able to provide the children.

What I mean by that is very simply this: In Newark, for example, playgrounds are concrete and asphalt, whereas in your suburban communities they are green grass. They have added upkeep for maintenance and other attendants and the programs that will go along with this type of atmosphere. This, in turn, creates a higher cost to that individualized school district for providing those programs, that would not normally be available in the districts that do not have the green grass, the turf, and so on.

The point is, the costs of the nonrequired educational programs in New Jersey differ between school districts that do have facilities and do not have facilities. Therefore, using an equalization of individual pupil cost becomes a nonfactual figure for equalization of education as provided to the students in the State of New Jersey. It's not equal. That is the point I am getting at.

Also, all of these programs that were put into the various curriculums throughout the schools in New Jersey were put in on a voluntary basis by individual community and the individual community's wealth before education funding ever

became a reality here in New Jersey. Consequently, there should be an additional factor addressed in this latest QEA.

Now, Senator, I was very pleased to hear you say--

SENATOR EWING: Excuse me for interrupting you.

MR. WARY: Pardon me?

SENATOR EWING: This is not the QEA we're doing. This is the--

MR. WARY: Oh, I understand. This is the education funding.

SENATOR EWING: We're wiping out the QEA.

MR. WARY: I understand that. I understand that, sir. However, the point I am bringing up is, there is nothing in the education funding formulas that provides for accountability of need for any district to get any amount of money. We have formulas. We have formulas based upon the equalized cost per pupil in every school district. In looking at those costs, we find out that the cost per pupil is not an equalized cost for all services throughout the entire State of New Jersey. Therefore, we have a lot of shortcomings coming in. We have problems within the educational community that have to be addressed; and they are not being addressed by simply funneling money. Money should be funneled to the school districts that show a need -- a problem, and the problem has the need to be overcome as a result of the additional funding to correct those problems.

Now, throughout the State of New Jersey, we have found -- at least the Taxpayers Task Force has found -- that outside of those special need districts that we have already identified, that between 40 percent and 60 percent of most school budgets contain nonrequired educational items, but yet are still-- The budgets of these school districts do not separate those from the required items.

If we have 40 percent to 60 percent of educational budgets consisting of nonrequired educational items, how can

any State funding be directed to any school district with a guarantee that that funding would go toward the required educational subjects, as required by law in the State of New Jersey? We just don't have it.

Secondly, the State of New Jersey and the taxpayers need to have a voice in the nonrequired educational spending. It has to be done.

SENATOR EWING: Statewide?

MR. WARY: Statewide. The educational budgets in each and every school district today contain what I said was both required and nonrequired education budgets. These go into one group. This group is labeled education -- cost of education -- in every town, county, and State. It is given that label. A budget that is overturned or voted down by any community invariably goes to the State Department of Education; first to the town, of course, if negotiation can be done, and then to the State Department of Education, which invariably reinstates the whole thing per se. Really the voters and the taxpayers, who voluntarily put these programs in, who no longer have a say in reducing the costs of these programs, are having a say in the funding of the programs that are nonrequired in education.

Consequently, I believe that the latest attempt at education reform should have some means to control that type of application of its -- of any kind of funding that is directed to school districts.

Thirdly, Senator, there has to be some means of allowing more teacher participation in the identification of the problems that exist in every school district. I had the good fortune of being a member of a Board of Education, and I also had the misfortune of listening to teachers who came before me, as a member of that Board, telling me that they did not have teaching aids. They didn't have supplies. Nobody in administration would listen to them. There was nobody they could go to. Their cries fell on deaf ears. I stuck my nose

into it and we managed to get a few things out of the way, but we by no means cured the subject -- the problem.

SENATOR EWING: What town are you in?

MR. WARY: I would rather not say at this point. I will speak to you alone on that. I will talk to you about it.

Senator, we have to devise a means of accountability right down to the local teaching staff. My wife is a teacher, and I get sick and tired of hearing her come home at night telling me how the kids can speak to her of their rights -- eighth graders. Kids have rights; the teacher doesn't. Parents have rights; teachers do not. Teachers who discipline children or send them down for disciplinary action get sued. And we have parental responsibility laws that have constantly been put aside and not enforced.

SENATOR EWING: Mr. Wary, I don't want to interrupt you, but we are discussing the bills. So if you have some concrete parts you want us to look at to put into the bills, then fine. What you're saying I think a lot of us realize is happening.

MR. WARY: The point I am getting at, Senator--

SENATOR EWING: If you can get all the bleeding hearts moved out of the country, maybe some of it would get straightened out.

MR. WARY: --very simply is, if funding in education were to be directed towards an accountable need to correct visible problems -- some of which we have just gone over -- then we would have the first step in the right direction to solve the education crisis with the use of money, and directing it to the specific use of that money, rather than a gift to any school district to do with as they wish, because that is what they get.

Thank you very much.

SENATOR EWING: Are there any questions? (no response) Thank you.

Arthur Silverstein.

A R T H U R S I L V E R S T E I N: Thank you, ladies and gentlemen, for coming down to Ocean County and giving us the opportunity to speak to you without having to make a long trip.

Before I make my presentation, I just want to say that I am a representative of the Leisure Village West Civic Club, which is located in an adult community in Manchester and has over 4100 residents. These are all senior citizens.

Before I continue with my presentation, I have a question I would like answered. I constantly read about something called the "wealthiest districts, the middle-income districts, the poorest districts," and that under the plan you intend to give \$100 per pupil to the wealthiest, \$200 to the middle-income, and \$300 to the poorest. But nowhere have I read anything as to how you define the poorest, the middle-income, and the wealthiest. Can someone please explain that to me? What is your basis?

SENATOR EWING: You know, it's a-- Go ahead, David.

MR. HESPE: Those are based upon district factor groups. The Department of Education has divided districts into 10 equal groupings -- 10 district number equal groupings.

MR. SILVERSTEIN: What groupings are you considering the poorest?

MR. HESPE: A, B, and C are the poorest.

MR. SILVERSTEIN: A through C are the poorest. And the middle-class?

MR. HESPE: H, I, and J are the wealthiest, and D through G would then be the middle.

MR. SILVERSTEIN: Okay.

UNIDENTIFIED MEMBER OF COMMITTEE: That paper will describe it to you.

MR. SILVERSTEIN: Well, having said that, I just wanted to get an understanding. The reason is that I have the Abbott v. Burke hearing case here, the Supreme Court, which

started this whole thing -- thorough and efficient education. Of the 30 special needs districts, 11 happen to be in group B. I am from Manchester. We are considered, under your formula, a wealthy district. Do you know where we are, in which grouping we are? We are in group B, along with 11 of the special aids, next to the poor -- what you consider the poorest, yet we are considered wealthy because of your formula.

Your formula doesn't say, "The ability to pay." Your formula incorporates real estate values. I wish you would come along with me -- and I am being unrealistic; I realize that -- when I go to those people where I deliver Meals on Wheels and see how wealthy you consider these people because they happen to live in a district that has high real estate values, but they can't afford to pay. I wish you would go with me, come with me, when I go around and help those people in our villages, mostly widows. We have 1100 widows and widowers living in our district -- not in our district, living in our village -- who need rides to doctors; who, when they moved down to this area and their husbands were alive, thought they had it made for the rest of their lives because there was a pension and there were two Social Securities. Then the husband died. There went one of the Social Securities. And, unfortunately, if they retired before the ERISA law, there went their pension. No sooner do they get into my car when I am taking them to the doctor's, they're not even there five minutes, when the first thing they start telling me about is, "How are we going to survive? All we are living on is our Social Security and a little interest." Of course, knowing what happened to the interest rates, you know that they can't. Constantly I hear the same thing, time after time.

Just as the representative from Lakehurst said, Manchester has a median family income of \$21,000, one of the lowest in the State. Interestingly enough, I appeared before our County Freeholders, and Ocean County has a median income

next to the lowest in the State of New Jersey. Manchester's average income -- median income and average income -- is at the bottom of the Ocean County scale. Yet, we are considered, under the QEA formula, as I mentioned before, where you take in real estate values-- Now, how does someone's real estate value give them the ability to pay their taxes? The only ability they have to pay taxes is based on what I would call "cash flow," their income they may be receiving, plus the interest and/or dividends, if they are that fortunate. As I said, when I mentioned \$21,000 as the average and one of the lowest, that includes Social Security.

Interestingly enough, this presentation I made to Governor Florio when he came down to Manchester shortly after the QEA was passed. I explained the problems then, and he said he was going to look into it. However, obviously nothing happened.

What I said was, by a quirk of luck, a married couple from Irvington -- which is one of your special needs districts-- That married couple happened to have an income of \$50,000, and they are getting additional aid; their taxes are getting lower. Then I compared that with a widow from Manchester who has an income of \$15,000 -- a married couple with 3 1/3 times the income. But they are in a poor district, so they are getting more relief than the widow from Manchester who is in a "wealthy" district. Where is the equity? Absolutely none, none whatsoever.

So, what we're saying is -- what I am saying is, please reconsider your method of rating districts. As you explained, sir, the A to C was low and poor, and we are B. Manchester is along with the lowest. When you use your formula, the amount of money behind each student, the last I knew -- and I don't mean to be facetious -- the seniors are not producing students to go to school these days.

Thank you for your consideration. I hope you will give thought to the points I brought forth. Thank you again.

SENATOR EWING: Mr. Silverstein, one of the problems on the income right now -- using income -- is that not this year that we are in right now that the taxes are being used, but the previous year, in talking with Leslie Thompson who runs the Tax Bureau in the State, only 40 percent of the people in the State of New Jersey filled out that box that is on the State return with the code number that is on the back as to what area you live in -- only 40 percent. We do not have the figures this year to see how many, but it is very difficult to get an accurate figure of income.

At a meeting, yesterday I guess it was, somebody was talking about their town. They had something like 15 post offices and 15 zip codes, and not one post office in their town. Up where I live, we have three or four zip codes and only one of them is in our town.

MR. SILVERSTEIN: What is the point you are trying to make, Senator. I'm lost.

SENATOR EWING: To set down who has what income; how much income is in Manchester. How do we--

SENATOR PALAIA: The State can't get a handle on that, you see. Senator, isn't one of the points you are talking about, too, though, especially with these rebates and everything-- Many seniors don't fill out the State income tax form, so the State really does not know the numbers. We had so many who didn't get the rebates because they didn't realize that if they don't make out the State income tax form-- There has to be a better method to get a handle on that.

MR. SILVERSTEIN: Senator Palaia, I am aware of that, but the very point you are making is indicative. If, in fact, a person doesn't have to file because there isn't sufficient income, you are losing that--

SENATOR PALAIA: That is what the Senator is saying.

MR. SILVERSTEIN: But normally, therefore, whatever figures you have, you then say, "Well, let me juxtapose on that those who are not filing, the amount the average income is going to be going down, not up." So that is a consideration.

SENATOR PALAIA: That is exactly what we are saying here. That is what we are saying here.

MR. SILVERSTEIN: Right, but the point I'm making is, whatever figures you have would be less if you got the returns that show I don't have enough income to file. It would even make it worse. What you do have is bad enough to show that we are very, very low there.

Thank you very much, unless someone has a question they want to ask me.

SENATOR PALAIA: No.

SENATOR EWING: Thank you, Mr. Silverstein.

Jay Shaw?

UNIDENTIFIED SPEAKER FROM AUDIENCE: He left.

SENATOR EWING: What?

UNIDENTIFIED SPEAKER FROM AUDIENCE: He left.

SENATOR EWING: Lou Martin?

L O U I S M A R T I N: Gentlemen, I thank you for coming down here to hear our troubles. Senator Ewing, I had the pleasure of being in your office with you with Joe Carter, one of the members of our Board. I have been to Trenton on three other occasions. I had three sessions with Tom Corkran, who used to be the aide to the Governor on education, and I also had time with the Governor. Frankly, it was all about the Quality Education Act and the unfairness to Manchester. I am afraid that my time was wasted.

I, too, live in Leisure Village West where Mr. Silverstein comes from. I moved down here in 1989. I became involved in the Board of Education when I heard some of the things that were going on, lease purchases and so on. But when

I heard about the school funding formula, I couldn't believe it. The median income, according to the Rutgers Handbook that you people go by, in Manchester, is approximately \$13,000 plus, and to consider Manchester a wealthy district, under any circumstances at all-- Anybody who feels that way must believe in the tooth fairy also, because it is obscene. It is absolutely obscene.

You have people in Manchester-- I happen to be active, and consequently I get phone calls from widows: "Mr. Martin, what can we do? Our income is going down." You folks know what interest rates are. Their income is getting smaller; their taxes are going up; and we have only seen the beginning, because if this funding formula-- When it really goes into effect, it is going to get worse and worse.

Now if you notice, on this slip of paper, Senator, I said I am against your bill, only because it is not enough as far as I am concerned. Incidentally, I was also in Jersey -- up in Trenton -- when you had your hearing on that constitutional amendment that I was for. I must tell you, in all sincerity and candor, I saw what occurred up there, and I was sorry -- you didn't do it, Senator -- they knuckled under the pressure groups, and I resent that.

I am a veteran of World War II, as many of the people in Manchester are -- Korea and World War II. We fought hard for this country. We paid our taxes. We are happy to pay our taxes. We want our kids to have an education. We have grandchildren. I don't want people coming to me and saying, "Well, you're finished." We have grandchildren, and we want to see this country go ahead. We are not against paying taxes. We want a fair share of it, and we are not getting it right now. We laid our lives on the line. Seventy-five percent of the people in Manchester are veterans of Korea or World War II, and it is unfair, at this time in their lives. You are tarnishing their golden years. It's not fair.

Now, let me say this: I appreciate your coming down here. I think that if the ball was thrown in your court, you would understand what went on here, and you would have sympathy with what goes on. However, I think it has become a political football. Pressure groups and so on and so forth. Senator, you're shaking your head no. I have been reading about it, and I feel very strongly about that.

I think a lot of money is being wasted. It may have nothing to do with this, but people are using the school system as a support system to take care of their children. I don't think that's fair because it is costing the taxpayers money.

I can't plead my case any more than I just pleaded it. If you want to call Manchester anything, call it "poverty." You have to remember one thing else: Manchester had a big problem up there. Somebody took the money and went that-a-way -- you know that -- and we're paying for it. We're paying for it, and I don't think it's fair to have a double whammy and compound it.

Now, let me say this to you: I promise you -- I promise you -- that if nothing is done, you will see buses from Manchester in Trenton come this spring, and then we will be heard. We will be heard in Jersey; we will be heard in the United States; maybe we will be heard all over the world. We will be up to Trenton, outside the State capitol, to let everybody know that we are not being treated fairly.

I thank you.

SENATOR EWING: Thank you. Any questions? (no response)

Ms. Schumacher?

A N N E S C H U M A C H E R: Good evening, ladies and gentlemen. It is nice to see you again, Senator Ewing, because July 3, just before July 4, you and your Committee came to Cherry Hill and you listened to pretty much the same story you

are hearing about Manchester. I am a member of the Board of Education of Manchester Township.

I am not going to take your time talking about funding because I think you have heard, very accurately expressed by our Assemblyman Moran and the ladies from Lakehurst-- They feed their elementary school children into our high school. We are very deeply involved with each other that way.

I am coming to talk to you, not about funding anymore because you have heard enough about that-- I am coming to tell you that there is a contradiction that we are operating under that I thought needed to be corrected. The contradiction is this: We are listed in district factor J, which is one of the richest -- the richest classification. So we will be due to get \$100 per person according to this bill. However, when our test results came through, somehow or other we were listed as district factor B, which is a contradiction. I don't understand that, and I would like somebody to explain that to me; not now, but just to make you aware of it.

ASSEMBLYMAN WOLFE: Excuse me, ma'am. We're talking up here trying to figure out what you just said. Say it one more time.

SENATOR EWING: You say you are in district--

MS. SCHUMACHER: We are considered a wealthy district -- district factor J.

SENATOR EWING: J?

MS. SCHUMACHER: Yes. Isn't that so?

SENATOR EWING: We don't feel so.

ASSEMBLYMAN WOLFE: It should be a B.

MS. SCHUMACHER: Well, I hope you don't. I hope you don't, because we are district factor B and testing--

SENATOR EWING: We don't think you are J.

MS. SCHUMACHER: But principally what I want to talk to you about is the quality in education. You don't have it in your title today. It is just the Public School Reform Act.

But we have heard quality, quality, quality, until it is coming out of everybody's ears. I am wondering about the quality that is there.

The amount of money that is being sent into the 30 special needs districts-- I know they need money. I have been through those schools, and I know they need it. However, what I am concerned about is, the amount of money that is being sent into the district, and will be sent into the district, at \$300 per pupil, immediately as we can get this into law. This tells me that something else has to be done first; that there's got to be an examination of what the devil is going on in many of those schools.

I call to your attention what happened in Paterson. Paterson is one of the school districts that was taken over by the State because they couldn't function, with all the money they were getting previously in State aid. Where was the money going? It wasn't going into education because the kids were so low in their achievement. So, what is happening? I want to call to your attention that at the State Board of Education meeting I attended on November 4 -- I attend them once a month to see what is going on -- Dr. Laval Wilson appeared and presented his whole program on changing it. The thing that hit me like a bullet between the eyes, was a statement he said that, "Shortly after we got into the program examining what we had to do in this special needs school district, to change something in order to effectuate some kind of improvement, it was to fire every single teacher and every single administrator and every single secretary who was connected with that district."

It is on the record. If you look it up, the State Board records what goes on. That struck me like a bullet between the eyes. I said to myself, "Well, that is where the quality is." I think you will agree with me that the quality of every classroom depends a great deal on the quality of the

teacher. The quality of the teacher and what that teacher is permitted to do in creative ways to solve problems and how she deals with all the children she has, depends immediately and consistently upon the quality of the administrator. If you have administrators who don't know how to select teachers who will be good in the teaching of reading, or good in the teaching of writing skills, how do you know you are going to get quality in that class? The answer is, "We don't know."

I am concerned not only with the amount of money that is being poured into it, but the money that is being poured into it has to come from somewhere. So you are going to take it from these other districts that you consider are very successful, like Lakehurst, for example, and there, the reason they are being penalized, and we, too, is because we make our teachers do a job. We hold them accountable and we hold them responsible. The question is, who is going to do it in Newark and Camden and Trenton and all those other areas? Yet, the money that we feel we could use to bring our children even better -- even further ahead -- and we have a long way to go-- You have addressed it here with the hi-tech knowledge we have that you are going to have, but that is going to cost money. We are not going to have that money. You heard from our residents -- two of them -- the burden we have here.

So, please, when you are working on this, if you are going to revise it in any way, somewhere along the way please put down that the quality has got to be manifest before the money is going to be poured into it. Otherwise, it is going to fall into all the cracks and go down. We cannot afford to waste money in New Jersey anymore. We just haven't got it.

So, please do that. Just keep in mind, I have seen people-- I am a teacher; I am a retired teacher and I remember some of the people who taught with me should never have been employed. They should not have been in that whole area because they were not the quality we are looking for.

SENATOR EWING: But they had tenure.

MS. SCHUMACHER: Yes. Well, that is another thing on which you probably heard comments, too, and I will try to help you with that. But please, don't--

SENATOR EWING: We won't bring that up now.

MS. SCHUMACHER: When you are talking about money being poured -- and it's millions and millions and millions of dollars--

SENATOR EWING: All right. Let me just explain something. It is interesting. Certainly there were cuts made in the budget. As we know, Commissioner Ellis is leaving, but one of the steps they took over in the Department of Education is down -- and Bob Swissler handles the finances. They eliminated five auditors. These are fiscal auditors, not the program auditors. They came to us here about a month or two ago. The Department asked us to give them half a million dollars to hire these five auditors and an assistant manager to supervise them. They told us that each auditor would bring in \$1 million. Why the heck they ever let them go to begin with, I don't know. So we have legislation that is being drafted to give them a half a million dollars from the General Fund. As the money comes in, that half a million will be paid back to the General Fund.

The other idea we have -- if it gets through Committee and everything -- is that the additional funds will go into putting staff back in the Superintendents' office so they can do the monitoring of these districts to see that the money is being spent properly. There is no question of it.

MS. SCHUMACHER: Well, I did hear at the State Board of Education meeting that the staff at the State Department of Education was reduced by 46 persons, by \$4 million. Commissioner Ellis presented this at the State Board meeting -- these figures.

What I think we need to do, and it is in another direction, not only in the Education Committee, but in all the other Committees that are divided up to do the business of the government of the State of New Jersey-- Why can't we get, and start appealing now to the business community, the professional community, anybody, to come and serve, those with proper credentials, as volunteers, the way they used to. You're old enough, Senator -- you're in my group. We remember when we used to get people for a dollar a year. Do you remember that? We got big minds. He is too young to remember? He remembers. You ladies are too young.

SENATOR EWING: I'm only 48.

MS. SCHUMACHER: Yes, I know. What a poor education you have in math and calculation. But, we used to get these people. I think you remember, Senator. We used to get them for a dollar a year, the finest minds to work on it. Maybe we need a new direction in the Education Committee, and others, to get people who have the qualifications, who have a feeling of community and a feeling of the need of education. If there is any greater need than to improve the education of our children, I don't know what it is. That, to me, is the supreme thing.

SENATOR EWING: We hope to be accomplishing part of that through the Commission that is being formed.

MS. SCHUMACHER: All I want to say is, please don't get people from all the bureaucracies in there, because they are going to be in there to perpetuate their bureaucracies first, and then maybe-- So if you get somebody else who has no connection with bureaucracy -- like myself, for example-- I would be willing. (applause)

SENATOR EWING: Thank you very much. Nice to see you again.

Betty Brady. Please state your name and your organization.

B E T T Y B R A D Y: My name is Betty Brady. On behalf of the ARC of Ocean County, I would like to applaud the leadership and efforts to address the disparity in quality and scope of educational services provided to children in our State.

In most education reform efforts, however, there is a group of pupils for whom "reform" has little impact: The nearly 17 percent of all New Jersey school children -- more in urban and poor areas -- children who are classified as educationally handicapped.

In the early 1980s, the Special Education Study Commission undertook a two-year study to examine some of the problems facing special education in New Jersey. They produced "Turning Points," a document which recommended changes in the way we provide and fund special education. Sadly, a decade later, New Jersey has yet to address some of the fundamental problems in funding services for this group of youngsters.

State aid to local districts for special education services has been, and would continue under this bill to be, "nondedicated" aid. This means that it is possible for a school district to receive more State aid for special education than it actually spends, thus allowing the diversion of funds. The ARC is not suggesting that this occurs with great frequency or in every New Jersey school district. What we are suggesting is that we really do not have an accurate idea of what "actual costs" are for educating children with disabilities. And, although State aid to districts for special education may increase, the Legislature has no way of knowing how many of these dollars actually were spent on special education.

While the proposed Act has a number of provisions with the potential for positive impact on "disadvantaged" students, the bill makes no substantive changes in special education funding, programs, or services, and fails to address the fundamental problems in our State aid structure for special education.

First I would like to focus on the elements of the bill with potential positive impact on students with disabilities.

The "legislative findings" section of the bills speaks to the need for schools to be viewed as part of the communities they serve, and to involve every member of the community in the educational process. Here it states: "It is the obligation of the State to encourage and provide support to school districts in establishing innovative and nontraditional programs which have been proven to be successful in improving achievement of pupils."

Section 5 of the bills establishes an Educational Reform Commission, which must be composed of at least 10 public members with expertise in "education reform initiatives." The ARC recommends that language be added to this section to include a role for a member with expertise in education reform initiatives for students with disabilities and expertise in the transition of students with disabilities from school to work.

Section 6 of the bills establishes a Task Force on Technology. While the focus of the Task Force is on the needs of students without disabilities, the Task Force could address assistive technology for students with disabilities. The ARC believes that such a reference in the text of the bill should be added.

Sections 8 and 9 of the bills focus on the role of schools in the development of social supports in special needs districts. The ARC supports the requirement that each special needs district establish a full-day kindergarten for all children by 1993-94, and a prekindergarten program by 1994-95. ARC also supports the requirement that these programs "provide for the identification and remediation of developmental delays which could adversely affect future school performance."

ARC also supports the requirement in Section 9 establishing a "Community Alliance for Reform of Education" -- CARE -- to develop effective strategies to improve the entire environment of the child, including health, nutritional, social, and family services, and the emphasis on the Department of Human Services working with the Department of Education in meeting these needs.

Section 39 of the bills establishes a "Substance Awareness Coordinator" in certain districts. ARC supports this effort to reduce the likelihood that babies are born with disabilities due to prenatal exposure to drugs and alcohol.

The following are elements of the bill with potential negative impact:

The bills use outdated language to refer to students with disabilities, such as the "retarded," the "handicapped." ARC supports changes to the bill to refer to students with disabilities as people first. Such a change would make the bills consistent with Federal law in reference to "students with disabilities."

In Section 5 b., the bills suggest that districts look toward "the potential for the provision of programs and services on a county or regional basis, jointures, shared facilities, and the utilization of advanced technologies." While ARC believes regionalization could allow districts to use resources more effectively, current practice in New Jersey in regionalization, county-based services, and jointure commissions has resulted in the segregation of students with disabilities. An emphasis on the regionalization of some services could promote the continued expansion of public "disability only" schools, which the ARC would oppose.

Section 40 fails to clarify that students with disabilities can be educated in a regular classroom with necessary support. The bills do not address a fundamental problem with special education in New Jersey: that local

districts are unable to get State or Federal aid if they educate a child with a disability in the regular classroom with support services. ARC strongly recommends that the bills be amended in this section to reflect the Federal law, P.L. 94-142, which specifically states that "a regular classroom with supports" must be one of the placement options considered for students with disabilities.

The bill also provides for a continued high rate of categorical aid -- 1.38 -- to districts placing children with disabilities in segregated placements such as special services school districts and regional day schools, but fails to provide any categorical aid to districts placing students in the least restrictive environment: a regular classroom with all necessary supports. ARC cannot support an education reform bill which fails to address this problem. We seek an amendment to the bill which would establish categorical program support for placement in "regular classroom with supports," thus allowing districts to receive aid for complying with Federal law 94-142. The level of categorical program support should be at least equal to that provided for placement in segregated settings, thus leveling the playing field.

The bill maintains a categorical aid factor of 2.37 for children classified "eligible for day training." With the recent passage of legislation which opens placement options for children so classified, it is the stated intent of the Department of Education to increase this aid factor to 3.08. This is a cost neutral increase because \$33 million currently allocated to the Department of Human Services for these programs will now be allocated to the Department of Education for distribution to districts in the form of increased categorical aid. Therefore, the ARC believes that an aid factor of 3.08 for "eligible for day training" should be reflected in this bill.

In closing, I thank you for the opportunity to address the issues and ask you to consider the amendments suggested which ARC believes would improve the quality of education to children who are mentally retarded and have other disabilities.

Thank you.

SENATOR EWING: Thank you very much. Is this the Ocean ARC, or is this the New Jersey ARC that agrees with all this?

MS. BRADY: It is the State ARC and the Ocean ARC as well.

SENATOR EWING: You are representing the State ARC?

MS. BRADY: I am representing Ocean ARC, which goes along with the position the State ARC has come to.

SENATOR EWING: The State ARC has agreed to this?

MS. BRADY: Yes.

SENATOR EWING: Could we have that copy, please--

MS. BRADY: Sure.

SENATOR EWING: --because we will be going over that tomorrow?

MS. BRADY: Fine.

SENATOR EWING: Any questions? (no response)

MS. BRADY: Thank you.

SENATOR EWING: Mr. Gerald Lucas. Did you come all the way down from Randolph?

GERALD LUCAS: I certainly did, Senator.

SENATOR EWING: What's wrong with Bridgewater?

MR. LUCAS: Well, the date was not convenient, so I figured I better get in while I could.

SENATOR EWING: Oh, I see. Or Saddle River? Saddle River would be closer.

MR. LUCAS: It certainly would.

SENATOR EWING: Mr. Lucas is from Randolph, which is up in Morris County.

MR. LUCAS: Thank you. I thought I would doom myself to being last by saying I represented no one; I am simply a parent who has an interest in this issue. I have nothing to gain, or lose, by whatever you do, but I have some strong views that I thought needed to be heard. I have two children who have finished public school systems in New Jersey, and I have some observations. I have been involved in various organizations for the last 20 years, involving education.

I certainly agree with the goals of the bill. They clearly demonstrate an understanding of some of the cogent issues. I agree wholeheartedly with what you are trying to accomplish, while I may have some questions about the methods used in going about it.

I do agree with the statement made earlier that it is inappropriate to really use the average spending per pupil figure. It is a very misleading figure. I am most concerned especially about the so-called special needs districts. As you well know, the special categories of expenditures that they have to have in terms of facilities, in terms of remediation, in terms of security, and so forth-- Those costs, therefore, decrease significantly the amount of money which is really spent on education. So the figure of spending per pupil, I think, is a very misleading measurement, and you need to consider that in terms of whatever formula you are going to use.

SENATOR EWING: Excuse me, I would like to interrupt you for a minute. It's interesting that we wrote to the 30 superintendents of the special needs districts earlier in the summer and asked them to send us a listing of those items which were in their budgets which were noneducational, such as security, what they did not get reimbursed for the Nutrition Program, and day-care centers for babies or children who are in their classes. I think maybe half of them came back with answers. One guy sent us the whole budget to look at to pull the information out ourselves.

So now what we have done is, we have written to the presidents of the boards. But it was just incredible to me. Somebody told me, "Well, they felt there was some ulterior motive you had for doing this." That showed how much interest they had in education, and trying to get the thing straightened out.

MR. LUCAS: I am not trying to indicate, Senator--

SENATOR EWING: No, I didn't say that. I just wanted to let the public know, because it annoyed me tremendously. We were trying to help, and they wouldn't even give us the information. Those things have to be pulled out, because they are not teaching math or geography or history, or whatever it might be.

MR. LUCAS: From my limited observation, Senator, there is a need for increased dialogue on this issue. I see some tremendous walls being built. When walls are built, communication ceases. People are very suspicious of what each other's motives are, and as a result the children themselves are suffering. So there is, without question, a need for some additional dialogue and for an exchange of information to come out with some kind of posture that is going to be healthful to all. I think that is part of the issue that is going on here. This is just my personal observation.

Also, one of the things I would like to propose as a suggestion for you to consider is: If funds are going to be targeted to districts such as the special needs districts, which, in my opinion, need these funds, there should be a special emphasis placed between kindergarten and third grade, especially in those grades in the reading area. We have seen time after time instances where children will be in eighth and ninth grades and even higher, and their reading ability is so limited that they really cannot function. If you can't read, you cannot be successful in math; you can't be successful in science, or in any other subject.

So, unless you have a proficiency in that particular area, your ability to succeed is limited, and then you are forced to rely on the teacher to provide information. To me, that is not appropriate. That is one of the things that happens to students in these districts. You get into a situation where you are not succeeding. Then your ability to succeed after that is diminished, because you start losing confidence. When a child becomes completely despaired and no longer achieves, we, as a society, pay for this. We pay for it one way or another.

SENATOR EWING: Are you saying that we should put something-- We are directing our comments really to the bill. So if you have some suggestions about what to put into the bill, like the ARC representative did, that is what we want. I mean--

MR. LUCAS: That is my suggestion, Senator; that if you are going to target funds, that would be one of the areas that you target -- the reading area in the kindergarten to the third grade. Now again, I am not an educator. There are many people who are trained in this area who may disagree. That is simply based on my observations that that is an area of special emphasis that needs to be concentrated on.

The other thing, I guess, is just based on a personal observation; this limited experience of my own of just being on a school board. School boards are often not equipped with teacher unions. You know, school boards come and go. They are very transitory bodies. Then they are dealing with an establishment that is there year after year. You have a bunch of people who all have to agree on something. What happens is, when you are in the negotiation process -- often a very unequal process -- the administrators feel that they have to make sure that they have some alliances with those who are going to be there, not those who are going to come and go, so there is a very unequal process.

I know I speak as a minority here in terms of disposition, but including pensions, or having the full bill of what you are negotiating for, is a positive thing in my opinion as a taxpayer.

SENATOR EWING: There is a community in Morris County where the majority of the board are NJEA members, and the head of negotiations is an NJEA member, so--

MR. LUCAS: That is definitely an issue that needs to be looked at.

The other point in terms of looking at how you compare districts, I know I have heard people here this evening, and I am sure you have heard it in all of the communities you have gone to, "We need more money." You know, we need, we need, we need. You are going to hear that theme constantly. I'm saying that as a society as a whole, we have an investment in ensuring that we don't lose a generation of children in certain districts. In many cases, you are in danger of doing just that.

There are certain variables I think are important, as a parent. Class size is simply one of those. In many of these districts you have class sizes which are too large to be manageable. Also I have observed that the more capable the child is, the more wealth the child's parents have, the less money they need from the school system. Now I know that people will disagree with that overall, but that is my personal observation. If I am a middle-class family, my children do not need the same attention that another child does. My child can come home and read and get the parental support that is necessary, and still achieve, still succeed. Another child is totally dependent on that school system. So, if you don't have enough textbooks, if you don't have enough supplies, if you don't have proper discipline, if you don't have adequate facilities, if you don't have reasonable class sizes, those children are going to be lost. So, you either pay now again, or you pay later.

Another observation, and just a couple suggestions I have: You talked about, in the bill, a technological commission -- the Task Force. From my observation, a lot of waste is made in various districts on technology. Everybody wants to go do their own thing. Having some kind of standards process in terms of your communication systems, in terms of your computer technology, your imaging, and whatever else you may do in terms of providing educational -- a delivery system, is a worthwhile thing, as long as you do not create another bureaucracy. That is something I think is very worthwhile.

SENATOR EWING: We are also planning to tie it into the actual use in the Department itself, because today there is no real connection between the districts and the Department, and we cannot get the data we need quickly whatsoever. This has got to be accomplished.

MR. LUCAS: I agree, sir. If you can provide some standard process as to how data can be collected and formatted, you certainly will go a long way toward providing efficiency throughout the State, so I agree with you totally.

I guess the other comment I wanted to make is in terms of looking at the objections people have to providing additional funds to the special needs districts. There is a significant gap we have here between these various districts in terms of the educational quality that they provide. If you don't do something to narrow that gap, just maintaining the status quo really is not sufficient. You have a significant gap here, and you need to have some mechanism in place, some objective to narrow that gap, so that the increase in the allocations of funds should be greater in those districts. I know that is a politically unpopular philosophy, because people-- Most of the voters are in the suburban districts. I know that no one wants to give up anything. But the point is, if you are trying to achieve things for the State as a whole, that is something I think needs to be done.

Another thing that was mentioned was that it is very difficult to indicate where someone lives. You know, you have data on individuals, but you don't know where they are. There are data bases which are created today that, based on an address, you can basically pick out the location. So there are computer data bases which exist today which can be commercially obtained. You tell me your address. Not only will I know where you are, but I can draw a picture of your neighborhood. So I mean, that information is available, and is certainly something you might consider using.

SENATOR EWING: Do you mean for getting income?

MR. LUCAS: Yes, Senator, or anything else you may want to get. Once you have the person's name and address, you can pinpoint their location.

SENATOR EWING: You don't know what goes on behind closed doors, though, so you have no idea how much mortgage.

MR. LUCAS: That's true, Senator.

SENATOR EWING: You're not going to spend all the money getting TRW reports on them.

MR. LUCAS: That's true.

The other thing I just wanted to mention is-- Well, a couple of other items. One is, in terms of monitoring-- There is a concern about monitoring and how that can be accomplished, suggesting that whatever you do in terms of allocating these funds that there be strict financial audits of districts on a sampling basis every year. In other words, you pick a few districts each year on a random sample basis and conduct a stringent financial audit by an outside, not a State agency -- an outside accounting firm, to come in and see what is going on with that district. You know you've got waste. That is the only way to ferret it out; that is the only way to find it.

The last thing I want to just bring up-- You talk also about a Substance Awareness Coordinator. When I was on the school board, I was the only person to vote against such a

provision. My reason for voting against it was, when you create these people, you often create another bureaucracy, in my opinion; someone else who is just there collecting a salary, and you can forget the problem because these people are handling it.

Drugs certainly are a major problem in all of our districts, but the point is, the way to do that is to disseminate that responsibility by training a staff, emphasizing the programs that have to be provided, not by simply focusing it on a couple of people who are getting salaries and then forgetting it.

Thank you for listening to me.

SENATOR EWING: Thank you. Any questions? no response) Thank you very much for coming all the way down.

John Garrity.

J O H N F. G A R R I T Y: Before I give you my prepared remarks, I have to have at least a two-minute rebuttal to what has been happening here.

SENATOR EWING: That will come out of your five minutes.

MR. GARRITY: That's all right.

ASSEMBLYMAN WOLFE: Are you from Atlantic County?

MR. GARRITY: I am from Atlantic County.

ASSEMBLYMAN WOLFE: Are you from Nickles' area?

MR. GARRITY: I am from Fred Nickles' area.

ASSEMBLYMAN WOLFE: Okay, that's all right. Okay.

MR. GARRITY: All right. The fact is, I taught Fred in seventh and eighth grades, believe it or not. I really did, at the Russell Swift School.

SENATOR EWING: Fred Nickles is an Assemblyman in Trenton.

MR. GARRITY: Out of my five minutes: The first issue is special needs districts. The myth that exists about special

needs districts needs to be cleared up. We have educated people here believing that a special needs district is identified based on the achievement levels of its kids. It has nothing at all to do with achievement. A special needs district is such based on economic factors only -- only. I don't think people understand that. I don't think some of you really understand that, and that is a crime, from my perspective as a special needs district Superintendent.

Our district, along with many districts that are special needs districts, is fully certified, but the image that comes out -- that has come out here today by supposedly educated people -- is that a special needs district gets more money, and other districts don't. They don't get it because they do well in their achievement level. It's wrong.

SENATOR EWING: We know that.

MR. GARRITY: I just can't help but say that.

SENATOR EWING: We're drafting the legislation.

MR. GARRITY: All right, here we go. As you know, my name is John Garrity. I am Superintendent of the Pleasantville Public Schools, a QEA special needs district.

First of all, I would like to commend you. As you know, I have been a part of many of your meetings, so I have been through all this. I commend you for recognizing that schools do not operate in a vacuum; that involvement by all the stakeholders is necessary for success; that early childhood education is critical to the long-term improvement of our schools; and that schools must become the focal point for the delivery of social, health, and a whole range of human services.

Well, we believe that. However, I do believe there are fundamental flaws in this piece of legislation. I would like to tell you what these flaws are, where they are in the legislation, give you a summary and my recommendations, all in less than five minutes.

SENATOR EWING: Well, you can have a couple--

MR. GARRITY: All right, here goes -- if uninterrupted.
Fundamental flaws:

- 1) It is not consistent with the Abbott decision.
- 2) It mandates programs for which there is no money.
- 3) It does not address the facility issue.
- 4) It reinvents the wheel by setting up another commission.

- 5) It fails to recognize existing laws, code, and regulations.

- 6) It contradicts itself with a plethora of mandates and then calls for staff and community input. They are at opposite ends. First I'll tell you what I want you to do, and then I'll ask you if you are going to have input.

- 7) It effectively says to local communities, school boards, administrators, and teachers we -- and that means you -- know better than you how to provide a quality education. While at the same time, from a philosophical position, it recognizes that schools reflect their communities, and therefore are not the cause of the problem but the solution to all the ills of society.

The reason why we have Camdens, Newarks, whatever, is because everybody left, and they took their incomes with them. They took their caring with them, as well. In urban centers, we did not create the problems. We are not the cause of it; we are the solution to these problems. But if you listen to people as they talked here today, it is like it is the other way around.

- 8) From an administrator's point of view, it seems that in lieu of money, you solve our problems by more reports and more "CYA" paper trails.

Here come the specifics. I didn't put them all down, because I knew I would only have a few minutes. My code here says page 2, line 3 of the bill: You call for program equity. It sounds great. Programs are implemented by people, usually

teachers, How can we have equity when districts within six miles of me either way pay anywhere from \$3000 to \$8000 more per teacher per step?

In other words, if I want to put on a program, I have to compete with districts that are paying \$3000 to \$8000 more for the same number of years of experience. We lose five to six good seasoned teachers every year.

The next one: The new Education Reform Commission is not needed. We have enough need identification. We need action. We don't need to have another Commission tell us what all our problems are. We already know what they are.

Are you aware of the State Technology Task Force? We already have one. Let's not create another one. One already exists.

Full-day kindergarten programs and prekindergarten programs are required with a report due February 1. That is page 9, line 17. Here we have another report due, and it is out of sync with the EIPs that we are already required to do. It is just not consistent.

Then, on page 10, line 10, you are told, "If you can't provide them" -- these programs -- "by 1995-96--" Guess what you get to do? You make another report today. I wrote this-- I am upset about all this. It gets me, because I have come to so many of these meetings, and then I see-- Senator, you explained that we don't send you our information. First of all, you've got half of them.

SENATOR EWING: John, just a minute. If you heard what I said-- Evidently, you weren't listening. I said we wrote to 30 special needs superintendents, and we heard from half of them. Maybe you were in the half that we heard from. I didn't say you; I said half. Half of 30 is 15. Fifteen reports were missing. So don't, you know--

MR. GARRITY: Okay, so let's take that. You can look at the glass as half empty or half full.

SENATOR EWING: Well, those superintendents are half full.

MR. GARRITY: Maybe so, maybe not. Maybe they are responding based on the kind of input we get and what I got out. I'll get to it a little bit later.

Our schools are bursting at the seams even though-- This is Pleasantville, now. We just went under -- did renovations to two schools, at a cost of \$12 million. All right? We are going to go, on February 9, for a referendum for \$55 million. Okay? Even with all that, when I met today with the Director of Good Starts, I need about a half a million dollars to do the things that you have in this bill already, that I am trying to do. That is, have a Good Start Center for four-year-olds. I want to do that. I need a half a million dollars.

Another list of mandates, on page 9, from providing meals around the clock to helping adults with parenting skills. We want to do all these things. If you list them, they are all in your bill. The question again is: Where is the funding?

Page 10, line 22: More mandates to implement programs identified by a State commission. Again, what happened to local control?

The C.A.R.E. Program starts with providing primary and preventative health care services. These are costly mandates. This bill talks about coordination with other State agencies whose budgets have been severely cut and can't fulfill their basic missions.

Doesn't it seem unworkable that Pleasantville with 2900 students and Newark with 50,000 students would both have one C.A.R.E. coordinator? How can the expectations be the same? The same is true of the youth services center. This bill says you are going to have one in every special needs district. It is a world of difference.

Section 10 is diametrically opposed to the Abbott decision. All districts get base aid even though some have equalized tax rates of less than 50 cents. Using county averages is Robin Hood in reverse. The rich get richer and the poor get poorer. That's a fact. You know that as well as I do.

The piece de resistance starts on page 31 when the short-term, one-year impact is to forget everything up to this page because you are frozen with last year's figures. Another basic flow of this-- You have this, and I am going to let you read it. I will say what I have to say in two minutes, or in a minute less, and get off.

The whole issue with this legislation is, it mixes two things. We have heard here today-- Well, one gentleman talked about -- the gentleman from Randolph -- education. Everybody else talked about dollars, and that is a reality. I understand that reality, and so do all the superintendents in the State. What I ask you to do is, take this bill, wait -- wait a year. You were told yesterday, and given the proposal by the NJAPS group. That proposal basically says that the people who are most directly affected by this bill have come together, which is unique in the history of this State, and have said, "We support one position."

You, Senator, have told me any number of times, "If you have a better idea, give it to us." Well now you have a coalition of parents, teachers, administrators, board members -- all the people who are affected by education, saying: "Here is an example. Here is something. We want to work with you." I am not saying it is perfect, but it seems to me that you ought to take that and work with it, because the issues that are around here today have nothing to do with education. They have everything to do with money. That is a real issue, so let's deal with the money issue, and then give us some time to put together an education-- We are not saying QEA is the way

to go. We know there are flaws in it. But let's let the people who are most directly affected by it have an impact on what happens next.

SENATOR EWING: John, I don't think you understand. We asked for your input a long time ago. You waited until the last minute, and then came up with the NJAPS proposal. So don't, you know-- To say that we have a proposal before us-- This bill was drafted before that. All summer long we have been having meetings asking people to give us what their thoughts were. It took you that long to get into bed with Marilyn Morheuser, the NJEA, the School Boards, and everybody else.

MR. GARRITY: What's wrong with that?

SENATOR EWING: There's nothing wrong, but it took so long. We've got to get something done. There's a time limit.

MR. GARRITY: But, isn't this a--

SENATOR EWING: We're looking at it. We are going to see, but how much of it we can use, we don't know.

MR. GARRITY: But how can you just say--

SENATOR EWING: Also, where is the extra money coming from that that proposal plans?

MR. GARRITY: They have several ideas that they would like to sit and talk to you about.

SENATOR EWING: Where is the extra money coming from?

MR. GARRITY: I'm telling you about that extra money.

SENATOR EWING: Where? You're part of the group, you must know.

MR. GARRITY: Well, if you want me to give you some ideas, I'll give you some ideas.

SENATOR EWING: There is about \$60 million or \$70 million or \$80 million more than this current suggestion.

MR. GARRITY: All right. I'll give you one, just one off the top of my head. All right? I have a tendency to want to quit back here, but-- The reality is, it took \$360 million

out of the QEA I for QEA II, basically to provide some tax relief, and, you know, I am going to say it helped to get some people elected. All right?

SENATOR PALAIA: I knew you were going to say that.

MR. GARRITY: It's the truth. Okay?

There are a number of districts which got part of that \$360 million who have tax rates that are less than -- in some cases far less than -- the State average. You know, if you adjust that a little bit, you might find some of that 70 or 80, and maybe it won't be 80. Here is what I am saying to you: You don't have to take-- It may not be 80; maybe it's 40. Maybe it's 50, I don't know.

SENATOR EWING: Well, if they gave us-- If your group gave us-- Substantially it was 60 or 70 million.

MR. GARRITY: It was 80 million. I know what it was. But the issue here is: Will you sit down and talk with them, and not-- What you are just doing to me now is, you are summarily rejecting them, and saying, "It is too late. You can't do it."

SENATOR EWING: If you heard earlier, John, I said that tomorrow we are meeting with the OLS staff and members of both Committees to go over the input from today and from yesterday. Yesterday's input-- Part of it was from NJAPS, so that will be gone over to see if we can use any of it. But we are going to look at it to see.

MR. GARRITY: I think it is so crucial. What we have now -- and you can see it here today-- You've got people who don't have the slightest idea what is happening in an urban district, who have their own problems, and they're real. We understand that they're real. So, we have to deal with them. You asked me for a suggestion, and I gave you one.

SENATOR EWING: We've got them right here, and we are going to look at them tomorrow.

MR. GARRITY: All right.

SENATOR EWING: Line item by line item, just the same way the lady from ARC gave us. We are going to look at all of those and see.

Any questions?

SENATOR PALAIA: Just, John, you know, we happen to represent not just the school districts. We represent the communities, the municipalities, too, that have to impose those taxes. You know, it would be easy if we just represented the school district itself, but you heard from the others, and we sit here walking an extremely fine line about providing a good quality education. I know, because I have been in the business for 33 years, as you know. But I also have to weigh that factor against the impact it is going to make on the property tax in a community. We know where you are coming from, John.

MR. GARRITY: We agree with that, though, see. What we are saying is, then give us--

SENATOR PALAIA: Well, no, you're not agreeing. You're saying take some of it away, is what you're saying.

MR. GARRITY: No, no. I'm saying, right now, do a one-year deal; take care of the money, because that is the real issue here. It's not education; it's money.

SENATOR PALAIA: Well, I think it goes beyond money. I think it goes to accountability within those schools. That is where I am coming from. You heard portions of that--

MR. GARRITY: Okay, I've got to--

SENATOR PALAIA: I'm coming from accountability, because pure money does not buy a better education. It is the accountability of how that money is spent, and whether it be urban, suburban, rural-- I don't care where it is, it is how the money is being spent. I can give you the same amount of money in two urban districts, or in two suburban districts, and the one district which has good management, in a school such as Lakehurst, or what have you, with good teachers, is spending that money wisely.

I will have another group over here with the same amount of money, the same socioeconomic background, who are not providing the same quality education that this group over here is providing. So if you want to do it right, you have to have accountability, and you better have the monitoring system in place to tell us where the money is being spent. Taxpayers have every right to know that: How is the money being spent, and is it being spent wisely? That is what we have to sit here, as a Committee, and decide. That is why Senator Ewing and John Rocco came up with this particular bill.

Will you be heard? John, I will guarantee you, as God is our judge, you will be heard; your NJAP group will be heard. If we can get together with the Governor included, and that is important. I will say that for Jack Ewing. He has been sitting down with the Governor's people trying to iron these things out. We are not going to surprise him. Am I right, Senator? (no response) He knows every step. His people know every step that we have taken and everything that has been said here with the people.

John, we appreciate your testimony.

MR. GARRITY: May I just say this thing about--

SENATOR PALAIA: You can say whatever you want. Talk to the Chairman.

MR. GARRITY: --accountability?

SENATOR PALAIA: Yes.

MR. GARRITY: I think that people do not realize the tremendous accountability that we are under. The fact is, that is one of my problems as a special needs Superintendent. Part of my problem is, we have to, only because we are poor districts, even though people think it is different-- We have to go through a rigorous accountability. I have a plan -- our Educational Improvement Plan. They are coming Monday. Every month I get monitored; every single month. I have to have a plan. I have purchase orders to back those up.

My point is, you don't need another system for accountability. Senator Ewing hit it. If you fund it -- and I have told him this many times before-- If you fund the county offices properly, those county superintendents, right now, at this moment in time, have to approve our budgets. All you simply have to do -- and I make it seem easy, and I believe it is that easy-- If you take the county superintendents, you take the gap system that you are putting in-- If you would match those two guys together so that you have to take a detail-- Do you realize the detail there is in gap?

SENATOR PALAIA: Yes.

MR. GARRITY: If you take that detail in gap and say, "You have to give them the disk, or put him on line," which people want to do, you will have all the accountability you want, and you don't have to write another bill. Regulations already exist. The problem is--

SENATOR PALAIA: It sounds good, John, but the bottom line -- and I don't mean to interrupt you-- The bottom line is: Are these programs getting down to the level of the children? That is why Ms. Schumacher brought up about taking over Paterson. That was my bill; that was my bill. The bill that took over Jersey City and Paterson was exactly what you are talking about. Those people-- They had nice numbers up here and they had nice programs, but in reality it wasn't working, since nothing was getting down to the level of the children. It was all pie in the sky.

MR. GARRITY: We had a lot of relatives working.

SENATOR PALAIA: It was all pie in the sky, John. That is why we went into Paterson; that is why we went into Jersey City; and that is why, probably, one of the other districts is coming up pretty soon. They are in that review right now. It is because they have not spent the money in the manner that it was supposed to be spent. That was to get to

the level of the children. It does not reach that level. When it doesn't, we are coming after you -- not you, but in general, we are coming after you.

MR. GARRITY: You are coming after me to-- You see, I do not object to that. You talk to the 30-- You really have to come and visit us. We meet once a month. I wish you would come -- Senator Ewing has been there -- and meet with the urban districts. You would find out that we would welcome that accountability.

The reason why it didn't work, the underlying reason, is that you never funded county offices to be able to do the job that they are supposed to be doing.

SENATOR EWING: John, let's cut it off here. We are going to attempt to fund the county offices.

SENATOR PALAIA: To fund them properly. We are; we are going to try.

MR. GARRITY: Right. If you do that, then you don't need this.

SENATOR PALAIA: Well, that is only a small portion of it, John. That is not the whole ball of wax.

MR. GARRITY: Thank you very much, again.

SENATOR PALAIA: Nice seeing you, John.

SENATOR EWING: Michael Ritacco.

SENATOR PALAIA: Oh, the first team has arrived. We've got a "T" formation quarterback here.

M I C H A E L J. R I T A C C O: Good afternoon. Senator, Mr. Chairman, thank you very much for the opportunity to testify. It has been our pleasure to testify before the Joint Committee before. I would like to reflect a second, if I may, on Superintendent Garrity. I think he really stated something that I wanted to make clear to the Committee also today; that every superintendent who comes before this Committee, I am sure will have unique and varying problems. All of us are trying

very hard to fight for our fair share of State aid. I think that is the only way we will be able to accomplish a fair and equitable situation in our education of children.

Toms River Schools is your largest suburban school district. It is the largest school district that is not part of your special needs districts. It represents 16,200 children. We are the largest Foundation Aid district in the State. Our problem is, as I stated before, as superintendents, we come before you. There are a few things where I agree with the former Superintendent who spoke, Mr. Garrity, and there are a few statements that I think need to be clarified from our point.

First of all, I think we are trying to focus in on what the determination of this county average is. We can't really figure out how our county average went down as we look at Ocean County. Our county average is down. Therefore, that automatically puts the Toms River Schools, along with the rest of the county, in a very negative position. I agree with Superintendent Garrity's statement that the rich are going to get richer and the poor are going to get poorer under this average, because as student enrollment or the population tends to hold you down or say you have to cut your budget under a cap restriction, it automatically lowers your requirements the year after, and is going to continue to hold you down. We see that as a particular problem, along with the fact that the special education portion of this bill will hold all costs at the same costs that you had last year. We see this as a particular problem.

We understand that there is a provision in case there is increased numbers, but not as far as the total dollars go. This, as you are well aware, is going to cause some kind of a problem for all school districts held under this arrangement.

SENATOR EWING: But we are giving some alleviation as far as special education and health insurance costs.

MR. RITACCO: That is correct. I would like to address that, if I may. See, part of the problem-- I wonder if the public understands that by a cap restriction-- You have loosened the restriction on the cap, which is a welcome effort. The problem that school districts are going to have, like Toms River, is, yes, that loosens the restriction because of those health care costs that are continually spiraling up, and maybe special education costs, but that entire brunt is still going to be borne by the taxpayers.

In the Toms River Schools, if we are going to meet our cap restrictions of 6 percent with the half 50 percent for your health care and special education, it means our school district will still have to cut approximately \$6 million from the budget to meet the cap. That is a tremendous problem that has to be borne by our school district.

We have those types of programs you are mandating, and I applaud the bill for mandating the programs. I think that if money is going to be allocated to school districts in the proportions that they are for special needs districts to improve, then our position would be to-- Naturally, some of that money has to reach kids. It is like you said, Senator Palaia. Our own Commissioner has indicated that a lot of the money never reached the children.

SENATOR PALAIA: It never gets there.

MR. RITACCO: And that is a problem. So, in the bill, some of the mandates of substance abuse to kindergarten programs-- I applaud that. I think that is a step in the right direction because now, if programs are going to be mandated and extra dollars, or those special needs dollars, are going to those districts, they must spend that money on those programs. I have always been an advocate-- If I want to do a special program and you are going to give us the money, it should be put into that account and, by God, do that program. Sometimes, as you are well aware, what starts out as a lot of

talk, by the time the money is spent it never reaches that specific item. That is one of the provisions that we see as a step in the right direction.

But what happens to the Foundation Aid district, Toms River Schools? Well, we are going to have to make some serious choices on mandated programs versus programs that we are doing that are successful; like an award winning substance abuse program; like an all-day kindergarten program we started in several sections of our town; like the After-School Start Parenting Program; the After-School Academic Program. These are things we are doing with money we have now. To say to a school district, "We are going to hold you harmless by not giving you any more money," I think is really the wrong kind of a statement to make. As we go through the process with funding, when you find a school district that is doing those programs already, and you say to them, "Now, I'm sorry, but we don't have any money. Your Foundation Aid is going to be held here," we are going to have to look to cut some things, and the cuts are going to have to come in things that are not mandated.

You see, the cap goes up 6 percent. Toms River and the State of New Jersey have a 50/50 arrangement right now. But when this cap goes up 6 percent, our taxpayers are going to have to pay the entire 6 percent by themselves. So, not only are we going to increase money to get to the cap, we are going to have to cut costs. It also means a tax increase of a significant amount to our taxpayers.

So we see that there is a definite step in the right direction with this bill, but we don't think it goes far enough for a Foundation Aid district like Toms River.

I think in fairness, we know that the special needs districts need those programs; they need extra money. But we also feel that if we are going a good job, we do not want to feel penalized by the fact that we have all these things. Come and see them. And now, I am not sure they are going to make it

next year, because I am going to have to do some cutting. In fact, that busing you are talking about-- We do that; we pay for it. If you would meet us 50/50 and say, "Your cap is 6 percent, and it is a 50 percent share, and raise -- give us an increase of 3 percent, then we could go to the taxpayers and say, "We are on a 50/50 arrangement here." But right now, we are going to get the same amount of money as last year, and that is just not going to cut it in our way.

SENATOR EWING: But where are the dollars coming from to give the Foundation Aid districts more money?

MR. RITACCO: Well, Senator, what we feel is that a different distribution should be done. See, what we feel--

SENATOR EWING: And still live up to the Abbott decision?

MR. RITACCO: Yes, sir. I think part of the problem you are living with -- not of your doing -- is that first year of the Quality Education Act, this school district testified against the Quality Education Act because it dumped so much money, I mean a tremendous amount, that now you had to use that as a starting base for your two-year--

As I am well aware, and you are, by the time you give out that money and continue that distribution, there just isn't any money left for the rest of the school districts in the State.

SENATOR EWING: Well, I am not even sure that we can get the proposed legislation through. There are people down there who don't want to spend that much money.

MR. RITACCO: Yes, sir.

SENATOR EWING: So, you know, we've got that problem, too. It might even be cut further.

MR. RITACCO: Yes. We are very well aware, after working with the Quality Education Act for several years, that it is a problem that is not easily solved. I think starting that first year when that tremendous amount of money was sent

out, it just threw the whole thing out of kilter. We believe, and every school district administrator believes that a leveling up approach has to be done, but at what size, and how did that jump? I think that is the thing that you have to live with that is hurting everyone else right now.

If we were given a small percentage to survive -- the Foundation school districts -- and then the other school districts and special needs given their share plus a smaller amount on top -- a percentage on top -- that would help them to level up as the law provided. I think it would be a fairer equal distribution.

Senator, one of the things that I see happening is that the schools on the Foundation side-- They are going to continue to spiral downward, because last year we cut \$3 million to make our budget and, yes, everyone can cut a little bit. We lived with it. But now looking at \$6 million besides-- That is a real tremendous cut to our school district and, to boot then, to go back and tell people, "Your services are going to be cut, and besides that your taxes are going up--"

SENATOR EWING: What is your last contract with the teachers?

MR. RITACCO: The last contract was signed about three years ago, about 8 percent.

SENATOR EWING: So you're doing another one now, or is it more--

MR. RITACCO: No, we are going to be there next year. We were caught in the middle. We signed a contract.

SENATOR EWING: What, at two, two, and two next time?

MR. RITACCO: Yes.

SENATOR EWING: Well, all right, but this is part of the problem. There is no question that--

MR. RITACCO: Exactly, but if you are caught in the middle of a contract, there is not much you can do as a school district.

SENATOR EWING: No, but the next contract you guys have got to play hard and just not--

MR. RITACCO: I'm sure it will reflect the economic conditions, but when you are caught in the middle of it and you have to make do-- I mean, we had to give back by our labor unions last year to help us make budget. That was a unique situation, and I applaud our employees for doing that.

SENATOR EWING: Yes, you certainly should.

MR. RITACCO: They saw the problem and they stepped forward and they helped us to do that. I just think we are going to go backward. Two or three years ago, our school district did receive some additional funds the first year, and we were very pleased about receiving that because we were able to do some things. But a lot of that money that we were publicized in getting we couldn't spend. If you remember, a portion of that was given to the towns, and then another portion of it had to go back to the taxpayer.

So I think publicly a lot of people didn't realize. They heard numbers, but the perception out there was that the school district received the money, and we didn't. Out of \$21 million, we really received \$9 million. The rest of it-- Nine million out of 21. We had to return to the taxpayer the rest of it, so it didn't get spent on the things we thought we would be able to do.

One of the things I really want to emphasize is applauding the Committee for taking this step. If money is going to be designated to a school district, and itemizing what those things are, I think that is a step in the right direction. I have always been an advocate of, you take a look at the school funding formula. When you send somebody a note, like we all get, and say, "Well, you are getting \$25 million more," they are going to find a way to spend that, because if they don't, they are not going to get that money next year. I really would like to see some kind of a change indicated.

Maybe you should ask districts what we need, and have somebody review them and reverse the process. There might be a savings in line, like a simple business plan.

"Toms River Schools, how much do you need to run your district? You're fixing roofs. You have a kindergarten program. Here is the money, your 50/50 percent. This is a good idea; this isn't." When you start out by sending a piece of paper to any district saying, "Here is \$60 million extra," they are going to find a way to spend it, whether they need it or not.

Thank you very much for your time and your commitment to the children in, not only our school district, but in the State. I really think that having identified Toms River-- You know, if it stayed under the Quality Education Act, we would lose \$50 million over the next three years. When people ask me, you know, "How would you deal with that?" I just, you know, don't know where you would start. But this bill, to be held harmless, you know, it is the better of the two bad things that I think we have to face.

SENATOR EWING: The lesser of two evils.

MR. RITACCO: Yes, the lesser of the two evils. We are hoping that you will find some way to even say to a school district, "Well, if you are 50/50 and you are going up 6 percent--" Find 3 percent for a school district and let us all survive with the kind of programs we have had. I would hate to see good programs go down, when the very thing you are advocating other people to do and provide money for, we are going to have to cut. I really think that is the travesty in this thing.

SENATOR EWING: I don't want to hold out too much hope for your getting more money, really. I just don't see it. I am not even sure that we will get-- If the piece of legislation we are discussing here-- We don't know whether it

is going to go through; also, whether it will even be endorsed by the Appropriations Committee, because it is so high.

R O B E R T C I L I E N T O: I think, Senator, you have to answer the question, though: How did Ocean County's per pupil costs go down from last year to this year? It is an impossible way to calculate a figure. There is not one school district, probably, in the State of New Jersey whose costs went down, and Ocean County's went down almost \$100 per pupil.

SENATOR PALAIA: That would be answered.

MR. RITACCO: Along with that question is: If that spiral stays at that level, we are going to be penalized next year under a similar measure. You are just going to--

SENATOR PALAIA: And the year after.

MR. RITACCO: That's right. As Superintendent Garrity said, the poor are going to get poorer because of the way the formula works. You are going to continue to spiral down.

MR. CILIENTO: And our legislators in Ocean County need to know that part of the problem is the fact that we do not have a special needs district in Ocean County, which doesn't help our per pupil costs either.

MR. RITACCO: Thank you very much.

SENATOR EWING: Thank you.

Dr. Eileen Smith-Stevens?

E I L E E N J . S M I T H - S T E V E N S , Ed.D.: Before I begin, I would just like to comment on an earlier statement that was made that suburban districts don't want to give up anything. And, another quote: "Everyone wants more." The Garden State Coalition of Schools represents a group of districts which are saying: "We'll take less in terms of the slated decrease in transitioning," so we are not here begging for more.

I am Eileen Smith-Stevens, Superintendent of the Rumson School District, an officer in the New Jersey

Association of School Administrators, and a Trustee in the Garden State Coalition of Schools.

I would like to commend Senators Ewing and Palaia for the process they have initiated in drafting this legislation. It is encouraging to receive preview copies of both concept and legislation, to be invited to respond, and to know that many of my colleagues from the educational leadership of the State have given thoughtful and personal input to the ongoing dialogue about the funding of education in the State of New Jersey.

The achievement of the objectives stated in the legislation proposed will, indeed, "require a new vision of educational excellence" -- that is a philosophical statement that rings true with all of us -- and a new vision of our statewide responsibility to provide all of New Jersey's children with an equal educational opportunity. For that very reason, the enormity of the task and the need to accomplish it in a nonpartisan atmosphere -- as you, Senator Ewing, have referred to already tonight -- I would like to advocate for the position of the coalition of New Jersey's educational leaders, the Interim Plan. As you have heard, the leadership of the State's educational community, represented by NJAPS and supported by the Garden State Coalition of Schools, the urban and Foundation school districts, and the Education Law Center have developed a one-year funding plan for 1993-1994 and a process for establishing long-term school restructuring and funding. This year of grace would allow for models to be developed that would analyze and elaborate on each of the subsections of Senate Bill No. 1370.

We will need, for example, models of agreement between the Department of Education and the Department of Human Services. There are within Senate Bill No. 1370 opportunities for real school reform. A year to flesh out these possibilities is not too much time to take. People should not

remember the Public School Reform Act for how fast it was implemented, or adopted, but rather, for how well it was crafted.

The critical components that all the educational groups are asking you to consider in this Interim Plan are:

1) The State's assumption of a district's pension and Social Security costs.

2) Full Foundation Aid for special needs districts.

3) A 4 percent increase in all other Foundation Aid.

4) Special aid, such as special education, county vocational, etc., to be frozen at 1992-1993 levels.

5) Transition Aid funded at the expected 50 percent level.

6) Eliminate the public vote on cap budgets that are at cap or below.

7) Cap exclusions for costs over which districts have no control.

I would submit that finding the funding for education is not really as much of an intellectual challenge as it is made out to be. It is much more a challenge of political will. We need to move away from the single tax funding education and we need to move away from the property tax as that single source. The property tax for education is a regressive tax and a primitive, unworkable way to fund education which leads to all kinds of manipulation and gerrymandering of principle through complicated formulae such as we have just experienced with QEA II.

I would like to underscore the need for cap relief, and I know your bill speaks to that. Not anxious to look like yet another special interest group favoring change, until you hit my entitlement, I recognize the need to control governmental spending. Accepting such constraints are where we school people have to show the intestinal fortitude we are asking you to show in acquiring a new vision of how to do

business. However, while accepting a cap on the areas over which we have some control, we must advocate for exclusions for areas of the budget over which we have no control. In my own district last year, the cost of transportation rose 41 percent; insurance, a 25 percent increase; and special education, as you know, is an annual game of fiscal roulette. At least these three areas: transportation, special education, and health insurance, need to be excluded from the budget cap.

Recently, the Strengthening America Commission chaired by a bipartisan committee -- Republican and Democratic Senators -- issued a plan to reverse the trend of the out-of-control deficit nationally that is effected by plummeting productivity and savings. This plan would "abolish the present tax code and enact a progressive consumption-based income taxation within two years." I am not advocating that we move toward anything like that, nor do I want to muddy the discussion, but I do want to close with a quote from one of the business members of that Commission which is relevant to our "speeding-bullet-like" path in this controversy over two New Jerseys and whose kids get how much: "If you don't change your direction, you'll wind up where you are headed."

I truly want to thank you for the time you have taken, the consideration, and the genuine concern you have shown in holding these hearings.

SENATOR EWING: Dr. Smith-Stevens, I think the direction you are headed with this report is to stay with QEA.

DR. SMITH-STEVENS: Absolutely not.

SENATOR EWING: Well, that is what you want to do.

DR. SMITH-STEVENS: Why would you think that?

SENATOR EWING: Well because of the things you are putting in here as far as the NJAPS' plan. As I said before to earlier speakers, where is the money coming from? It is \$80 million more than even in our plan, and I am not sure we can get our plan through. Also, I don't--

DR. SMITH-STEVENSON: Understandable, but we want to work with you.

SENATOR EWING: You know, I think it is interesting that you say how fast the Public School Reform Act was adopted. We have been working on this for over a year-and-a-half, so I would not say it has been very fast.

DR. SMITH-STEVENSON: No, I didn't mean to intimate that I thought it was, but I am advocating that we slow it down even more.

SENATOR EWING: Well you said right here how fast it was adopted, so you did mean it.

DR. SMITH-STEVENSON: I said people will not remember how fast it was adopted, but how well it was drafted.

SENATOR EWING: Okay. Any questions?

SENATOR PALAIA: No. Thank you, Dr. Smith-Stevens.

DR. SMITH-STEVENSON: Thank you.

SENATOR EWING: Phil Esbrandt?

PHILIP ESBRANDT, Ed.D.: Good evening, Senator Ewing and members of the panel. I was wondering if I could ask you if we could stand up and do some jumping jacks or something so we could kind of wake up.

SENATOR PALAIA: He wanted me to run around the block.

DR. ESBRANDT: Okay.

SENATOR PALAIA: That was his suggestion.

DR. ESBRANDT: Earlier some representatives from Lakehurst referred to a report that was put out by Cherry Hill. That report was presented to the Joint Committee in July. If additional copies are needed, I have made them available to the aide.

In that report I tried to indicate the danger that was created by QEA I and QEA II. In QEA II, you might recall, municipal aid was taken from the educational package and a number of Foundation Aid school districts lost State aid, resulting in many cutbacks, as has been reported to you many

times. Then the cross pressures that reduced State aid and local tax increases began to squeeze everyone to the point where I, as well as other superintendents, have been looking towards the Legislature and the Governor's Office for some relief.

In this particular report I have taken a different perspective because I think the new Reform Act has promise, and I would make some suggestions, hopefully which might improve it.

I want to begin by thanking you for this opportunity to provide a reaction to this particular Reform Act of 1992, and thank the leadership of the State's Assembly and Senate Education Committees for actively fulfilling their desire to open up the process of making and implementing educational finance policy in New Jersey. Dialogue between legislators and educators has been an important step in improving this decision-making process, and I hope this dialogue will continue into 1993. I would hope that continued meetings would take place to refine this package and make it better. I acknowledge and applaud the meetings and hearings you have held, and the concept paper on State funding which has subsequently been developed. Most significantly, I want to thank our legislative leadership for listening and for making modifications based on what you have heard, which have succeeded in turning this concept paper into the legislation now before us. Now we have the opportunity to make some adjustments, hopefully, and satisfy some additional needs.

Despite the harsh recession, New Jersey has increased statewide educational funding every year. However, the impact of that funding on individual districts has been different and so you hear different stories, as many as 600 different stories. Many districts, especially the middle-wealth districts, have lost substantial amounts of State aid -- our district has lost about \$8 million in the last three years --

forcing us, as well as those other districts, to make cuts in programs and activities they offer, while simultaneously increasing the tax burden.

I believe that for many school districts the primary goal for funding in 1993-1994 and beyond is to create stability in knowledge of what dollars are available. That stability is essential to educational planning. Together, the "hold harmless" provision for all districts, and the proposed modest increase in funding, represent a first and most important step in helping school districts achieve that stability. In light of today's economy, the additional increase of 2.7 percent in new revenue from the State to public education is greatly appreciated. More revenue than the 2.7 percent increase must go to fund new pension system costs. But with the State reabsorbing the pension costs, rather than transferring that burden to local districts, this is clearly the most important concept change on going from QEA to the reform legislation.

I would also like to indicate that there is plenty of room within the bill to begin to deal with some of the differences that exist between special needs and Transition Aid and among Transition Aid, special needs, and Foundation Aid school districts, especially if some of the projected money that is projected to be needed for pensions and Social Security-- If some of those savings can be found from some of the moneys projected, hopefully they can go to school districts such as Foundation Aid school districts that have taxed themselves, made a great taxing effort, to support education beyond the norm in the State, and also to help the special needs districts.

Another area of major concern has been the categorical aid area. We are encouraged to see that \$15 million has been earmarked for special education, and that transportation continues as a categorical aid to help school districts meet their needs.

One of the significant concerns that surfaced in this year's hearings, as well as last year's, was the concept of the cap and holding down expenses under a 3 percent to 5 percent cap, while budgetary costs for employee insurance, for instance, were growing at 20 percent, 30 percent, or more a year. The proposed legislation includes a cap with relief for this medical benefit cost area. This provision gives substantial and welcome relief to many school districts. This change is earmarked for the 1993-1994 school year only, as I understand the legislation. I look forward to discussing with you the possibility of extending that to the life of the legislation.

Adequate and appropriate financial support of special needs districts is of concern to all districts in the State. I want to commend our legislative leadership for continuing the State's commitment to special needs districts -- specifically the additional \$78 million earmarked for special needs districts in the proposed legislation. While this proposal slows the State's monetary contribution to these districts, the legislation defines the 1997-1998 school year per pupil expenditure in these districts at the same level as the average per pupil expenditure in our wealthiest districts -- the H, I, and J socioeconomic school districts.

I believe this legislation acknowledges the sensitive and precarious nature of State economics and educational funding in the 1990s. Under QEA, poor districts would lose State aid, which would further require curtailing local expenditures on programs and services while State taxes are taking revenue from those districts. This would inevitably, and painfully, increase the number of new special needs school districts. That is what Lakehurst was talking about earlier tonight; that through a quirk of funding and definitions of wealth, they essentially were a special needs district, but

were not recognized as such. There are many other districts. In my report I have outlined about 90 school districts that fit this particular category across the State.

It is important to recognize that without financial stability for the middle-wealth and suburban school districts, there would be no ability to carry out the State's funding commitment to special needs and urban school districts. We are inexorably intertwined. Without the ability to continue to supply educational programs at the local level, nonspecial needs school districts are called upon to finance special needs school districts. If they are unable to do so, then there are fewer tax resources to provide funding for special needs districts.

I have pointed out provisions in the proposed legislation which provide significant relief for all of the State's school districts. Other vital relief would be afforded many school districts by a legislative amendment affecting districts that need to open new schools, or reopen previously closed schools, in order to meet growing student population housing needs. Our district, for example, might be capped at a certain number of dollars every year, but our enrollment is going to go up. We are going to have to reopen an elementary school, and to include those expenses under the cap would be difficult for us to achieve. Such an amendment would provide a sound and practical solution to facility needs in these districts by mandating that additional facility opening costs do not fall under the existing cap.

Although some individuals and groups may express displeasure that the financial needs of all school districts are not addressed adequately or appropriately in this legislative proposal, it should be clear that the Public School Reform Act of 1992 represents a practical, viable effort to cope with both educational need and economic reality. Every school district interested in the State as a whole, as well as

in its own financial stability, should be responsive and appreciative of this piece of legislation.

I thank you for your time this evening.

SENATOR EWING: Any questions?

SENATOR PALAIA: No. That was well said.

SENATOR EWING: Dr. Richens, from Belmar.

LESTER W. RICHENS, Ed.D.: Well, at least I am not last, so you haven't hear it from everyone.

I would just like to thank Senator Ciesla and also Assemblyman Wolfe. They have been having us involved in this process ongoing, and they have been keeping us informed on this process, so we have been having input into this.

I reviewed the Public School Reform Act, and I would like to commend the Committee on a couple of areas. One, I am glad to see that you are providing a realistic cap for most school districts; secondly, that you have identified that districts with the DFG factors of A, B, and C should receive more funding from the State. Probably one of the more important components that I am very interested in is allowing regionalization based on per pupil costs, not assessed valuation. I think that last point is probably the most important point for us. Hopefully it will bear fruit in the future.

Unfortunately, though, when I put on my comments -- I guess that is why we were buried -- as being opposed-- There are some things that are lacking in the bill. Mandating a preschool and all-day kindergarten to only the special needs districts does not address the needs for such programs in the districts with the DFGs of B and C. As you know, it is a great concept, and it should be something that we should all be striving for.

Requiring the districts to use the State aid as a means for developing new programs will not allow districts to meet existing programs. The limited State aid that most

districts use is allocated to support existing programs, not to create new ones.

The elimination of at-risk funding will hurt the districts that have a large free lunch population and that are not classified as special needs. The elimination of that money will force many districts to limit their Basic Skills Programs. The \$100 per student to the H and I and J districts will not meet the constitutional challenge of minimum aid. Districts that have shown increased growth from the beginning of the school year should have their cap set at the revised budget figures, and not on the original budget. This definitely has impact on Belmar, to digress for one minute. We have shown an increase of about 50 students since August 30.

We have shown an increase of a preschool handicapped population of a budgeted figure of four, to where now we are servicing 15; \$9000 per child. At this last Board meeting, we were able to transfer \$370,000 to balance our budget because of the increased cost in transportation and for the special education population, as well as the increase in enrollment. If our cap is set at our original budget which gave the taxpayers a zero tax increase, we are going to have to go for a significant cap waiver. So I would like you to look at that. Look at the revised budget versus the original budget. I think that is very important to look at.

We have talked also about areas where the cap should be -- areas that should be eliminated from the cap. One of my areas, since we are a sending district to receiving high schools-- I would like to see you consider tuition to those receiving districts being eliminated from the cap; the reason being, the local boards cannot control the expenditures of the receiving district.

Health benefits has been beaten to death already. Transportation, special education costs, and possibly, even though we were not mandated to do it, the five-year Early

Retirement Incentive Plan, could be removed from the cap, since we were one of the districts that went into it voluntarily, but yet it is an additional cost; also, the general insurance costs, which are always going up.

I would also like to see categorical aid funded to meet the needs of the targeted population, not just-- Some people were afraid that it was being spent not to meet the needs of the children. The transportation aid should be based on the cost to the district, and not some elaborate formula. Under the old QEA that your bill will replace, the formula was quite elaborate, and we also lost money because it was based on distance of the students. It did not really go to the cost of transportation. The old T&E of 90 percent was much more fair. I think you might want to look to see how you want to fund transportation.

Cap waivers based on increased enrollment and special education costs should be granted, and not be voted on by the public. Funding should be available to all districts for building renovations, and assessed valuations of the districts should not be the only criteria used to determine funding.

For most of you who know Belmar, Belmar is a small seashore community. We, unfortunately, have been targeted under QEA as a Transition Aid district, but yet we are servicing students who come from a much lower socioeconomic level. Right now, we are providing close to 200 children free and reduced lunches out of a student population of 630. We are not a wealthy town. Our tax base, I know, is one of the lower ones by what equals a point, and our tax rate is significantly lower than many of the special needs districts, but we should not be penalized for that. We are a DFG factor of C, according to the State Department of Education, but according to QEA we are Transition Aid. So we are bound to lose some money in the future.

I hope you have listened carefully to all the people tonight. I know Assemblyman Wolfe, and again Senator Ciesla and Senator Palaia -- I am always on the phone to him about a lot of things-- I hope you do take this into consideration. I hope you will seriously consider looking at revised budgets versus original budgets. If I can be of any further assistance to you, I would be more than happy to talk to you about this in the future.

SENATOR PALAIA: Thank you, Dr. Richens. David, do you have anything?

ASSEMBLYMAN WOLFE: I have spent a lot of time with the Doctor.

SENATOR PALAIA: I know you did.

ASSEMBLYMAN WOLFE: We certainly have tried to deal with those issues he has brought up. I think one of the important things he talked about was regionalization.

DR. RICHENS: Yes. And of course, the one thing that I didn't mention was also the vote on the public budget. I talked to Senator Ciesla and Assemblyman Wolfe on that. I understand it is under consideration, but I was disappointed not to see it in the bill.

SENATOR PALAIA: That is not to say that it won't be in the bill.

DR. RICHENS: No, but, you know--

SENATOR PALAIA: Because again -- and Jack Ewing was sincere -- they are meeting tomorrow morning. The reason why I am familiar is because I used to represent that district for 10 years, from 1980 to 1990. These two gentlemen, along with Assemblywoman Haines, have taken over, and they followed right along. They are well aware, obviously, of your problems, Doctor.

Do you have anything? (no response) Thank you, Dr. Richens. Thank you for waiting, too. We apologize to those who have hung in there, but believe me it is difficult. We

want to really hear. Just so you understand, if we just had this one hearing, it would be one hearing more than they had with QEA I, because they never had a hearing. This hearing would be more than they ever had with all of QEA I. So, you know, we are that far ahead of the game. Whether we can meet your needs or not-- We are going to try.

Mr. Toms -- Art Toms.

A R T H U R T O M S: Good evening, Senator, Senator Ewing, and the Education Committee. I am very uncomfortable here tonight because I did not expect to be here. I called up Senator Connors' office this morning because I am a parent of two young children. I live in Tabernacle, New Jersey in the 9th Legislative District. I am concerned because there are a lot of scare tactics in the papers about what the current and what the future budget -- State-provided funding is going to be.

Now, we in Tabernacle-- Sixty percent of our land is grandfathered under the Pinelands Act, so we have a very limited industrial base, and 60 percent of our tax base is wiped out. Our taxes are what I consider hefty, and this year especially I was penalized \$500 by having the Homestead Rebate Act taken away from me totally.

I think we have a good education system, but I am afraid of what is going to happen in the future. I heard through QEA that our district could lose close to \$1.5 million in three years. What type of impact is that going to have on our school district? I know you talked about the property taxes. I mean, what will our property tax be three years from now?

I am not an educator. I am hearing all the NJAPS and B and A and H. I am just curious about what the bottom line is going to be. Will I be able to afford my house two years from now, three years from now? I am paying close to \$4000 a year right now in real estate taxes. You know, people say, "Well, look where you live." Well, I was lucky enough to build 14

years ago when there was nothing out there. How much of this constant change can I take? I can't take much more of it. I don't know what the solution is.

Like I said, I am not prepared to discuss it, but I just felt like, being a taxpayer, and a father of two children-- What upsets me is when I go to the school board meeting they tell me, "Well, Mr. Toms, don't worry about it. We have a terrific school system." If the budgets and the caps are enacted, our school system will deteriorate, and we can become a special needs district.

SENATOR PALAIA: That's a tough way to get to be there.

MR. TOMS: Pardon me?

SENATOR PALAIA: That's a tough way to get to be there.

MR. TOMS: Right, exactly; exactly. Not being an educator, I am concerned about, is this the way we're going, or are there any special-- Or, what is the feeling for rural school districts of the Tabernacle area?

That is all I wanted to say to give you my comments about how I feel as a parent of two young children. That's all I have to say.

SENATOR PALAIA: It was well said. You have to understand that we have a very diversified State, obviously. You know, we have your little section down there with all the other nuances that go on. That is why it is so difficult to draft any kind of legislation that will meet the needs of all 611 districts and 567 communities. That is why we need these meetings.

We appreciate your sincerity and your testimony.

MR. TOMS: Okay, fine. Thank you.

ASSEMBLYMAN WOLFE: Mr. Toms, before you go--

MR. TOMS: Yes?

ASSEMBLYMAN WOLFE: You mentioned the Pinelands where you live. Assemblyman Moran also mentioned the Pinelands; the fact that certain parts of the State benefit from legislation

that exempts them from certain types of -- or gives them benefits which other parts of the State do not receive. I think you are a living example of what he was talking about. I think this is one of the things the Committee needs to look very carefully at as they consider this legislation. It is something I would like to be considered a moral issue as you look this over, because these people own the property, but they are being taxed on it. They can't use it. Correct?

MR. TOMS: Right. I am just concerned, because I like the area and I know you only get what the hell you pay for in life. I am not foolish enough to admit that, but it is coming to a point where I am scared about the Lenape School District losing \$20 million by 1995. That is going to end up as my burden, and that is going to end up as a lot of people's.

Thank you.

ASSEMBLYMAN WOLFE: Thanks very much.

SENATOR EWING: Mr. William Witherspoon.

WILLIAM W. WITHERSPOON, Esq.: Councilman Fusaro from Manchester Township is joining me, and I would like to let him go first.

COUNCILMAN SAMUEL FUSARO: Thank you, Bill.

SENATOR EWING: Who is the other gentleman?

COUNCILMAN FUSARO: Councilman Sam Fusaro. I am on another one of your cards. We will represent Manchester together.

First I would like to express Mayor Cameron's regrets. She wished to personally bring Manchester's message, but, as I am sure you are all aware, none of us are masters of our calendar, and unfortunately she could not make it.

We certainly appreciate this opportunity to present to you our views of the new proposal and the school funding situation. The challenge before you is, indeed, great. The current funding formula is broken. There is no question about it when you look at Manchester's figures. The fact that you

are here listening to us, the testimony, the many bills that are being looked at, the alternatives being presented to you, are further testimony to that fact.

While we applaud your deliberate analytical approach to reaching an equitable long-term solution, we caution you not to have extended analysis. Manchester's taxpayers need school funding relief from the current formula today, not down the road. I would like to present just a couple of the facts why that-- I also have information -- a copy of the letter from the Mayor and the Council which I will leave with you.

The statistics I will talk about are Manchester's, yet the dilemma is not uncommon throughout many of our Ocean County neighbors and school districts. Based on the current funding formula, which is the foundation for the revised plan, we are classified a wealthy district; that is despite the fact, as you have heard, that our residents' average median household income is less than \$15,000; despite the fact that we are designated a group B social economical group factor category, which, as you know, more than one-third of your special needs districts are in that same classification; and despite the fact that our 40,000 residents simply cannot afford to pick up the added burden of the shift of the school funding onto them.

More than 75 percent of our residents are senior citizens. The stories that Mr. Silverstein spoke to you about earlier are, indeed, a good example, and true. I have had people tell me that dinner, based on some of the increased taxes, often goes to opening up a can of cat food. That is what our retirees are forced to live with, based on some of the increased costs, and the fact that the pension plans that they are living on just simply do not make ends meet in today's economy. I don't mean to be overly dramatic, but this is a fact of life in our township.

What I would ask is that your final act -- bill as amended -- and I am sure there will be many considerations -- consider certain factors. These are the factors:

1) To continue State funding of pension and Social Security costs for our certified teachers -- or certified staff. I think that is important. It is simply something that cannot be added to the existing burden.

2) To ensure that the district's ability to pay is paramount in the equation -- the ultimate equation -- because really, that is what brought this whole thing about; that a district's ability to pay should not handicap the children in their school districts.

3) To greatly reduce the weight given to their property worth. Nearly two-thirds of our total ratables that go into your equation lie in our retirement communities. To our 30,000 retirees, as well as those throughout the State, the equity in their homes presents a lifetime of equity; equity no more accessible than if you asked them to melt down the gold in their wedding bands or pull out the silver in their teeth. On paper it looks good; in reality, it does not exist.

4) To include some consideration, some compensation for senior citizen stabilization aid, as proposed in Senate Bill No. 309 and Assembly Bill No. 622, or other similar bills.

5) To provide State funding for all new State-mandated programs. It is very easy to say that something is a "must have," until -- as you know, Senator -- you have to find the funding to accommodate it. Those "must haves" sometimes become "nice to haves" or "bells and whistles." There are no bells and whistles in Manchester. We are struggling to survive.

The Council and Mayor have sent many resolutions, and petitions of more than 1000 signatures, which we delivered to the local 9th/10th Legislature Districts. I think it is important that when you come to your final conclusion, that these considerations be taken into effect, because there are many communities like Manchester that were really devastated by QEA. If we use that foundation for future funding, that

devastation simply continues. Without these considerations, our residents, as well as the kids in our school, are going to face grave consequences.

I thank you for your attention, and for your coming down here with us today. I will leave a package -- copies of all the resolutions. I will now turn the microphone over to Mr. Witherspoon.

SENATOR EWING: Mr. Witherspoon, do you have a statement, too?

MR. WITHERSPOON: Yes, sir, but I am going to abbreviate it because it says a lot of the same things.

SENATOR EWING: Good. Thank you.

MR. WITHERSPOON: On my statement it says "Good afternoon," but we have now extended into the evening, so good evening. My name is Bill Witherspoon. I am a resident and taxpayer from Manchester Township, among other things. Incidentally, I am also a member of the School Board in Manchester Township. I am also, by profession, an attorney who is somewhat familiar with the laws of discrimination, and I am also a very reluctant member of the New Jersey School Boards Association. Somebody dragged me, screaming and yelling, down to pay a fee for certain representation that I am not sure I necessarily agree with.

You have invited public comment on your Act -- the Public School Reform Act. I started out this afternoon -- or, this evening -- to talk about the tangential pieces that go together with that, but I think they have been addressed once, twice, thrice, so I need not do that. I will say for the record that I am opposed to the NJAPS measure, for the simple reason that Senator Ewing, I think, brought up; that is, the additional cost. I don't think when you gentlemen are facing a billion-and-a-half-dollar budget deficit for next year, or a budget shortfall, or whatever you want to call it-- I am not

even sure how you are going to pay for your own proposal, let alone that that belongs to the other side of this particular issue.

I also don't think that we can stand still for another year. Even if you give us interim relief in the form of the Social Security and pension payment program and have those burdens continue to be borne by the State, you are still not going to get there in a reasonable amount of time. I think every district in this State has its own unique problems, and I have digressed pretty much from my statement, which you can read later.

I think you have some problems facing you with regard to your own proposal. I think it is a stopgap measure at best. In my view, I am not sure it is going to withstand the litigation test. I think you are going to be confronted on this particular bill by Marilyn Moreheuser and the Educational Law folks. I am not sure that your bill comports with the Abbott v. Burke decision at this particular time.

I want to emphasize Manchester's problems one more time, but not to tell you that we have 75 percent senior citizens. But I think you ought to know that in the demography of our senior citizen base out there, roughly half, or about 40 percent, of that 75 percent are blue-collar workers that migrated to Manchester Township more than 20 years ago, and really do live on Social Security alone, or perhaps a small pension in the \$3000 to \$5000 range, per year. These people are losing their homes on a daily basis, and they can't sell them because nobody is buying them. It is the only equity they have in their estates. I think Councilman Fusaro is absolutely right.

So, you can compare senior citizens all over the State. We have wealthy senior citizens, and other districts have wealthy senior citizens, but we have a very large population in Manchester Township who are dirt poor. Look at

the Crestwood Village area if you don't believe me, if you are familiar with that particular area.

I guess what I am getting to is, on the same citizens, over the last 10 to 15 years, property taxes have gone up over threefold. We are going to have to get to the point where we do something more than solve an immediate financial crisis. We must do something much greater than that to resolve the issues that were brought about by the Quality Education Act and the litigation that is waiting in the wings to happen.

I guess what I have to say is, I have an approach that I have mentioned to this Committee before. It is not my original thought. Some of you are aware of it. Part of it was brought up by the lady from the Garden State Educational Association. After you have solved these short-term problems and have confronted whatever attendant litigation is coming down the line, I would ask you to consider the old proposal that is very similar to that undertaken by the majority of states across this country that are facing the same problem. The concept I am talking about is the State bearing up and totally funding education across-the-board.

Senator Ewing said to me down in Atlantic City several weeks ago when I brought this up during the School Boards Convention, that I was talking about additional taxes. In essence, I am not talking about additional taxes across-the-board, if you consider all the 32 or 33 revenue sources from which you draw income or revenue for this State. I am talking about taking away from the property tax base and putting that burden on the other tax bases, at least for a portion of the funding. It is the only way you are going to get to equality in education. It is the only way to put Marilyn Morheuser and the Educational Law folks out of business. You are going to have to fund kids across the State in terms of education equally -- equally. And the only way you

are going to do that is, the State is going to have to take control of the system.

When you do that, I would suggest to you that that will also lead to statewide budget planning and statewide employment contracts. This divide and conquer for school districts by the NJEA has got to stop. They are more powerful than we are locally. We can't deal with them. There is no way that we are going to get to a series of contracts that say 2 percent, 2 percent, 2 percent, when you have an incrementation already built into your contract that says 5 percent. I am talking about the step increase guides that were negotiated before. Nobody in their right mind -- and I am talking the union -- is going to negotiate 4 percent, when by doing nothing they are going to get 5 percent.

What I would suggest to you is that if you do get into statewide management of budgets and statewide contracting, then you are going to require less administrative staff at the local level, and that will also result in a cost savings.

In the short term, do what you do, but be sure to remove the burdens related to the pension and Social Security contributions. I think you will, and I think the Democratic proposal does, as well. Senator Ciesla says, "No," so maybe it doesn't. I think certainly the NJAPS system does. But I would ask you-- You sponsored this bill as a building block. You are looking for this bill to bring something further downstream. I suggest to you that what you really ought to be looking at further downstream is statewide funding of education. It is not a new proposal. It has been in front of the Legislature for over 10 years. Dust it off, and please review it.

I thank you for your attention to my comments. Please understand that I am not only speaking for myself, but for many others, not only in Manchester Township. I appreciate your desire to solve the problems and inequities that were brought

about by the Quality Education Act. I wouldn't have your job for anything on this issue. But that legislation must be dismantled or revised, and you've got to start looking at the ability to pay. How you get there, I don't know. Good luck!

SENATOR PALAIA: Thank you.

SENATOR EWING: Thank you very much. You notice we took that lady's hint from Atlantic City. We're sitting up on the stage.

MR. WITHERSPOON: I want to say that I was called when the guy from Atlantic City got up and said, "No, take me first," and somehow I ended up here for another two hours, but I have enjoyed every minute of it.

SENATOR EWING: Thank you.

MR. WITHERSPOON: Let me interject as I walk out of the room: Assemblyman Moran said to remind you, and I will, one more time. Manchester is bound by Pinelands. More than 25 percent of Manchester Township is within the restricted area. We have the same problems that all The Pinelands Commission has had, as well.

SENATOR EWING: Jeff Osborn, from Manasquan High School.

J E F F R E Y O S B O R N: I had the good fortune of spending part of my educational career in Manchester Township, so I can appreciate where they are coming from. It was a number of years ago, before I moved.

Very quickly, and I really don't need to--

SENATOR EWING: Your name and position?

MR. OSBORN: Jeff Osborn. I am the Principal of Manasquan High School.

SENATOR EWING: Good, thank you. That is for the transcript.

MR. OSBORN: For the record.

Just a couple of things: In particular to the Committee, for your efforts, and I appeared before you a number

of times and met with you individually and collectively over the last year-and-a-half or so, and to you, Senator Ewing, in particular-- I know it might be disheartening, and I am not here as an officer or anything. I am past history. As a matter of fact, I am yesterday's news, so it doesn't really matter. But if I were you, I would take it to heart, because anytime you can get the educational community in New Jersey to agree on anything, it is a major accomplishment, even if there are still some things separating money, or whatever.

I am not really familiar with that proposal, because I am kind of a little bit outside that loop right now. But I did look at it quickly this afternoon when I got here and saw a copy of it. I think it would behoove you and the Committee and the Legislature to take a look at it, because I think there are some good ideas, and I know you will, because I have never known any of you -- and I have known some of you for a long time to -- and I don't doubt your word because I have seen you in action.

One of the things that I spoke about at Brick a while ago when you first convened-- I am going to scrap-- I don't want to kill any more trees. I have some things here, but most of the things I would have said have been said before. But I do feel strongly, as the gentleman who spoke before me from Manchester Township does, that whatever you have on the docket now, and whatever you are proposing, probably will not stand the test of time legally.

I began my career a long time ago, actually after Robinson v. Cahill. I was still in college when that started. I guess it was about 1968. That court case and the Abbott v. Burke court case. The Law Center is in business, and it is going to stay in business until it is satisfied, whatever course it takes. If they are not happy with the State, then I am sure they will jump over to the Federal court system, and we all know where that could go.

One of the things I would say, and encourage you to do, is to take a look at broadening the tax base that supports education. I think the real estate tax is killing the State of New Jersey. It is particularly obvious in places like Manchester Township. I would encourage the real estate taxes to be cut in half, and the funding of education to be taken completely out of the real estate tax, which would cut the real estate taxes in this State approximately in half, and that a broad-based tax be imposed.

I, myself, would be one who would have to pay an increase in income tax, and I will tell you right now, gentlemen, I think there are a lot of people, if they understood the issue and there were hearings held on it, like you have done, Senator Ewing -- you traveled, certainly, up and down this State on the educational issue-- But those of us who would pay that increased tax at least would know that when it came time for us to retire, we could stay and live in the great State of New Jersey and not have to look -- like a lot of people are -- to the South, to the Carolinas and those places, and move out of the State because they can't afford to live in New Jersey on a fixed income that represents a retirement.

I think it can be done. I think it is possible. I think that if we don't do that, no matter how much time and energy is expended by the Legislature, the educational community, the taxpayers, children, or whatever, we are going to be back in this. We have been fighting this war now for 25 years.

I would just like to leave you with that thought. I appreciate your time and your energies. I think everybody in the State would be best served if we took a look at that.

Thank you for your time; thank you for your energies. I appreciate it, as a principal; not as a teacher, not as a superintendent, but as a principal.

SENATOR EWING: Thank you very much.

MR. OSBORN: Thank you very much.

SENATOR PALAIA: There are people who are principals.

MR. OSBORN: That's right, there are a few of us, not as many as there once were.

SENATOR EWING: Some are older than others. (laughter)

MR. OSBORN: He was probably in the schoolhouse-- He was in the schoolhouse when, in '68--

SENATOR EWING: Maybe he taught you.

Bill Cahill?

SENATOR PALAIA: Hey, Bill, from Farmingdale.

W I L L I A M R. C A H I L L: In the interest of brevity, I have a prepared statement which I will not read. I am sure that is going to upset everyone up here. If I may, I will paraphrase from it, and I will give you my prepared statement.

SENATOR EWING: Give us copies, please.

MR. CAHILL: Yes, sir.

SENATOR EWING: Thank you.

MR. CAHILL: Number one, Senator Ewing, I certainly appreciate the opportunity to come before this Committee. I appreciate the effort that each and every one of you have expended over the past year-and-a-half, on probably one of the toughest jobs you will ever face. I know you have the best interests of the children, the taxpayers, etc. of the State of New Jersey in your hearts and in your minds.

I am William R. Cahill. I am Superintendent of the Farmingdale School District. Being a small school district, I also serve as the Board Secretary/School Business Administrator. In small school districts we wear many hats. I am also Treasurer of the Foundation Aid Districts Association for the State of New Jersey.

I could go over my statement here, ditto, ditto, ditto, because most of the things have been said already, but I do not care to do that. As I said, I will give you the prepared statement.

However, I think it is very obvious -- we have heard it over and over again -- that with the Quality Education Act, I, II, or whatever you want to call it, there has been a great deal of money that has come out of the middle-income districts. If we continue down the road, it is going to get worse and worse. So I, personally, and for the Foundation Aid Districts, applaud you for the efforts you are making as you move forward.

We feel that the Act you are presenting does eliminate many things: For example, it eliminates the income tax factor -- the income factor, which will be, I think, of aid to some of our senior citizens who spoke here tonight. It also recognizes the tax burdens and inequities by showing what districts would receive if the statewide equalized school tax rate does not exceed a dollar. However, one of the problems, as we see it, is that it caps districts at 2 percent, thus disallowing aid adjustments for some of the most needy Foundation Aid districts.

Just as a side thought on that, you might want to look at-- I keep hearing, why did Ocean County's per pupil cost drop so much? One of the reasons you might want to take a look at is the fact of, how much did their enrollment increase? If you have been working under caps and caps and caps and your enrollment went up, you are not spending that much more money. You divide that into the total pie, and therefore your cost per pupil goes down. For example, everyone in the State thought the State report card was the greatest thing that ever came out. I can speak for my own district, for example, which showed that our cost per pupil had only increased 1.9 percent over three years, but it forgot to mention that the population went up 48 percent. So if you take a look at those figures, I think you will find out why some of those factors -- cost factors went down. If that is the case, you also have to take a look at another factor: What has this increased pupil population done to the school districts?

We applaud the help that is given in the cap relief in this particular legislation. We know that some of our transition aid districts were anticipating a cut of 25 percent in their transition aid. The Garden State School Districts Group has agreed to this; therefore, moneys can be shifted, as we are saying, to the Foundation Aid districts and the special needs districts.

We heard Dr. Richens mention that, you know, these are transition aid districts. Somehow there is a misnomer floating around the State that if you are a transition aid district, you are rich. That is far from the case. That is another area that you have to take into consideration.

As the Treasurer of the New Jersey Foundation Aid Districts Association, we do support the NJAPS position. We hope you will take a close look at that. I know you have seen it several times. I am not going to bore you by going over it one more time, but we do feel that is the way to go for one year.

Again, we think the steps you are taking are certainly steps in the right direction, and I think we look forward, both I, myself, as a small school district administrator, and the Foundation Aid Districts Association, to working with you further. I certainly have had the pleasure, Senator Ewing, of meeting with you and David on many occasions where, as Foundation Aid districts, we presented certain facts and figures to you. We feel very strongly that this one-year position is a smart way to go, and that we can then take a look at going further. I also think we have to eventually go to some form of a statewide spending program. We cannot continue to pit basically one district off against another.

I will be very happy to answer any of your questions. I will forward this prepared statement over to you. I have had a rather long day, as you have. I started at 7:00 this morning. I visited my district. I then went on to another

meeting. I am trying to settle some joint insurance funds for school districts. And I do have to get back to watch my children perform in a play at school tonight.

SENATOR PALAIA: That is the most important.

MR. CAHILL: That is the most important thing. You're absolutely right, sir. I know I didn't want to go too long, because I know my good friend and colleague, Senator Palaia, would be throwing something at me. Then I would be in deep trouble.

Again, I thank you for your time and effort. I hope you -- and I know you will -- take a close look at the NJAPS position. I sincerely feel it is the right way to go. It is a one-year position. Let's take a real close look. I think your bill is great, but I think we can make some refinements to it working together. I keep hearing money, money, money. I think the most important thing, Senator, is what you said from the beginning: We must work together in the best interests of the children, no matter where they come from in the State of New Jersey. I applaud you for that, and I hope we can work together in the future.

Thank you very much.

SENATOR EWING: Thank you.

Bob Selento (phonetic spelling)? (no response) Ted Kline (phonetic spelling)? (no response) This is great. (laughter) Then there is one last person, Katherine Graziano.

SENATOR PALAIA: Katherine, let's go. Thanks for waiting.

SENATOR EWING: Good, Katherine. You stayed.

KATHERINE GRAZIANO: Thank you. I, like the gentleman from Tabernacle, didn't hear about this meeting until today, so I don't really know too much about the bill. But, as a parent and as a taxpayer, I decided that maybe something needed to be said.

I have two sons who went through the Toms River educational system, which is a Foundation Aid district. The words "equal education" become very confusing. My two children had identical educations, and yet they were not equal because my children were different. When you have social differences, those children get a lesser education because they don't have the support from home. Somewhere we have to define what an equal education is. Is it reading, writing, math, and the ability to function in society and hold a job? Or, is it to do like a lot of our school systems, to have the greatest band, a performing band that can go anywhere across the country? Toms River can cut a lot of its costs just on the extras. That is part of the burden the taxpayers are confronted.

A man earlier said that your budget is voted upon. It is not voted upon as to required education versus nonrequired programs. I, as a taxpayer, should have a right to say, "Yes, this is your budget." That's okay. I don't even need to vote on that, but I should have a right to say whether it is the responsibility of the taxpayer or my responsibility as a parent to pay for those extras. If I want my child to stay for after-school activities, I am under an obligation to see that he has transportation; that someone can pick him up if I work.

Too many times, the parents expect the school and the teachers to take care of their children while they are at work. You put certain things into law that mandate programs, but you don't mandate parental responsibility along with it. You have a substance abuse program which, under the special needs, if you look at a budget-- I can't ever figure out what it costs per pupil. Those are exorbitant costs, but I, as a parent who has insurance, am in no way obligated to return that funding to my school district, and I should be. If I have insurance to cover substance abuse, be it drugs, alcohol, psychiatric, I should have to pay that back to the school district. Why should other taxpayers have to bear that burden?

So I think that some of those things need to be taken into consideration. When you say "equal education," there has to be an equal responsibility on the part of the parents. I know that is difficult, but that is where the taxpayers are in a revolt. I want my children-- My children have the best education. Both of my children have graduated from college, and I am grateful for that. But there was a lot of opportunities that they had in school that I, as a parent, should have had to pay for, and I didn't.

I thank you for the opportunity, and I wish you all good success. Thank you very much.

SENATOR EWING: Thank you for staying so long, and for your input.

Does anyone else want to be heard? (no response)
Then we will adjourn.

(MEETING CONCLUDED)

APPENDIX

BERKELEY TWP

OCEAN COUNTY

Legislative District # 9	1991-92		1992-93	Simulated Projection: State Pension Payment Within QEA			
	TOTAL	% OF NET BUDGET PLUS PENSION AID	TOTAL	TOTAL	TOTAL	TOTAL	% OF NET BUDGET PLUS PENSION AID
<u>I. STATE AID PROGRAMS:</u>							
1. Transition Aid	\$189,640	1.70 %	\$142,230	\$94,820	\$47,410	\$0	0.00 %
2. Foundation Aid	0	0.00 %	0	0	0	0	0.00 %
3. Categorical Aid ²	<u>1,321,294</u>	<u>11.84 %</u>	<u>1,522,222</u>	<u>1,548,844</u>	<u>1,656,944</u>	<u>1,773,059</u>	<u>13.04 %</u>
A. Total Net Budget Aid	1,510,934	13.54 %	1,664,452	1,643,664	1,704,354	1,773,059	13.04 %
B. Pension Aid ³	1,042,356	9.34 %	863,663	967,302	1,083,379	1,213,384	8.92 %
<hr/>							
I. TOTAL STATE AID	\$2,553,290	22.88 %	\$2,528,115	\$2,610,966	\$2,787,733	\$2,986,443	21.97 %
II. MAXIMUM LOCAL LEVY ⁴	\$8,608,036	77.12 %	\$9,138,560	\$9,662,125	\$10,127,611	\$10,609,571	78.03 %
III. MAX. NET BUDGET & PENSION	\$11,161,326	100.00 %	\$11,666,675	\$12,273,091	\$12,915,344	\$13,596,014	100.00 %

Prepared by the Office of Legislative Services using 1991-92 and 1992-93 data from the Department of Education. The simulation assumes PCI = 4%, CPI = 4%, transportation aid increases by the CPI, other categorical programs increase by 1% in FY94, following a scheduled reduction in the categorical foundation amount, and by 8% (twice the PCI) thereafter, and pension and social security costs increase by 12%. In calculating foundation aid it is assumed that maximum State school aid increases by 80% of the inflator and that enrollments, income, and property wealth remain at FY93 levels. Foundation aid for special needs districts assumes that the special needs weight will increase to allow spending at equity budget levels. Transition aid declines to 50%, 25%, and 0% of the FY92 amount. State debt service aid is not included.

¹ The simulation assumes the State continues to pay teacher pension and social security costs within maximum State school aid. This would require legislative action.

² Categorical aid includes special education, bilingual, at-risk, transportation, and county vocational aid.

³ The pension aid decline between 1991-92 and 1992-93 reflects the revaluation of the State teacher pension fund. \$341 million was added to the foundation aid base as of 1992-93. \$41 million (from the accelerated revaluation) was deducted from maximum State school aid. Aid amounts are estimates at 94.4% of the January figures.

⁴ Maximum local levies are the maximum amount, without a waiver, that the district may raise if it spends at cap.

CENTRAL REGIONAL H OCEAN COUNTY

Legislative District # 9	1991-92		1992-93		Simulated Projection: State Pension Payment Within OEA		
					1993-94	1994-95	1995-96
	TOTAL	% OF NET BUDGET PLUS PENSION AID	TOTAL		TOTAL	TOTAL	TOTAL % OF NET BUDGET PLUS PENSION AID
<u>1. STATE AID PROGRAMS:</u>							
1. Transition Aid	\$167,178	1.02 X	\$125,384		\$83,589	\$41,795	\$0 0.00 X
2. Foundation Aid	0	0.00 X	0		0	0	0 0.00 X
<u>3. Categorical Aid²</u>	<u>1,764,804</u>	<u>10.75 X</u>	<u>2,155,310</u>		<u>2,201,830</u>	<u>2,343,356</u>	<u>2,494,819</u> <u>12.79 X</u>
A. Total Net Budget Aid	1,931,982	11.76 X	2,280,694		2,285,419	2,385,151	2,494,819 12.79 X
B. Pension Aid ³	1,637,530	9.97 X	1,191,389		1,334,356	1,494,479	1,673,816 8.58 X
TOTAL STATE AID	\$3,569,512	21.74 X	\$3,472,083		\$3,619,775	\$3,879,630	\$4,168,635 21.37 X
1. MAXIMUM LOCAL LEVY ⁴	\$12,852,654	78.26 X	\$13,430,939		\$14,104,438	\$14,712,206	\$15,340,579 78.63 X
1. MAX. NET BUDGET & PENSION	\$16,422,166	100.00 X	\$16,903,022		\$17,724,213	\$18,591,836	\$19,509,214 100.00 X

Prepared by the Office of Legislative Services using 1991-92 and 1992-93 data from the Department of Education. The simulation assumes PCI = 4%, CPI = 4%, transportation aid increases by the CPI, other categorical programs increase by 1% in FY94, following a scheduled reduction in the categorical foundation amount, and by (twice the PCI) thereafter, and pension and social security costs increase by 12%. In calculating foundation aid it is assumed that maximum State school aid increases 80% of the inflator and that enrollments, income, and property wealth remain at FY93 levels. Foundation aid for special needs districts assumes that the special needs budget will increase to allow spending at equity budget levels. Transition aid declines to 50%, 25%, and 0% of the FY92 amount. State debt service aid is not included.

The simulation assumes the State continues to pay teacher pension and social security costs within maximum State school aid. This would require legislative action. Categorical aid includes special education, bilingual, at-risk, transportation, and county vocational aid.

The pension aid decline between 1991-92 and 1992-93 reflects the revaluation of the State teacher pension fund. \$341 million was added to the foundation aid base as of 1992-93. \$41 million (from the accelerated revaluation) was deducted from maximum State school aid. Aid amounts are estimates at 94.4% of the January figures. Maximum local levies are the maximum amount, without a waiver, that the district may raise if it spends at cap.

08/11/92

MANCHESTER TWP

OCEAN COUNTY

Legislative District # 9	1991-92		1992-93	Simulated Projection: State Pension Payment Within QEA			
	TOTAL	% OF NET BUDGET PLUS PENSION AID		TOTAL	TOTAL	TOTAL	% OF NET BUDGET PLUS PENSION AID
I. STATE AID PROGRAMS:							
1. Transition Aid	\$400,162	1.82 X	\$282,470	\$188,313	\$94,157	\$0	0.00 X
2. Foundation Aid	0	0.00 X	0	0	0	0	0.00 X
3. Categorical Aid ²	2,958,461	13.47 X	3,174,316	3,245,168	3,450,550	3,670,194	13.76 X
A. Total Net Budget Aid	3,358,623	15.29 X	3,456,786	3,433,481	3,544,707	3,670,194	13.76 X
B. Pension Aid ³	1,767,730	8.05 X	1,472,133	1,648,789	1,846,644	2,068,241	7.75 X
I. TOTAL STATE AID	\$5,126,353	23.34 X	\$4,928,919	\$5,082,270	\$5,391,351	\$5,738,435	21.51 X
II. MAXIMUM LOCAL LEVY ⁴	\$16,839,757	76.66 X	\$18,076,707	\$19,079,953	\$19,993,262	\$20,938,935	78.49 X
III. MAX. NET BUDGET & PENSION	\$21,966,110	100.00 X	\$23,005,626	\$24,162,223	\$25,384,613	\$26,677,370	100.00 X

Prepared by the Office of Legislative Services using 1991-92 and 1992-93 data from the Department of Education. The simulation assumes PCI = 4X, CPI = 4X, transportation aid increases by the CPI, other categorical programs increase by 1X in FY94, following a scheduled reduction in the categorical foundation amount, and by 8X (twice the PCI) thereafter, and pension and social security costs increase by 12X. In calculating foundation aid it is assumed that maximum State school aid increases by 80X of the inflator and that enrollments, income, and property wealth remain at FY93 levels. Foundation aid for special needs districts assumes that the special needs weight will increase to allow spending at equity budget levels. Transition aid declines to 50X, 25X, and 0X of the FY92 amount. State debt service aid is not included.

¹ The simulation assumes the State continues to pay teacher pension and social security costs within maximum State school aid. This would require legislative action.

² Categorical aid includes special education, bilingual, at-risk, transportation, and county vocational aid.

³ The pension aid decline between 1991-92 and 1992-93 reflects the revaluation of the State teacher pension fund. \$341 million was added to the foundation aid base as of 1992-93. \$41 million (from the accelerated revaluation) was deducted from maximum State school aid. Aid amounts are estimates at 94.4X of the January figures.

⁴ Maximum local levies are the maximum amount, without a waiver, that the district may raise if it spends at cap.

Simulation of the Quality Education Act Through 1995-96 Assuming State Paid Pensions Within the QEA formula¹

08/24/92

CAMDEN CITY

CAMDEN COUNTY

SPECIAL NEEDS

Legislative District # 5	1991-92		1992-93		Simulated Projection: State Pension Payment Within QEA		1995-96	
	TOTAL	% OF NET BUDGET PLUS PENSION AID	TOTAL		TOTAL		TOTAL	% OF NET BUDGET PLUS PENSION AID
I. STATE AID PROGRAMS:								
1. Transition Aid	\$0	0.00 %	\$0		\$0		\$0	0.00 %
2. Foundation Aid	88,745,130	59.56 %	116,694,963		140,084,547		166,362,896	75.61 %
3. Categorical Aid ²	31,101,444	20.87 %	34,207,674		34,670,477		37,276,708	15.37 %
A. Total Net Budget Aid	119,846,574	80.43 %	150,902,637		174,755,024		203,639,604	90.99 %
B. Pension Aid ³	11,275,024	7.57 %	8,876,396		9,941,564		11,134,551	4.78 %
II. TOTAL STATE AID								
	\$131,121,598	87.99 %	\$159,779,033		\$184,696,588		\$214,774,155	95.77 %
III. MAXIMUM LOCAL LEVY⁴								
	\$17,891,735	12.01 %	\$8,699,327		\$10,181,085		\$10,652,022	4.23 %
IV. MAX. NET BUDGET & PENSION								
	\$149,013,333	100.00 %	\$168,478,360		\$194,877,673		\$225,426,177	100.00 %

Prepared by the Office of Legislative Services using 1991-92 and 1992-93 data from the Department of Education. The simulation assumes PCI = 4%, CPI = 4%, transportation aid increases by the CPI, other categorical programs increase by 1% in FY94, following a scheduled reduction in the categorical foundation amount, and by 8% (twice the PCI) thereafter, and pension and social security costs increase by 12%. In calculating foundation aid it is assumed that maximum State school aid increases by 80% of the inflator and that enrollments, income, and property wealth remain at FY93 levels. Foundation aid for special needs districts assumes that the special needs weight will increase to allow spending at equity budget levels. Transition aid declines to 50%, 25%, and 0% of the FY92 amount. State debt service aid is not included.

¹ The simulation assumes the State continues to pay teacher pension and social security costs within maximum State school aid. This would require legislative action.

² Categorical aid includes special education, bilingual, at-risk, transportation, and county vocational aid.

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⁴ Maximum local levies are the maximum amount, without a waiver, that the district may raise if it spends at cap.

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24/92

NEWARK CITY

ESSEX COUNTY

SPECIAL NEEDS

Legislative District # 27	1991-92		1992-93		Simulated Projection: State Pension Payment Within OEA		1995-96	
	TOTAL	% OF NET BUDGET PLUS PENSION AID	TOTAL		TOTAL		TOTAL	% OF NET BUDGET PLUS PENSION AID
<u>STATE AID PROGRAMS:</u>								
1. Transition Aid	\$0	0.00 X	\$0		\$0		\$0	0.00 X
2. Foundation Aid	240,658,345	54.09 X	268,741,099		317,956,030		393,992,215	63.92 X
3. Categorical Aid ²	<u>76,867,083</u>	<u>17.28 X</u>	<u>81,351,066</u>		<u>82,353,474</u>		<u>95,501,785</u>	<u>15.49 X</u>
A. Total Net Budget Aid	317,525,428	71.36 X	350,092,165		400,309,504		489,494,000	79.42 X
B. Pension Aid ³	44,671,406	10.04 X	28,655,533		32,096,196		40,258,960	6.53 X
TOTAL STATE AID	\$362,196,834	81.40 X	\$378,747,698		\$432,403,700		\$529,752,960	85.95 X
MAXIMUM LOCAL LEVY⁴	\$82,747,903	18.60 X	\$88,331,739		\$79,901,154		\$83,597,063	14.05 X
MAX. NET BUDGET & PENSION	\$444,944,737	100.00 X	\$467,079,437		\$512,304,854		\$616,370,977	100.00 X

Prepared by the Office of Legislative Services using 1991-92 and 1992-93 data from the Department of Education. The simulation assumes PCI = 4%, CPI = 4%, foundation aid increases by the CPI, other categorical programs increase by 1% in FY94, following a scheduled reduction in the categorical foundation amount, and by the PCI thereafter, and pension and social security costs increase by 12%. In calculating foundation aid it is assumed that maximum State school aid increases of the inflator and that enrollments, income, and property wealth remain at FY93 levels. Foundation aid for special needs districts assumes that the special needs will increase to allow spending at equity budget levels. Transition aid declines to 50%, 25%, and 0% of the FY92 amount. State debt service aid is not included.

The simulation assumes the State continues to pay teacher pension and social security costs within maximum State school aid. This would require legislative action. Categorical aid includes special education, bilingual, at-risk, transportation, and county vocational aid.

The pension aid decline between 1991-92 and 1992-93 reflects the revaluation of the State teacher pension fund. \$341 million was added to the foundation aid base of 1992-93. \$41 million (from the accelerated revaluation) was deducted from maximum State school aid. Aid amounts are estimates at 94.4% of the January figures. Maximum local levies are the maximum amount, without a waiver, that the district may raise if it spends at cap.

My name is John Garrity, I am Superintendent of the Pleasantville Public Schools, a Q.E.A. special needs district. I would like to thank you for affording me an opportunity to share my thoughts on A3/S 1370.

I commend you for recognizing -

- A. That schools do not operate in a vacuum*
- B. That involvement by all the stakeholders is necessary for success*
- C. That early childhood education is critical to the long term improvement of our schools*
- D. That schools must become the focal point for the delivery of social, health and the whole range of human services*

I do believe there are fundamental flaws in this piece of legislation. I would like to tell you what these flaws are, where they are in the legislation, give you a summary and my recommendations all in less than five minutes if uninterrupted.

FUNDAMENTAL FLAWS

1. *It is not consistent with the Abbot decision.*
2. *It mandates programs for which there is no money.*
3. *It does not address the facility issue.*
4. *It reinvents the wheel - by setting up another commission.*
5. *It fails to recognize existing laws, code and regulations.*
6. *It contradicts itself with a plethora of mandates and then calls for staff and community input.*
7. *It effectively says to local communities, school boards, administrators and teachers we know better than you how to provide a quality education. While at the same time, from a philosophical position, recognizes that schools reflect their communities and therefore are not the cause of the problem but the solution to all the ills of society.*
8. *From an administrators point of view it seems that in lieu of money you solve our problems by more reports and more C.Y.A. paper trails.*

SOME SPECIFICS

P.2 L13 You call for program equity - Programs are implemented by people - usually teachers - How can we have equity when districts within 6 miles pay anywhere from \$3,000 to \$8,000 more than we do for the same number of years experience.

P.5 L28-

L29 The new "Education Reform Commission" is not needed. We have enough need identification, we need action.

P.7 L6 Are you aware of the state Technology Task Force. We already have one.

P.9 L17 Full day kindergarten programs and Pre-K programs are required with a report due February 1st. This date conflicts with E.I.P. submissions. Of course on page 10 line 10 you are told if you can't provide them by 1995-96 - you must

come up with another plan. I met today with the Director of the GoodStarts program pleading for funds for a GoodStarts Center. Our schools are bursting at the seams even though we have under gone a \$12,000,000 facility program in the last 18 months and we are about to go to public referendum for a 55 million dollar Community Middle/High School.

P9 L36 Another list of mandates from providing meals around the clock to helping adults with parenting skills. We want to do this - where is the funding?

P10 L22 More mandates to implement programs identified by a state commission. What happened to local control?

P10 L40 The C.A.R.E. program starts with providing primary and preventative health care services. These are costly mandates. This bill talks about coordination with other state agencies whose budgets have been severely cut and can't fulfill their

basic missions.

P11 L11 Doesn't it seem unworkable that Pleasantville with 2,900 students and Newark with 50,000 would both have one C.A.R.E. coordinator. How can the expectations be the same. The same is true of the youth services center on Page 11 Line 36.

SECTION 10 IS DIAMETRICALLY OPPOSED TO THE ABBOT DECISION.

P11 L42 All districts get base aid even though some have equalized tax rates of less than 50 cents.

P12 L18 Using county averages is Robin Hood in reverse. The rich get richer and the poor get poorer.

The Peace de Resistance starts on Page 31 when the short term, one year, impact is to forget everything up to this page because you are frozen with last year's figures. Another basic flow of this legislation is that it is two bill in one. It convolutes the short term reality of a failing economy with

long term educational reform. It shouldn't be done.

In summary, the over riding philosophy of this bill is that Boards of Education, it's administrators, teachers, support staff and the community they serve either can't or won't provide a quality education without the legislature telling them how to do it. As an educator in a special needs district I vigorously object to continuing the motion that we can't spend the money due us in an efficient manner. In this country you are supposed to be innocent until proven guilty. Even though we are a fully certified district by both the State and the Middle States Association we have to undergo scrupulous monitoring. I am not sure you understand that we are identified based on our socioeconomic status. Half the Urban 30 have less than 5,000 students. Most of us have little leeway to allocate funds after salaries and fix costs are set. We will have much less leeway if this bill is passed. We will be cutting not adding programs.

MY RECOMMENDATIONS

In several previous meetings with Senator Ewing dealing with the state aid issue we have been told to come up with a better solution if we have one. Yesterday you were given a proposal that reflects the combined wisdom and experience of all the stakeholders. Please work with the leadership of the coalition to arrive at a one year funding solution and then work towards a long term solution as has been proposed.

My second recommendation has to do with accountability. I want to be accountable. So does our Board of Education. The existing regulations require us to be monitored at least monthly. Please stop treating us as second class citizens. Fully fund county offices and let them do their jobs. If a district is not certified they will undergo a great deal of additional monitoring with improvement plans. Let my people go.



Manchester Township

1 Colonial Drive

Lakehurst, New Jersey 08733

(908) 657-8121

November 24, 1992

TO: Senate and Assembly Education Committee Members

We appreciate your visit to Ocean County and affording us the opportunity to present our view of the QEA/School Funding World.

The challenge before you is indeed great. QEA's current formula is broken. Your mere presence here today, as well as the many bills and alternatives being considered, is testimony to that fact. We applaud your deliberate, analytical approach to reaching an equitable long-term solution, but likewise caution against an extended analysis. School funding relief is needed in Manchester now; not down the road. Our taxpayers can no longer bear the tax burden that the current school funding formula has placed on them.

The statistics cited are Manchester's, yet the dilemma and its causes are common to many county school districts. Based on the current formula, Manchester, like many of its neighbors, stands to lose significant state aid because it has been designated a wealthy district. This designation comes despite the fact that:

- Our average income is less than \$20,000;
- We are a Group B socioeconomic district. As you know, Group B is one from the bottom.
- Our 40,000 residents, both the young and the young-at-heart, simply don't have the wherewithal to absorb this burden.

As a result of the above, what we ask and urge is that the amended QEA include certain considerations as listed:

1. To continue State funding of pension and social security costs for certified personnel.

To: Senate and Assembly Education
Committee Members

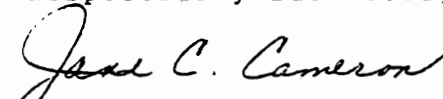
November 24, 1992
Page 2


2. To insure a district's ability to pay is paramount in the equation, either by focusing on average income or by excluding pensions/social security benefits from gross income.
3. To greatly reduce the weight given to gross ratables. Nearly 2/3 of our total ratables lie in our retirement communities. To our 30,000 retirees, as well as those across the State, their homes represent a lifetime of equity; equity no more accessible than the gold in our wedding bands or the silver in our teeth.
4. To include some compensation for senior citizen stabilization aid, as proposed in S309/A622, or other bills.
5. To provide state funding for all new state mandates. "Must haves" often become nice ideas when their sponsors must also identify a funding source.

The Township Council has passed numerous resolutions (see attached) urging a revision of the QEA and forwarded them to our State Legislators, as has our School Board. We have been working jointly with our school system on these formula revisions. Furthermore, we have previously submitted a petition containing over 10,000 signatures, collected from the residents of Manchester, requesting that the formula be revised to reflect Manchester's unique circumstances. The petitions were presented to Governor Florio and our area legislators in late 1990. As this indicates, all of Manchester has been anxiously waiting for this process to conclude.

Without these considerations, the residents of our community, as well as the kids in our schools, face grave consequences. On behalf of the residents of Manchester, we wish you a successful and expeditious conclusion to this process.

Respectfully submitted,


JANE C. CAMERON
Mayor


CARMEN J. CICALESE
Council President

RESOLUTION

RESOLUTION OF THE TOWNSHIP OF MANCHESTER,
COUNTY OF OCEAN, STATE OF NEW JERSEY URGING
GOVERNOR FLORIO AND THE NEW JERSEY STATE
LEGISLATURE TO MAKE EVERY EFFORT TO EQUITABLY
RESOLVE THE ISSUE OF FAIR AND EQUAL STATE AID
TO EDUCATION IN THE STATE OF NEW JERSEY

WHEREAS, the Manchester Township Board of Education, like other local school districts located in Ocean County and throughout the State of New Jersey depends on annual state funding to provide for a thorough and efficient education to students within its district; and,

WHEREAS, the real property tax burden in Manchester Township and other districts throughout the state is directly and significantly determined by the amount of local tax revenues which must be raised to properly provide for a thorough and efficient education to its students; and,

WHEREAS, the Quality Education Act, as enacted in 1990, established certain formula for the distribution of state education funding to New Jersey school districts; and,

WHEREAS, the amounts of state school aid, recently proposed for distribution to the Manchester Township Board of Education would, if implemented, dramatically increase the real property tax burden to residents of Manchester Township; and,

WHEREAS, based on most recently available data, Manchester Township ranks seventeenth among Ocean County municipalities in per capita income and twenty-eighth among Ocean County Municipalities in per capita property tax base; and,

WHEREAS, based on the foregoing, it is evident that Manchester Township is among those Ocean County municipalities which are least able to sustain a reduction in state school aid; and,

WHEREAS, the issue of fair and equal distribution of state aid to education is a matter of the highest priority among New Jersey taxpayers, parents, and educators.

NOW, THEREFORE, BE IT RESOLVED by the Township Council of the Township of Manchester, County of Ocean, State of New Jersey, as follows:

1. That Governor Florio and the New Jersey Legislature be and hereby are urged to set aside all partisan concerns and work together toward a bi-partisan resolution of the issue of fair and equal state aid to education in New Jersey.

2. That Governor Florio and the New Jersey Legislature be and hereby are further urged to recognize the particular inability of the taxpayers of Manchester Township to absorb the proposed reduction in state aid to education.

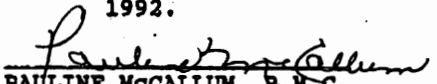
3. That certified copies of this resolution shall be forwarded by the Township Clerk to the following:

- A. Governor Florio;
- B. Ocean County Legislative Delegation;
- C. Manchester Township Board of Education.

CERTIFICATION

I, PAULINE MCCALLUM, Clerk of the Township of Manchester, County of Ocean, State of New Jersey, do hereby certify the foregoing to be a true and correct copy of a Resolution adopted by the Township Council on the 27th day of October, 1992.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of this Township this day of 1992.


PAULINE MCCALLUM, R.M.C.
Township Clerk

R E S O L U T I O N

RESOLUTION OF THE TOWNSHIP OF MANCHESTER,
COUNTY OF OCEAN, STATE OF NEW JERSEY, URGING
THE NEW JERSEY LEGISLATURE TO ENACT
LEGISLATION DESIGNATED AS ASSEMBLY BILL NO. 2
AND SENATE BILL NO. 707

WHEREAS, it has come to the attention of the Township Council that there is certain legislation presently pending before the New Jersey Legislature designated as Assembly Bill No. 2 and Senate Bill No. 707 which, if enacted, would shift the responsibility for contributions to the Teacher's Pension Fund and Social Security from local school districts back to the State of New Jersey; and,

WHEREAS, the Township Council is of the view that that section of the Quality Education Act which transferred the responsibility for teacher pension and social security costs to local school districts will result in an intolerable increase in the real property tax burden placed upon the residents of this State; and,

WHEREAS, the Township Council is of the further view that the shifting of pension and social security costs to local school districts was done without a fair and accurate mechanism for apportioning the costs among school districts and may result in some districts unfairly subsidizing other districts in this State; and,

WHEREAS, the Township Council has been advised that the Quality Education Commission has reviewed the pension funding issue and recommended that full responsibility for teacher's pension and social security costs remain with the State of New Jersey; and,

WHEREAS, the Township Council is of the view that the transfer of teacher pension and social security costs from the State to local school districts is just one more example of the legislature's attempt to impose the burden of financing the costs of governmental services upon local government.

NOW, THEREFORE, BE IT RESOLVED by the Township Council of the Township of Manchester, County of Ocean, State of New Jersey, as follows:

1. That the New Jersey Legislature be and hereby is urged to enact Assembly Bill No. 2 and/or Senate Bill No. 707.

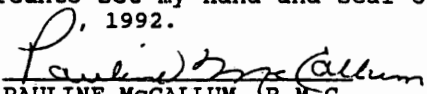
2. That the Township Clerk shall forward a certified copy of this resolution to the following:

- A. Governor James J. Florio;
- B. The Ocean County Legislative Delegation;
- C. Senator John Ewing, 75 Claremont Road, Bernardsville, New Jersey 07924;
- D. Senate President Donald DiFrancesco, 1816 Front Street, Scotch Plains, New Jersey 07076.

CERTIFICATION

I, PAULINE McCALLUM, Clerk of the Township of Manchester, County of Ocean, State of New Jersey, do hereby certify the foregoing to be a true and correct copy of a Resolution adopted by the Township Council on the 14th day of June, 1992.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of this Township this day of June, 1992.


PAULINE McCALLUM, R.M.C.
Township Clerk

Kenneth H. Vanderziel,
Council President

71-117
R E S O L U T I O N

WHEREAS, the adoption of Senate Bill 3230 by the New Jersey Legislature will create a discretionary fund of \$55 million to be earmarked to specific New Jersey school districts; and

WHEREAS, the sole purpose of this fund is to support school districts where there is a unique or special need for funding under the Quality Education Act; and

WHEREAS, nowhere in New Jersey is there a more critical and urgent need for enhanced State funding for education under the QEA than in numerous Ocean County school districts; and

WHEREAS, those districts are severely impacted by the pending school funding formula because of their large population of senior citizen retirees and relatively low student populations, resulting in their being erroneously classified as a "wealthy district", and

WHEREAS, there are at least twelve Ocean County school districts negatively impacted by this QEA formula because their senior populations exceed the statewide average of 11.85 percent under the 1980 census; and

WHEREAS, the property rateables of seniors in these districts are factored into the overall property values district-wide and seniors do not send students to schools, the taxpayers of these twelve districts are facing significant increases in the local share of the cost of their schools; and

WHEREAS, Ocean County is home to 125,000 seniors who mainly purchased homes when prices were more moderate; and

WHEREAS, these seniors are now retired and struggling to make ends meet on fixed and limited incomes.

NOW, THEREFORE, BE IT RESOLVED by the BOARD OF CHOSEN FREEHOLDERS of the COUNTY OF OCEAN, STATE OF NEW JERSEY that the following twelve Ocean County districts should receive the special senior stabilization aid as follows:
Bay Head - \$50,300.; Beach Haven - \$71,200.; Berkeley Township - \$1.2 million;


Central Regional - \$991,000.; Island Heights - \$32,400.; Lavallette - \$168,000.; Long Beach Island Consolidated - \$240,000.; Manchester - \$4.4 million.; Point Pleasant Beach - \$360,000.; Seaside Heights - \$45,000.; Seaside Park - \$114,000.; and Southern Regional - \$412,000.

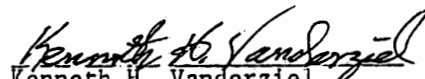
BE IT FURTHER RESOLVED that these senior stabilization dollars are absolutely necessary to correct the horrendous deficiencies of the QEA funding formula.

BE IT FURTHER RESOLVED that certified copies of this Resolution shall be forwarded to Governor James J. Florio, Commissioner of Education Ellis, the Legislators of the Ninth and Tenth Districts, Municipal Clerks and Superintendents of schools of the twelve listed municipalities.

C E R T I F I C A T I O N

I, PAULINE McCALLUM, Clerk of the Township of Manchester, County of Ocean, do hereby certify that the foregoing is a true and correct copy of a Resolution, which was adopted by the Township Council at a regular Meeting held on the 21st day of May 1991.


PAULINE McCALLUM, R.M.C.
Township Clerk


Kenneth H. Vanderziel,
Council President

COMMENTARY ADDRESSING PUBLIC SCHOOL REFORM ACT
(A-3/S-1370)

By: William W. Witherspoon, Manchester Township

11/24/92

TO THE MEMBERS OF THE SENATE AND ASSEMBLY EDUCATION COMMITTEES:

Good Afternoon. My name is Bill Witherspoon, and I am a resident and taxpayer from Manchester Township. Incidentally, I am also a member of the Board of Education in Manchester Township.

This afternoon, you have invited public comment regarding the Public School Reform Act (A-3/S-1370). In my view, any discussion of this Legislative proposal also invites a commentary relating to the Quality Education Act itself and to the proposal offered by the New Jersey Association of Public Schools (NJAPS).

First of all, without regard to the Legislative proposal before us or the competing NJAPS proposal, I would suggest to this Committee that if you do nothing else regarding the implementation of the Quality Education Act for the 1993-1994 school year you must, at a minimum, change the law to remove the burden attendant to the Quality Education Act with respect to the provision calling for local payment of TPAF pension contributions and Social Security contributions. This piece of the current law will place the Manchester Township School District nearly 2 million dollars in the hole before we even address the other requirements of our 1993-94 budget. In my view, payment of these pension contributions and Social Security contributions can only serve to reduce the quality of education within our District because our taxpayers cannot afford to eat these costs as well as attend to other escalating costs of education.

With respect to the NJAPS proposal, I would suggest that you reject it because it only serves to throw more money at the current problem. Certainly,

there is no room for a proposal such as that when the Legislature and Administration in Trenton is facing a 1.5 billion dollar budget shortfall for Fiscal Year 93-94.

With respect to the Public School Reform Act (A-3/S-1370), while this measure may serve as a stop-gap to stabilize school funding for certain middle income districts, in my view it does virtually nothing to assist the financially strapped senior citizens in Manchester Township, and it appears to violate the tenets of the Abbott vs. Burke decision. Notwithstanding the problems faced by senior citizens in Manchester Township, I believe that Marilyn Morheuser and others are already prepared to assault this legislation in Court should it become law. Perhaps, rightly so, because equality and opportunity in education should be at least tangentially measured by comparison of funding on a per student basis throughout the State.

Let's talk about Manchester Township for a moment because I doubt if many of you understand the magnitude of the problem facing a substantial portion of our senior citizen population. Manchester Township, as you know, has been classified as a wealthy district under the Quality Education Act. The reason for this classification relates to the fact that in terms of a real property ratable base as compared to our school population, we have a lot of value in real estate for each child in the school district. However, many of our citizens are income poor with their residential property being the only thing of value in their estates.

More than 75% of the population of Manchester Township is made up of senior citizens. More than 40% of those senior citizens are from blue collar backgrounds and have been retired in Manchester Township for more than 20 years.

The majority of this 40% realizes little more income than is provided in their monthly Social Security checks, although some have pensions amounting to the whopping sum of \$3-\$5,000.00 per year.

During the course of the last 15 years, property taxes for these financially strapped senior citizens have increased more than 3-fold. For many, including most of the 40 percentile previously addressed, are now faced with a tough choice, between eating and paying their property taxes. In the current economy, they cannot even sell their residential properties to recover even a substantial portion of what they paid for them. If they could, I believe there would be a mass exodus from Manchester Township.

As previously stated, the proposed Public School Reform Act does virtually nothing to resolve the financial crisis facing a substantial portion of the senior citizens in Manchester Township. You must do something, over the short term, to cure this inequity. For the short term, I would suggest that when you adopt the Public School Reform Act, or any alternative thereto, you also adopt the Senior Stabilization Aid proposal proffered by Senator Connors and the other 9th District legislators. Of course, I would expect the Education Law Center to also challenge the Senior Stabilization Aid proposal.

After you have solved the short term problems and have been confronted by the attendant litigation that we all expect will arrive, I would then ask you to consider an old proposal that is similar to the approach that is now being taken by the majority of States in this country. The concept of which I speak is to adopt legislation providing for virtually the full funding of education by the State, and spreading the cost across^{all} the tax or revenue basis currently in effect. I am not talking about necessarily increasing revenue or taxes, but

rather talking about a lightening of the load on the property tax base with commensurate increases on the income tax base and other revenue sources. Under this type of concept, perhaps the property tax base would only be utilized for facilities requirements. Certainly under this type of proposal, there would be no challenge by the Education Law Center because every student in the State would receive the same amount of money on a per student per day basis and that result would be financial equality for students in every district. The only programs requiring special attention would be those attendant to special education, transportation and the like.

In the short term, do what you will, but be sure that you remove the burdens relating to pension contributions and Social Security contributions. Over the longer term, I would ask that you please consider my suggestion -- not an original thought on my part, because it is the only way to resolve the issues long term.

Thank you for your attention to my comments. Please understand that I do not only speak for myself when I say that I appreciate your desire to solve the problem and the inequities brought about by the Quality Education Act. That legislation must be dismantled or revised.

Thank you again. Do you have any questions for me?

William W. Witherspoon
Member, Manchester Township
Board of Education

TESTIMONY

by

WILLIAM R. CAHILL

Superintendent

Farmingdale Schools

Treasurer

Foundation Aid Districts Association

November 24, 1992

Chairman Ewing and members of the Committees, I am William Cahill, Superintendent of Farmingdale Schools. I am here on behalf of the majority of the some 300 Foundation Aid School Districts. As you know, I have appeared before Senator Ewing's committee to testify on the flaws contained in the QEA formula for the distribution of school aid and the devastating effect it has had for many of our Foundation Aid Districts.

Without question there has been, over the past couple of years, a major shift of State aid away from middle income districts to subsidize our Special Needs and Transition Aid Districts. An additional blow was dealt to the middle income districts with the shift of 360 million from Foundation Aid to fund the Supplemental Tax Act; the result of which was an increase in property taxes at the local level for many of the middle income districts to make up for the resulting loss in State aid. When one reviews the manner in which the Supplemental Tax Relief funds were distributed, it is obvious that many of the most wealthy school districts and municipalities were the major beneficiaries of State aid. We have, in effect, perpetuated a cruel hoax on the middle income districts, many of which are concentrated in Camden, Burlington, Cumberland, and Gloucester Counties, as well as a number of

others scattered across the State of New Jersey, through the manipulation of State aid.

In meetings throughout the State, over the past several months, with Senator Ewing, Assemblyman Rocco and legislative committee members, we have called attention to Title 18A:7A-2, the statute which calls for the distribution of State aid to "*Equalize statewide the tax effort required for a Thorough and Efficient system of free public schools.*" It was our hope that the "Public School Reform Act of 1992" (PSRA) would address the inequities that presently exist and put forward a formula that would be consistent with 18A:7A-2.

The PSRA of 1992 does eliminate the income factor from the formula, and that is a step in the right direction. It also recognizes the tax burdens and inequities by showing what districts would receive if the statewide equalized school tax rate does not exceed \$1.00; however, it caps districts at 2%, thus disallowing aid adjustments for some of the most needy Foundation Aid Districts.

Without going into detail regarding the various aspects of the PSRA of 1992, the Foundation Aid Districts Association is in support of a bridge agreement put forward by the Coalition which includes the New Jersey Associations for Public Schools (NJAPS), the Foundation Aid Districts Association, the Garden State School Districts, and the Education Law Center (representing the 30 Special Needs Districts). This agreement provides for a *minimal* increase of 4% for Foundation Aid Districts to be distributed on an across the board basis. This, however, in no way addresses the equity problem. Many of the Foundation Aid Districts will still have to

continue to cut staff, programs and increase class sizes. These are the districts that are presently having to tax at up to 142% above the State equalized tax rate to make up for their previous losses in State aid both under QEA and the underfunding of Chapter 212.

The Supplemental Disadvantaged Aid to Special Needs School Districts should be increased so as to avoid possible court sanctions. It is evident that most of these districts need the additional aid. A few of the districts included in this group may need to be phased out of the group while still others may need to be phased into the group. During this interim period it would be too confusing to attempt this; however, this must be included in a long term plan.

The Transition Aid School Districts have been helped enormously by the cap relief in the proposed legislation. These districts were anticipating a cut of 25% in their Transition Aid. The Garden State School District group has agreed to this; therefore, monies can be shifted to Foundation Aid Districts and Special Needs Districts. While we're on the topic, we should clear up a misnomer. Not all districts that received Transition Aid are wealthy. Transition Aid was given out to districts that lost the old minimum aid *as well as* those that were to lose a very high percentage of Equalization Aid, now called Foundation Aid.

This proposed legislation is a step in the right direction. It has many fine features. A little bit of fine tuning will improve it. One item that would go a long way to improving school finance legislation over the long haul would be to include some kind of circuit breaker for senior citizens and others who might be on a fixed income *and whose income is below a prescribed*

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level. It is critical, however, that the Legislature establish a task force of competent and unbiased experts in the field of school aid funding to begin, as soon as possible, to create a funding formula that will be consistent with our statutes and State Constitution. Not only should the Commission function as outlined in the proposed legislation, it should also have a small allotment of funds in order to bring in State and nationally recognized school finance experts. To do less will lead only to the continued political manipulation of State educational aid, which we should realize by now, will not work.