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P U B L I C H E A R I N G

before

ASSEMBLY EDUCATION COMMITTEE

ASSEMBLY BILL 4342

(Public School Facilities Grant Fund Act)

ASSEMBLY BILL 4343

(Classrooms of the Future Bond Act; \$400,000,000)

ASSEMBLY BILL 4344

(Public School Facilities Loan Fund Act)

April 18, 1989
Eastside High School
Auditorium
Paterson, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblywoman Elizabeth E. Randall, Vice Chairman
Assemblyman Gerard S. Naples
Assemblyman William J. Pascrell, Jr.

ALSO PRESENT:

Assemblyman Walter M.D. Kern, Jr.
District 40

David J. Rosen
Office of Legislative Services
Aide, Assembly Education Committee

New Jersey State Library

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Hearing Recorded and Transcribed by
Office of Legislative Services
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State House Annex
CN 068
Trenton, New Jersey 08625



JOSEPH A. PALAIA
CHAIRMAN
ELIZABETH E. RANDALL
VICE - CHAIRMAN
DOLORES G. COOPER
GERARD S. NAPLES
WILLIAM J. PASCRELL JR.

New Jersey State Legislature
ASSEMBLY EDUCATION COMMITTEE
STATE HOUSE ANNEX, CN-068
TRENTON, NEW JERSEY 08625
TELEPHONE (609) 984-6843

NOTICE OF PUBLIC HEARING

The Assembly Education Committee will hold public hearings on the following legislation:

- | | |
|---------------------------------------|---|
| A-4342
LoBiondo/
Zangari | The "Public School Facilities Grant Fund Act." |
| A-4343
Hardwick/
Zangari | The "Classrooms of the Future Bond Act"; \$400,000,000. |
| A-4344
Palaia/
Zangari | The "Public School Facilities Loan Fund Act." |

The hearings will be held at the following place at the date and time listed:

Tuesday, April 18, 1989
11:00 a.m.

Auditorium
Eastside High School
150 Park Avenue
Paterson, New Jersey

Persons wishing to testify should contact David J. Rosen, Committee Aide, at (609) 984-6843. Those persons presenting written testimony should provide 10 copies to the committee on the date of the hearing.

Issued 4/4/89

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 23, 1989

By Assemblymen LoBIONDO, ZANGARI, Assemblywomen
Randall, Cooper, Assemblymen Palaia, Kyrillos,
Assemblywoman Smith, Assemblymen Schuber, Girgenti,
Pascrell, Naples, Doria, Rocco, Kenny, Haytaian, Improveduto,
Kronick, Charles, Menendez, Shusted, Singer and Kelly

1 AN ACT creating a "Public School Facilities Grant Fund" and
 supplementing Title 18A of the New Jersey statutes.

3

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

 1. This act shall be known and may be cited as "The Public
7 School Facilities Grant Fund Act of 1989."

 2. The Legislature finds and declares that public school
9 districts throughout this State have a pressing need to renovate
and repair aging and deteriorating school buildings and to
11 construct new facilities in order to provide adequate classroom
space for an increasing student population; that the Department
13 of Education has estimated that this need is of the magnitude of
two billion dollars; that the State has a constitutional
15 requirement to provide adequate public school facilities to all
children; that it is equally imperative that each school building
17 provide a safe and healthful environment for its pupils; and, that
because some school districts do not have adequate financial
19 resources the establishment of a grant program for public school
construction will help ensure that these objectives are attained.

21 3. There is hereby created a special fund in the Department of
Education which shall be entitled the "Public School Facilities
23 Grant Fund," hereinafter referred to as the "fund," which shall
be maintained in a separate account and which shall be
25 administered by the department as a nonlapsing fund for carrying
out the provisions of this act.

27 4. The fund shall consist of:

 a. All moneys appropriated or otherwise made available by the
29 Legislature for inclusion in the fund;

 b. All interest received on moneys in the fund; and

31 c. Any other moneys made available to the department from
any source or sources which the State Board of Education shall

1 determine to be appropriate for inclusion in the fund.

3 5. The fund shall be used to make direct grants to school
5 districts for the purpose of the renovation, repair or alteration of
7 existing school buildings, the construction of new school buildings
9 or the conversion of existing school buildings to other
11 instructional purposes. Grants shall only be made for projects
13 when the commissioner has determined that the project is
15 necessary to provide a thorough and efficient system of education
17 in the district or to protect the health and safety of students or
19 school employees.

21 Any school district which is eligible to receive State aid for
23 debt service and budgeted capital outlay pursuant to section 19 of
25 P.L.1975, c.212 (C.18A:7A-19) may apply for an annual grant
27 equal to not more than 50% of the difference between the
29 district's debt service payments and the debt service aid
31 received by the district pursuant to section 19 of P.L.1975, c.212
33 or the loan received pursuant to P.L. , c. (C.) (now
35 pending before the Legislature as Assembly Bill No. of 1989).

37 Any moneys in the fund which are not disbursed immediately
39 may be invested and reinvested by the Director of the Division of
Investment in the Department of the Treasury.

The fund shall not expend any money for operational expenses
or for a grant to a school district during a fiscal year unless the
expenditure is authorized pursuant to an appropriations act of the
Legislature as provided pursuant to section 8 of this act.

6. In order to ensure the most effective utilization of the
moneys in the fund, the State Board of Education shall review all
of the public school facilities throughout the State to determine
the extent to which each school district is able to provide
suitable educational facilities as required pursuant to
N.J.S.18A:33-1. Upon completion of that review, the board shall
establish a list of priorities for the use of the fund by school
district and by county, taking into consideration all of the factors
which impact on the ability of each school district to provide
suitable facilities, including the number of unhoused pupils, the
number of years on split or curtailed sessions, the rate of pupil
population increase, the adequacy of existing or proposed
facilities, the school tax rate of the district, the equalized
valuations per pupil of the district, and any other

1 factors which the board deems necessary or appropriate. The
2 listing of the priorities, including all of the criteria used by the
3 board, shall be submitted to the Legislature within three months
4 of the effective date of this act.

5 7. a. Any eligible local board of education may determine, by
6 resolution, to apply for a grant from the fund. Upon adoption of
7 that resolution, the local board of education shall file an
8 application with the Commissioner of Education. Upon receipt of
9 the application, the commissioner shall investigate the conditions
10 in the district in the context of the extent of the needs of the
11 district based upon the priority listing established pursuant to
12 section 6 of this act and shall investigate the financial resources
13 available to the district. The commissioner shall report his
14 findings to the State Board of Education, and may include in his
15 report a recommendation as to the amount, if any, of the grant
16 proposed with respect to the school district.

17 b. The State Board of Education shall review all of the
18 applications and the commissioner's reports thereon, and shall
19 establish a project priority list for funding for each fiscal year.
20 Upon determining the districts eligible for a grant from the fund,
21 the board shall, by resolution, determine the amount of the
22 proposed grant.

23 8. a. The Commissioner of Education shall submit the project
24 priority list and the State Board of Education resolution adopted
25 pursuant to subsection b. of section 7 of this act to the
26 Legislature, on or before January 15 of each year on a day when
27 both Houses are in session. The project priority list shall include
28 a description of each project, its impact, cost and construction
29 schedule, and an explanation of the manner in which the priorities
30 were established. The President of the Senate and the Speaker of
31 the General Assembly shall cause the date of submission to be
32 entered upon the Senate Journal and the Minutes of the General
33 Assembly respectively, and shall cause the project priority list to
34 be introduced in each House in the form of legislative
35 appropriations bills, and shall refer these bills to the Senate
36 Education Committee and the General Assembly Education
37 Committee, or their successors, for their respective
38 consideration.

39 b. Within 60 days of the referral thereof, the Senate Education

1 Committee and the General Assembly Education Committee
2 shall, either individually or jointly, consider the legislation
3 containing the project priority list, and shall report the
4 legislation, together with any modifications, out of committee
5 for consideration by each House of the Legislature. On or before
6 April 1 of each year, the Legislature shall approve an
7 appropriations act containing the project priority list, including
8 any amendatory or supplementary provisions thereto, which act
9 shall include authorization of an aggregate amount of moneys of
10 the grant fund to be expended for grants for the specific projects,
11 including the individual amounts therefor, on the list, as modified
12 by the Senate Education Committee and the General Assembly
13 Education Committee.

14 c. The grant fund shall not expend any money for a grant
15 during a fiscal year for any school facilities construction or
16 renovation project unless the expenditure is authorized pursuant
17 to an appropriations act in accordance with the provisions of this
18 act.

19 9. Any school district shall be eligible to receive a grant
20 pursuant to this act even if the district has received or is eligible
21 to receive any form of additional State school building aid
22 pursuant to any other statute. Any district shall be eligible to
23 receive more than one grant provided pursuant to this act, if that
24 additional grant is in conformity with the priorities established
25 pursuant to section 6 of this act.

26 10. In accordance with the "Administrative Procedure Act,"
27 P.L.1968, c.410 (C.52 :14B-1 et seq.), the State Board of
28 Education shall adopt regulations for the implementation of this
29 act, including standards for construction progress and practices,
30 fiscal controls, accounting procedures and auditing of funds, and
31 all other matters which the board deems necessary. The
32 Commissioner of Education shall determine each district's
33 compliance with these regulations. Should he determine that a
34 district is not in compliance, the commissioner is authorized to
35 take appropriate action to ensure the proper use of the funds and
36 the completion of the project.

37 11. This act shall take effect immediately.

STATEMENT

This bill establishes the "Public School Facilities Grant Fund" as a grant fund in the Department of Education. It would be used for grants to school districts for the renovation, repair, alteration, or conversion of existing school buildings and for the construction of new facilities.

Grants shall only be made for projects when the commissioner has determined that the project is necessary to provide a thorough and efficient system of education in the district or to protect the health and safety of students or school employees. Any school district which is eligible to receive State aid for debt service and budgeted capital outlay may apply for an annual grant equal to not more than 50% of the difference between the district's debt service payments and the debt service aid received by the district or the loan received pursuant to the "Public Schools Facilities Loan Fund Act" (now pending before the Legislature as Assembly Bill No. of 1989.) Under the bill, the State Board of Education would be required to establish a Statewide priority list taking into consideration all local needs. Annually, the State board would adopt and submit to the Legislature a detailed project priority list for the ensuing fiscal year. No sums could be expended from the loan fund without specific enactment of an appropriations act by the Legislature.

The purpose of the bill is to provide resources to enable school districts to provide safe, healthful and adequate public school facilities and to help meet a need which is estimated by the Department of Education at some two billion dollars Statewide.

EDUCATION

Education - Finance and State Aid

Establishes the Public School Facilities Grant Fund in the Department of Education to provide funds for school construction and repair.

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 23, 1989

By Assemblymen HARDWICK, ZANGARI, LoBiondo,
Assemblywoman Cooper, Assemblymen Palaia, Kyrillos,
Assemblywoman Smith, Assemblymen Schuber, Girgenti,
Pascrell, Naples, Doria, Rocco, Shusted, Haytaian,
Imprevuto, Kronick, Kenny, Charles, Singer and Kelly

1 AN ACT to authorize the creation of a debt of the State of New
Jersey by the issuance of bonds of the State in the aggregate
3 principal amount of \$400,000,000 for the purpose of providing
financial aid to local school districts for the construction of
5 public school facilities; authorizing the issuance of refunding
bonds; providing the ways and means to pay the interest on the
7 bonds and refunding bonds and also to pay and discharge the
principal thereof; providing for the submission of this act to
9 the people at a general election; and providing an appropriation
therefor.

11

BE IT ENACTED *by the Senate and General Assembly of the*
13 *State of New Jersey:*

1. This act shall be known and may be cited as the
15 "Classrooms for the Future Bond Act of 1989."

2. The Legislature finds and declares that the provision of safe
17 and adequate public school buildings is an essential State
obligation; that there is a current unmet need of almost two
19 billion dollars for the renovation, repair and construction of those
facilities; that the lack of adequate facilities has seriously
21 impeded the ability of local school districts to provide a thorough
and efficient system of education to all pupils as required by the
23 State Constitution; and that the State cannot ignore conditions
which jeopardize the health, safety and general welfare of our
25 children.

3. As used in this act:

27 a. "Bonds" mean the bonds authorized to be issued, or issued
under this act;

29 b. "Commission" means the New Jersey Commission on
Capital Budgeting and Planning;

31 c. "Commissioner" means the Commissioner of the
Department of Education;

33 d. "Construct" and "construction" mean, in addition to the
usual meaning thereof, the designing, engineering, financing,

1 extension, repair, remodeling, rehabilitation or alteration, or any
2 combination thereof, of a public school building or any part
3 thereof;

4 e. "Cost" means the expenses incurred in connection with: the
5 acquisition by purchase, lease or otherwise, the development, and
6 the construction of any project authorized by this act; the
7 acquisition by purchase, lease or otherwise, and the development
8 of any real or personal property for use in connection with any
9 project authorized by this act, including any rights or interests
10 therein; the execution of any agreements and franchises deemed
11 by the department to be necessary or useful and convenient in
12 connection with any project authorized by this act; the
13 procurement of engineering, inspection, planning, legal, financial
14 or other professional services, including the services of a bond
15 registrar or an authenticating agent; the issuance of bonds, or any
16 interest or discount thereon; the administrative, organizational,
17 operating or other expenses incident to the financing, completing
18 and placing into service of projects authorized by this act; the
19 establishment of a reserve fund or funds for working capital,
20 operating, maintenance or replacement expenses and for the
21 payment or security of principal or interest on bonds, as the
22 Director of the Division of Budget and Accounting in the
23 Department of the Treasury may determine; and reimbursement
24 to any fund of the State of moneys which may have been
25 transferred or advanced therefrom to any fund created by this
26 act, or of any moneys which may have been expended therefrom
27 for or in connection with any project authorized by this act.

28 f. "Department" means the Department of Education;

29 g. "Government securities" means any bonds or other
30 obligations which as to principal and interest constitute direct
31 obligations of, or are unconditionally guaranteed by, the United
32 States, including obligations of any federal agency to the extent
33 those obligations are unconditionally guaranteed by the United
34 States of America and any certificates or any other evidences of
35 an ownership interest in those obligations of, or unconditionally
36 guaranteed by, the United States or in specified portions of those
37 obligations, which may consist of the principal of, or the interest
38 on, those obligations.

39 h. "Local school district" means any school district which is

1 operated under the provisions of Title 18A of the New Jersey
Statutes and which is responsible for the provision of the free
3 public education to all children;

i. "Project" means any work relating to the construction of a
5 public school facility by a local school district;

j. "Public school" means a school, under collegiate grade,
7 which is operated by a local school district.

4. The commissioner, with the approval of the State Board of
9 Education, shall adopt, pursuant to law, the rules and regulations
necessary to carry out the provisions of this act. The
11 commissioner shall review and consider the findings and
recommendations of the commission in the administration of the
13 provisions of this act.

5. Bonds of the State of New Jersey in the sum of
15 \$400,000,000 are hereby authorized for the construction,
renovation, repair or alteration of public school buildings the
17 proceeds of which shall be allocated on the basis of a facilities
needs assessment as determined by the State Board of Education
19 in accordance with the following estimates of costs:

a. For the "Public School Facilities Loan Fund" in the State
21 Department of Education as established pursuant to P.L. , c.
(C.) (now pending before the Legislature as Assembly
23 Bill No. of 1989) -- \$300 million.

b. For the "Public School Facilities Grant Fund" in the
25 Department of Education as established pursuant to P.L. , c.
(C.)(now pending before the Legislature as Assembly
27 Bill No. of 1989) -- \$100 million.

6. The bonds authorized under this act shall be serial bonds,
29 term bonds, or a combination thereof, and shall be known as
"Classrooms for the Future Bonds." These bonds shall be issued
31 from time to time as the issuing officials herein named shall
determine, and may be issued in coupon form, fully registered
33 form or book-entry form. No more than \$100,000,000 of these
bonds may be issued in any one year. These bonds shall be subject
35 to redemption prior to maturity and shall mature and be paid no
later than 35 years from the date of issuance.

7. The Governor, the State Treasurer and the Director of the
37 Division of Budget and Accounting in the Department of the
Treasury, or any two of these officials, herein referred to as "the
39

1 issuing officials." are authorized to carry out the provisions of
2 this act relating to the issuance of bonds, and shall determine all
3 matters in connection therewith subject to the provisions of this
4 act. If an issuing official is absent from the State or incapable of
5 acting for any reason, the powers and duties of that issuing
6 official shall be exercised and performed by the person
7 authorized by law to act in an official capacity in the place of
8 that issuing official.

9 8. Bonds issued in accordance with the provisions of this act
10 shall be direct obligations of the State of New Jersey, and the
11 faith and credit of the State are pledged for the payment of the
12 interest thereon when due and for the payment of the principal
13 thereof at maturity. The principal of and interest on the bonds
14 shall be exempt from taxation by the State or by any county,
15 municipality or other taxing district of the State.

16 9. The bonds shall be signed in the name of the State by the
17 Governor or by his facsimile signature, under the Great Seal of
18 the State, which seal may be by facsimile or by way of any other
19 form of reproduction on the bonds, and attested by the manual or
20 facsimile signature of the Secretary of State, or an assistant
21 Secretary of State, and shall be countersigned by the facsimile
22 signature of the Director of the Division of Budget and
23 Accounting in the Department of the Treasury and may be
24 manually authenticated by an authenticating agent or bond
25 registrar, as the issuing officials shall determine. Interest
26 coupons, if any, attached to the bonds shall be signed by the
27 facsimile signature of the director. The bonds may be issued
28 notwithstanding that an issuing official signing them or whose
29 manual or facsimile signature appears thereon has ceased to hold
30 office at the time of issuance or at the time of the delivery of
31 the bonds to the purchaser thereof.

32 10. a. The bonds shall recite that they are issued for the
33 purposes set forth in section 5 of this act, that they are issued
34 pursuant to this act, and that this act was submitted to the
35 people of the State at the general election held in the month of
36 November, 1988 and that this act was approved by a majority of
37 the legally qualified voters of the State voting thereon at the
38 election. This recital shall be conclusive evidence of the validity
39 of the bonds and of the authority of the State to issue them. Any

1 bonds containing this recital shall, in any suit, action or
proceeding involving their validity, be conclusively deemed to be
3 fully authorized by this act and to have been issued, sold,
executed and delivered in conformity herewith and with all other
5 provisions of laws applicable hereto, and shall be incontestable
for any cause.

7 b. The bonds shall be issued in the denominations and in the
form or forms, whether coupon, fully-registered or book entry,
9 and with or without provisions for the interchangeability thereof,
as may be determined by the issuing officials.

11 11. When the bonds are issued from time to time, the bonds of
each issue shall constitute a separate series to be designated by
13 issuing officials. Each series of bonds shall bear the rate or rates
of interest as may be determined by the issuing officials, which
15 interest shall be payable semiannually; except that the first and
last interest periods may be longer or shorter, in order that
17 intervening semiannual payments may be at convenient dates.

12. The bonds shall be issued and sold at such price or prices
19 and under such terms, conditions and regulations, as the issuing
officials may prescribe, after notice of the sale, published at
21 least once in at least three newspapers published in New Jersey,
and at least once in a publication carrying municipal bond notices
23 and devoted primarily to financial news, published in New Jersey
or in the City of New York, the first notice to appear at least
25 five days prior to the day of bidding. The notice of sale may
contain a provision to the effect that any or all bids in pursuance
27 thereof may be rejected. In the event of rejection or of failure
to receive any acceptable bid, the issuing officials, at any time
29 within 60 days from the date of the advertised sale, may sell the
bonds at a private sale at such price or prices and under such
31 terms and conditions as the issuing officials may prescribe. The
issuing officials may sell all or part of the bonds of any series as
33 issued to any State fund or to the federal government or any
agency thereof, at a private sale, without advertisement.

35 13. Until permanent bonds are prepared, the issuing officials
may issue temporary bonds in such form and with such privileges
37 to their registration and exchange for permanent bonds as may be
determined by the issuing officials.

39 14. The proceeds from the sale of the bonds shall be paid to

1 the State Treasurer and shall be held by him in a separate fund,
2 which shall be known as the "Classrooms for the Future Bond
3 Fund." The proceeds of this fund shall be deposited in such
4 depositories as may be selected by the State Treasurer to the
5 credit of the fund.

6
7 15. a. The moneys in the "Classrooms for the Future Bond
8 Fund" are specifically dedicated and shall be applied to the costs
9 of the purposes set forth in section 5 of this act, and all such
10 moneys are appropriated for those purposes, and no such moneys
11 shall be expended for those purposes, except as otherwise
12 authorized in this act without the specific appropriation thereof
13 by the Legislature, but bonds may be issued as herein provided,
14 notwithstanding that the Legislature has not adopted an act
15 making a specific appropriation of any of the moneys. Any act
16 appropriating moneys from the "Classrooms for the Future Bond
17 Fund" shall identify the specific project or projects to be funded
18 with those moneys.

19 b. At any time prior to the issuance and sale of bonds under
20 this act, the State Treasurer is authorized to transfer from
21 available money in any fund of the treasury of the State to the
22 credit of the "Classrooms for the Future Bond Fund" the sum or
23 sums as the State Treasurer may deem necessary. The sum so
24 transferred shall be returned to the same fund of the treasury by
25 the State Treasurer from the proceeds of the sale of the first
26 issue of bonds.

27 c. Pending their application to the purposes provided in this
28 act, the moneys in the "Classrooms for the Future Bond Fund"
29 may be invested and reinvested as are other trust funds in the
30 custody of the State Treasurer, in the manner provided by law.
31 Net earnings received from the investment or deposit of the
32 "Classrooms for the Future Bond Fund" shall be paid into the
33 "Classrooms for the Future Bond Fund".

34 16. If any coupon bond or coupon or registered bond is lost,
35 mutilated or destroyed, a new bond or coupon shall be executed
36 and delivered of like tenor, in substitution for the lost, mutilated
37 or destroyed bond or coupon, upon the owner furnishing to the
38 issuing officials such evidence satisfactory to them of the loss,
39 mutilation or destruction of the bond or coupon; the ownership
thereof; and the security, indemnity and reimbursement for

1 expenses connected therewith, as the issuing officials may
require.

3 17. The accrued interest received upon the sale of the bonds
shall be applied to the discharge of a like amount of interest upon
5 the bonds when due. Any expense incurred by the issuing officials
for advertising, engraving, printing, clerical, authenticating,
7 registering, legal or other services necessary to carry out the
duties imposed upon them by the provisions of this act shall be
9 paid from the proceeds of the sale of the bonds by the State
Treasurer, upon the warrant of the Director of the Division of
11 Budget and Accounting in the Department of the Treasury, in the
same manner as other obligations of the State are paid.

13 18. Bonds of each series issued hereunder shall mature,
including any sinking fund redemptions, not later than the 35th
15 year from the date of issue of the series, and in such amounts as
shall be determined by the issuing officials. The issuing officials
17 may reserve to the State by appropriate provision in the bonds of
any series the power to redeem any of the bonds prior to maturity
19 at the price or prices and upon the terms and conditions as may
be provided in the bonds.

21 19. The issuing officials may issue refunding bonds in an
amount not to exceed the amount necessary to effectuate the
23 refinancing of all or any bonds issued pursuant to this act, at any
time and from time to time, for the purpose of refinancing any
25 bond or bonds issued pursuant to this act, subject to the following
provisions:

27 a. Refunding bonds may be issued at such time prior to the
maturity or redemption of the bonds to be refinanced thereby as
29 the issuing officials shall determine;

b. Each series of refunding bonds may be issued in a sufficient
31 amount to pay or to provide for the payment of the principal of
the bonds to be refinanced thereby, together with any redemption
33 premium thereon, any interest accrued or to accrue on such bonds
to be refinanced to the date of payment of such outstanding
35 bonds, the expense of issuing such refunding bonds and the
expenses, if any, of paying such bonds to be refinanced;

37 c. No refunding bonds shall be issued unless the issuing
officials shall first determine that the present value of the
39 aggregate principal of and interest on such refunding bonds is less

1 than the present value of the aggregate principal of and interest
2 on the bonds to be refinanced thereby; provided, for the purposes
3 of this limitation, present value shall be computed using a
4 discount rate equal to the yield of such refunding bonds, and yield
5 shall be computed using an actuarial method based upon a
6 360-day year with semiannual compounding and upon the price or
7 prices paid to the State by the initial purchasers of such
8 refunding bonds;

9 d. Any refinancing authorized hereunder may be effected by
10 the sale of the refunding bonds and the application of the
11 proceeds thereof to the immediate payment of the principal of
12 the bonds to be refinanced thereby, together with any redemption
13 premium thereon, any interest accrued or to accrue on such bonds
14 to be refinanced to the date of payment of such bonds, the
15 expenses of issuing the refunding bonds and the expenses, if any,
16 of paying such bonds to be refinanced, or, to the extent not
17 required for such immediate payment, shall be deposited,
18 together with any other moneys legally available therefor, in
19 trust with one or more trustees or escrow agents, which trustees
20 or escrow agents shall be trust companies or national or state
21 banks having powers of a trust company, located either within or
22 without the State, to be applied solely to the payment when due
23 of the principal of, redemption premium, if any, and interest due
24 and to become due on the bonds to be refinanced on or prior to
25 the redemption date or maturity date thereof, as the case may
26 be. Any such proceeds or moneys so held by such trustees or
27 escrow agents may be invested in government securities,
28 including government securities issued or held in book-entry form
29 on the books of the Department of Treasury of the United States;
30 provided, such government securities shall not be subject to
31 redemption prior to their maturity other than at the option of the
32 holder thereof. Except as otherwise provided in this subsection,
33 neither government securities nor moneys so deposited with such
34 trustees or escrow agents shall be withdrawn or used for any
35 purpose other than, and shall be held in trust for, the payment of
36 the principal of, redemption premium, if any, and interest on the
37 bonds to be refinanced thereby; provided that any cash received
38 from such principal or interest payments on such government
39 securities deposited with such trustees or escrow agents, to the

1 extent such cash will not be required at any time for such purpose
shall be paid over to such trustees or escrow agents, and to the
3 extent such cash will be required for such purpose at a later date,
shall, to the extent practicable and legally permissible, be
5 reinvested in government securities maturing at times and in
amounts sufficient to pay when due the principal of, redemption
7 premium, if any, and interest to become due on the bonds to be
refinanced on and prior to such redemption date or maturity date
9 thereof, as the case may be, and interest earned from such
reinvestments to the extent not required for the payment of
11 bonds shall be paid over to the State, as received by such trustees
or escrow agents. Notwithstanding anything to the contrary
13 contained herein: (1) such trustees or escrow agents shall, if so
directed by the issuing officials, apply moneys on deposit with
15 such trustees or escrow agents pursuant to the provisions of this
section and redeem or sell government securities so deposited
17 with such trustees or escrow agents and apply the proceeds
thereof to the purchase of the bonds which were refinanced by
19 the deposit with such trustees or escrow agents of such moneys
and government securities and immediately thereafter cancel all
21 such bonds so purchased or the purchase of different government
securities; provided, however, that the moneys and government
23 securities on deposit with such trustees or escrow agents after
such purchase and cancellation of such outstanding bonds or such
25 purchase of different government securities shall be sufficient to
pay when due the principal of, redemption premium, if any, and
27 interest on all other bonds in respect of which such moneys and
government securities were deposited with such trustees or
29 escrow agents on or prior to the redemption date or maturity
date thereof, as the case may be; and (2) in the event that on any
31 date, as a result of any purchases and cancellations of such bonds
or any purchases of different government securities as provided
33 in this subsection, the total amount of moneys and government
securities remaining on deposit with such trustees or escrow
35 agents is in excess of the total amount which would have been
required to be deposited with such trustees or escrow agents on
37 such date in respect of the remaining bonds for which such
deposit was made in order to pay when the principal of,
39 redemption premium, if any, and interest on such remaining

1 bonds, such trustees or escrow agents, shall, if so directed by the
issuing officials, pay the amount of such excess to the State. Any
3 amounts held by the State Treasurer in a separate fund or funds
for the payment of the principal of and interest on bonds to be
5 refinanced, as provided herein, shall, if so directed by the issuing
officials, be transferred by the State Treasurer for deposit with
7 one or more trustees or escrow agents as provided herein to be
applied to the payment when due of the principal of, redemption
9 premium, if any, and interest to become due on such bonds to be
refinanced, as provided in this section, or be applied by the State
11 Treasurer to the payment when due of the principal of and
interest on refunding bonds issued hereunder to refinance such
13 bonds. The State Treasurer is authorized to enter into any
contract or contracts with one or more trust companies or
15 national or state banks, as provided herein, to act as trustees or
escrow agents as provided herein, subject to the approval of the
17 issuing officials.

e. Notwithstanding the provisions of section 12 hereof, any
19 series of refunding bonds issued pursuant to this section shall
mature at any time or times not later than five years following
21 the latest scheduled final maturity date, determined without
regard to any redemptions prior thereto, of any of the bonds to be
23 refunded thereby, and in no event later than 35 years following
the date of issuance of such series of refunding bonds, and such
25 refunding bonds may be sold at public or private sale at such
prices and under such terms, conditions and regulations as the
27 issuing officials may prescribe. Refunding bonds shall be entitled
to all the benefits of this act and subject to all its limitations
29 except as to sale provisions and to the extent therein otherwise
expressly provided.

31 f. Upon the decision by the issuing officials to issue refunding
bonds pursuant to this section, and prior to the sale of those
33 bonds, the issuing officials shall transmit to the Joint
Appropriations Committee's Subcommittee on Transfers, or its
35 successor, a report that a decision has been made, reciting the
basis on which the decision was made, including an estimate of
37 the debt service savings to be achieved and the calculations upon
which the issuing officials relied when making the decision to
39 issue refunding bonds. The report shall also disclose the intent of

1 the issuing officials to issue and sell the refunding bonds at public
or private sale and the reasons therefore.

3 g. The Joint Appropriations Committee's Subcommittee on
Transfers, or its successor, shall have authority to approve or
5 disapprove the sales of refunding bonds as included in each report
submitted in accordance with subsection f. of this section. The
7 subcommittee, or its successor, shall notify the issuing officials
in writing of the approval or disapproval as expeditiously as
9 possible.

h. No refunding bonds shall be issued unless the report has
11 been submitted to and approved by the Joint Appropriations
Committee's Subcommittee on Transfers, or its successor, as set
13 forth in subsection g. of this section.

i. Within 30 days after the sale of the refunding bonds, the
15 issuing officials shall notify the Subcommittee on Transfers, or
its successor, of the result of that sale, including the prices and
17 terms, conditions and regulations concerning the refunding bonds,
the actual amount of debt service savings to be realized as a
19 result of the sale of refunding bonds, and the intended use of the
proceeds from the sale of those bonds.

21 j. The subcommittee, or its successor, shall, however, review
all information and reports submitted in accordance with this
23 section and may, on its own initiative, make observations and
recommendations to the issuing officials, or to the Legislature, or
25 both, as it deems appropriate.

20. Any bond or bonds issued hereunder shall no longer be
27 deemed to be outstanding, shall no longer constitute a direct
obligation of the State of New Jersey and the faith and credit of
29 the State, shall no longer be pledged to the payment of the
principal of and interest on such bonds, and such bonds shall be
31 secured solely by and payable solely from moneys and government
securities deposited in trust with one or more trustees or escrow
33 agents, which trustees and escrow agents shall be trust companies
or national or state banks having powers of a trust company,
35 located either within or without the State, as provided herein,
whenever there shall be deposited in trust with such trustees or
37 escrow agents as provided herein either moneys or government
securities, including government securities issued or held in
39 book-entry form on the books of the Department of Treasury of

1 the United States, the principal of and interest on which when
2 due will provide money which, together with the moneys, if any,
3 deposited with such trustees or escrow agents at the same time,
4 shall be sufficient to pay when due the principal of, redemption
5 premium, if any, and interest due and to become due on such
6 bonds on or prior to the redemption date or maturity date
7 thereof, as the case may be; provided, such government securities
8 shall not be subject to redemption prior to their maturity other
9 than at the option of the holder thereof. The State of New
10 Jersey hereby covenants with the holders of any bonds for which
11 government securities or moneys shall have been deposited in
12 trust with such trustees or escrow agents as provided in this
13 section that, except as otherwise provided in this section, neither
14 the government securities nor moneys so deposited with such
15 trustees or escrow agents shall be withdrawn or used by the State
16 for any purpose other than, and shall be held in trust for, the
17 payment of the principal of, redemption premium, if any, and
18 interest to become due on such bonds; provided that any cash
19 received from such principal or interest payments on such
20 government securities deposited with such trustees or escrow
21 agents, to the extent such cash will not be required at any time
22 for such purpose, shall be paid over to the State as received by
23 such trustees or escrow agents free and clear of any trust, lien,
24 pledge or assignment securing such bonds; and to the extent such
25 cash will be required for such purpose at a later date, shall, to
26 the extent practicable and legally permissible, be reinvested in
27 government securities maturing at times and in amounts
28 sufficient to pay when due the principal of, redemption premium,
29 if any, and interest to become due on such bonds on and prior to
30 such redemption date or maturity date thereof, as the case may
31 be, and interest earned from such reinvestments shall be paid
32 over to the State, as received by such trustees or escrow agents,
33 free and clear of any trust, lien or pledge securing such bonds.
34 Notwithstanding anything to the contrary contained herein: a.
35 such trustees or escrow agents shall, if so directed by the issuing
36 officials, apply moneys on deposit with such trustees or escrow
37 agents pursuant to the provisions of this section and redeem or
38 sell government securities so deposited with such trustees or
39 escrow agents and apply the proceeds thereof to (1) the purchase

1 of the bonds which were refinanced by the deposit with such
trustees or escrow agents of such moneys and government
3 securities and immediately thereafter cancel all bonds so
purchased, or (2) the purchase of different government securities;
5 provided, however, that the moneys and government securities on
deposit with such trustees or escrow agents after such purchase
7 and cancellation of such bonds or such purchase of different
government securities shall be sufficient to pay when due the
9 principal of, redemption premium, if any, and interest on all
other bonds in respect of which such moneys and government
11 securities were deposited with such trustees or escrow agents on
or prior to the redemption date or maturity date thereof, as the
13 case may be; and b. in the event that on any date, as a result of
any purchases and cancellations of bonds or any purchases of
15 different government securities as provided in this section, the
total amount of moneys and government securities remaining on
17 deposit with such trustees or escrow agents is in excess of the
total amount which would have been required to be deposited
19 with such trustees or escrow agents on such date in respect of the
remaining bonds for which such deposit was made in order to pay
21 when due the principal of, redemption premium, if any, and
interest on such remaining bonds, such trustees or escrow agents
23 shall, if so directed by the issuing officials, pay the amount of
such excess to the State free and clear of any trust, lien, pledge
25 or assignment securing such refunding bond.

21. Refunding bonds issued pursuant to section 19 of this act
27 may be consolidated with bonds issued pursuant to section 6 of
this act or with bonds issued pursuant to any other act for
29 purposes of sale.

22. To provide funds to meet the interest and principal
31 payment requirements for the bonds issued under this act and
outstanding, there is appropriated in the order following:

33 a. Revenue derived from the collection of taxes under the
"Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), or
35 so much thereof as may be required; and

b. If, at any time, funds necessary to meet the interest and
37 principal payments on outstanding bonds issued under this act, are
insufficient or not available, there shall be assessed, levied and
39 collected annually in each of the municipalities of the counties of

1 this State, a tax on the real and personal property upon which
municipal taxes are or shall be assessed, levied and collected,
3 sufficient to meet the interest on all outstanding bonds issued
hereunder and on the bonds proposed to be issued under this act in
5 the calendar year in which the tax is to be raised and for the
payment of bonds falling due in the year following the year for
7 which the tax is levied. The tax shall be assessed, levied and
collected in the same manner and at the same time as other taxes
9 upon real and personal property. The governing body of each
municipality shall pay to the treasurer of the county in which the
11 municipality is located, on or before December 15 in each year,
the amount of tax herein directed to be assessed and levied, and
13 the county treasurer shall pay the amount of the tax to the State
Treasurer on or before December 20 in each year.

15 If on or before December 31 in any year, the issuing officials,
by resolution, determine that there are moneys in the General
17 Fund beyond the needs of the State, sufficient to meet the
principal of bonds falling due and all interest payable in the
19 ensuing calendar year, the issuing, officials shall file the
resolution in the office of the State Treasurer, whereupon the
21 State Treasurer shall transfer the moneys to a separate fund to
be designated by him, and shall pay the principal and interest out
23 of that fund as the same shall become due and payable, and the
other sources of payment of the principal and interest provided
25 for in this section shall not then be available, and the receipts for
the year from the tax specified in subsection a. of this section
27 shall be considered part of the General Fund, available for
general purposes.

29 23. Should the State Treasurer, by December 31 of any year,
deem it necessary, because of insufficiency of funds collected
31 from the sources of revenues as provided in this act, to meet the
interest and principal payments for the year after the ensuing
33 year, then the State Treasurer shall certify to the Director of the
Division of Budget and Accounting in the Department of the
35 Treasury the amount necessary to be raised by taxation for those
purposes, which is to be assessed, levied and collected for and in
37 the ensuing calendar year. The director shall, on or before
March 1 following, calculate the amount in dollars to be assessed,
39 levied and collected in each county as herein set forth. This

1 calculation shall be based upon the corrected assessed valuation
 2 of each county for the year preceding the year in which the tax is
 3 to be assessed, but the tax shall be assessed, levied and collected
 4 upon the assessed valuation of the year in which the tax is
 5 assessed and levied. The director shall certify the amount to the
 6 county board of taxation and the treasurer of each county. The
 7 county board of taxation shall include the proper amount in the
 8 current tax levy of the several taxing districts of the county in
 9 proportion to the ratables as ascertained for the current year.

10 24. For the purpose of complying with the provisions of the
 11 State Constitution, this act shall be submitted to the people at
 12 the general election to be held in the month of November, 1988.
 13 To inform the people of the contents of this act, it shall be the
 14 duty of the Secretary of State, after this section takes effect,
 15 and at least 15 days prior to the election, to cause this act to be
 16 published in at least 10 newspapers published in the State and to
 17 notify the clerk of each county of this State of the passage of
 18 this act, and the clerks respectively, in accordance with the
 19 instructions of the Secretary of State, shall have each of the
 20 ballots printed as follows:

21 If you approve the act entitled below, make a cross (x), plus (+),
 22 or check (✓) mark in the square opposite the word "Yes."

23 If you disapprove the act entitled below, make a cross (x), plus
 24 (+), or check (✓) mark in the square opposite the word "No."

25 If voting machines are used, a vote of "Yes" or "No" shall be
 26 equivalent to these markings respectively.

27		
28		
29		CLASSROOMS FOR THE FUTURE BOND ISSUE
30	YES.	Should the "Classrooms for the Future Bond
31		Act of 1989" which authorizes the State to issue
32		bonds in the amount of \$400,000,000.00 for the
33		purpose of providing financial aid to local school
34		districts for the construction, renovation or
35		repair of public school facilities; providing the
36		ways and means to pay the interest on these
37		bonds and also to pay and discharge the principal
38		thereof, be approved?
39		
40		
41		
42		
43		INTERPRETIVE STATEMENT
44	NO.	Approval of this act would authorize the sale
45		of \$400,000,000.00 in bonds to be used to provide
46		for a revolving loan program and a direct grant
47		program for the construction, renovation,
48		alteration or repair of public school buildings.
49		
50		
51		

1 The fact and date of the approval or passage of this act, as the
case may be, may be inserted in the appropriate place after the
3 title in the ballot. No other requirements of law as to notice or
procedure, except as herein provided, need be adhered to.

5 The votes cast for and against the approval of this act, by
ballot or voting machine, shall be counted and the result thereof
7 returned by the election officer, and a canvass of the election
had in the same manner as is provided for by law in the case of
9 the election of a Governor, and the approval or disapproval of
this act so determined shall be declared in the same manner as
11 the result of an election for a Governor, and if there is a majority
of all votes cast for and against it at the election in favor of the
13 approval of this act, then all the provisions of this act not made
effective theretofore shall take effect forthwith.

15 25. There is appropriated the sum of \$5,000.00 to the
Department of State for expenses in connection with the
17 publication of notice pursuant to section 24 of this act.

26. The commissioner shall submit to the State Treasurer and
19 the commission with the department's annual budget request a
plan adopted for the expenditure of funds from the "Classrooms
21 for the Future Bond Fund" for the upcoming fiscal year. This
plan shall include the following information: a performance
23 evaluation of the expenditures made from the fund to date; a
description of programs planned during the upcoming fiscal year;
25 a copy of the regulations in force governing the operations of
programs that are financed, in part or in whole, by funds from the
27 "Classrooms for the Future Bond Fund;" and an estimate of
expenditures for the upcoming fiscal year.

29 27. Immediately following the submission to the Legislature of
the Governor's annual budget message, the commissioner shall
31 submit to the General Assembly Education Committee, the
Senate Education Committee, or their successors, and the
33 Subcommittee on Transfers of the Joint Appropriations
Committee, or its successor, a copy of the plan called for under
35 section 26 of this act, together with such changes therein as may
have been required by the Governor's budget message.

37 28. No less than 30 days prior to entering into any contract,
lease, obligation, or agreement to effectuate the purposes of this
39 act, the commissioner shall report to and consult with the

1 Subcommittee on Transfers of the Joint Appropriations
Committee, or its successor.

3 29. This section and sections 24 and 25 of this act shall take
effect immediately and the remainder of the act shall take effect
5 as provided in section 24.

7

STATEMENT

9

This bill, the Classrooms for the Future Bond Act of 1989,
11 authorizes bonds of the State of New Jersey in the sum of
\$400,000,000 for the construction, renovation, repair or
13 alteration of public school buildings

The proceeds of the bond sale shall be allocated on the basis of
15 a facilities needs assessment as determined by the State Board of
Education. \$300,000,000 shall be allocated through the "Public
17 School Facilities Loan Fund" and \$100,000,000 shall be allocated
through the "Public School Facilities Grant Fund".

19 It is the sponsor's intent that the sale of the bonds authorized
by this act be phased over a period of at least four years to
21 ensure that these bonds will not adversely affect the State's bond
rating.

23

25

EDUCATION

Education - Finance and State Aid

27

Authorizes issuance of \$400,000,000 in general obligation bonds
29 to help school districts finance construction and renovation of
school buildings, appropriates \$5,000.

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 23, 1989

By Assemblymen PALAIA, ZANGARI, LoBiondo, Assemblywoman Cooper, Assemblyman Kyrillos, Assemblywoman Smith, Assemblymen Schuber, Girgenti, Pascrell, Naples, Doria, Rocco, Haytaian, Impreveduto, Kronick, Charles, Kenny, Shusted, Singer and Kelly

1 AN ACT creating a "Public School Facilities Loan Fund" and
supplementing Title 18A of the New Jersey Statutes.

3

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

1. This act shall be known and may be cited as "The Public
7 School Facilities Loan Fund Act of 1989."

2. The Legislature finds and declares that public school
9 districts throughout this State have a pressing need to renovate
and repair aging and deteriorating school buildings and to
11 construct new facilities in order to provide adequate classroom
space for an increasing student population; that the Department
13 of Education has estimated that this need is of the magnitude of
two billion dollars; that the State has a constitutional
15 requirement to provide adequate public school facilities to all
children; that it is equally imperative that each school building
17 provide a safe and healthful environment for its pupils; and, that
the establishment of a revolving loan fund for public school
19 construction will help ensure that these objectives are attained.

3. There is hereby created a special fund in the Department of
21 Education which shall be entitled the "Public School Facilities
Loan Fund," hereinafter referred to as the "fund," which shall be
23 maintained in a separate account and which shall be administered
by the department as a nonlapsing revolving fund for carrying out
25 the provisions of this act.

4. The fund shall consist of:

27 a. Any balances in the fund for support of free public schools
established by Article VIII, section IV, paragraph 2 of the
29 Constitution of the State of New Jersey which are not otherwise
reserved or committed;

31 b. All moneys appropriated or otherwise made available by the
Legislature for inclusion in the fund;

33 c. All interest received on moneys in the fund and sums

1 received as repayment of principal and interest on outstanding
loans made by the fund; and

3 d. Any other moneys made available to the department from
any source or sources which the State Board of Education shall
5 determine to be appropriate for inclusion in the fund.

7 5. a. The fund shall be used to make direct loans to school
districts for the purpose of the renovation, repair or alteration of
existing school buildings, the construction of new school buildings
9 or the conversion of existing school buildings to other
instructional purposes. Loans shall only be made for projects
11 when the commissioner has determined that the project is
necessary to provide a thorough and efficient system of education
13 in the district or to protect the health and safety of students or
school employees

15 b. Any school district which is eligible to receive State aid for
debt service and budgeted capital outlay pursuant to section 19 of
17 P.L.1975, c.212 (C.18A:7A-19) may apply for a loan equal to the
district's initial year costs for debt service for the construction
19 of new school buildings or the renovation, repair or alteration of
existing school building. A loan approved for this purpose shall be
21 repaid, without interest, in the final year in which the district
receives State aid for debt service for the project.

23 c. Any school district which is not eligible to receive State aid
for debt service and budgeted capital outlay pursuant to section
25 19 of P.L.1975, c.212 (C.18A:7A-19) may apply for a loan which
shall be repaid within 10 years at an interest rate which shall be
27 no less than 1% and no more than 2% above the yearly average of
the weekly Treasury Bill Index.

29 d. Any moneys in the fund which are not disbursed immediately
may be invested and reinvested by the Director of the Division of
31 Investment in the Department of the Treasury on the written
request and in accordance with the written instructions of the
33 Commissioner of Education.

35 e. The fund shall not expend any money for operational
expenses or for a loan to a school district during a fiscal year
unless the expenditure is authorized pursuant to an appropriations
37 act of the Legislature as provided pursuant to section 8 of this
act.

39 6. In order to ensure the most effective utilization of the

1 moneys in the fund, the State Board of Education shall review all
of the public school facilities throughout the State to determine
3 the extent to which each school district is able to provide
suitable educational facilities as required pursuant to
5 N.J.S.18A:33-1. Upon completion of that review, the board shall
establish a list of priorities for the use of the fund by school
7 district and by county, taking into consideration all of the factors
which impact on the ability of each school district to provide
9 suitable facilities, including the number of unhoused pupils, the
number of years on split or curtailed sessions, the rate of pupil
11 population increase, the adequacy of existing or proposed
facilities, the school tax rate of the district, the equalized
13 valuations per pupil of the district, and any other factors which
the board deems necessary or appropriate. The listing of the
15 priorities, including all of the criteria used by the board, shall be
submitted to the Legislature within three months of the effective
17 date of this act.

7. a. Any local board of education may determine, by
19 resolution, to apply for a loan from the fund. Upon adoption of
that resolution, the local board of education shall file an
21 application with the Commissioner of Education, which
application shall include a complete description of the project,
23 and shall indicate the manner in which the school district shall
repay the loan. Upon receipt of the application, the
25 commissioner shall investigate the conditions in the district in
the context of the extent of the needs of the district based upon
27 the priority listing established pursuant to section 6 of this act.
The commissioner shall report his findings to the State Board of
29 Education, and may include in his report a recommendation as to
the amount, if any, of the loan proposed with respect to the
31 school district.

b. The State Board of Education shall review all of the
33 applications and the commissioner's reports thereon, and shall
establish a project priority list for funding for each fiscal year.
35 Upon determining the districts eligible for a loan from the fund,
the board shall, by resolution, determine:

- 37 (i) The amount of the loan for each district;
(ii) The repayment schedule for the loan; and
39 (iii) The interest rate, if any, to be charged for the loan.

1 8. a. The Commissioner of Education shall submit the project
2 priority list and the State Board of Education resolution adopted
3 pursuant to subsection b. of section 7 of this act to the
4 Legislature, on or before January 15 of each year on a day when
5 both Houses are in session. The project priority list shall include
6 a description of each project, its impact, cost and construction
7 schedule, and an explanation of the manner in which the priorities
8 were established. The President of the Senate and the Speaker of
9 the General Assembly shall cause the date of submission to be
10 entered upon the Senate Journal and the Minutes of the General
11 Assembly respectively, and shall cause the project priority list to
12 be introduced in each House in the form of legislative
13 appropriations bills, and shall refer these bills to the Senate
14 Education Committee and the General Assembly Education
15 Committee, or their successors, for their respective
16 consideration.

17 b. Within 60 days of the referral thereof, the Senate Education
18 Committee and the General Assembly Education Committee
19 shall, either individually or jointly, consider the legislation
20 containing the project priority list, and shall report the
21 legislation, together with any modifications, out of committee
22 for consideration by each House of the Legislature. On or before
23 April 1 of each year, the Legislature shall approve an
24 appropriations act containing the project priority list, including
25 any amendatory or supplementary provisions thereto, which act
26 shall include authorization of an aggregate amount of moneys of
27 the loan fund to be expended for loans for the specific projects,
28 including the individual amounts therefor, on the list, as modified
29 by the Senate Education Committee and the General Assembly
30 Education Committee.

31 c. The loan fund shall not expend any money for a loan during
32 a fiscal year for any school facilities construction or renovation
33 project unless the expenditure is authorized pursuant to an
34 appropriations act in accordance with the provisions of this act.

35 9. a. A copy of the resolution of the State Board of Education
36 adopted pursuant to subsection b. of section 7 of this act, and a
37 copy of the application of the school district indicating the
38 manner in which the loan shall be repaid shall be submitted to the
39 Local Finance Board in the Department of Community Affairs for

1 its consideration. The Local Finance Board, in considering the
2 resolution submitted to it and before endorsing its consent
3 thereon, may require the board of education of any school district
4 or the governing body of any municipality in that school district
5 to adopt resolutions restricting or limiting any future proceedings
6 therein or other matters deemed by the Local Finance Board to
7 affect any estimate made or to be made by it in accordance with
8 subsection b. of this section and every resolution so adopted shall
9 constitute a valid and binding obligation of that school district or
10 municipality, as the case may be, running to and enforceable by,
11 and releaseable by the Local Finance Board.

12 b. Within 60 days after the submission to it, the Local Finance
13 Board shall cause its consent to be endorsed upon the copy of any
14 proposal for the repayment of the loan provided pursuant to this
15 act, if it is satisfied, and shall record by resolution, its estimates
16 that the amounts to be expended for the educational facilities to
17 be financed by that loan are not unreasonable or exorbitant, and
18 that the repayment of the loan will not materially impair the
19 credit of any municipality comprised within the district or
20 substantially reduce its ability, during the ensuing 10 years, to
21 pay punctually the principal and interest of its debts and supply
22 essential public improvements and services; but if the Local
23 Finance Board is not so satisfied it shall cause its disapproval to
24 be endorsed on the copy within 60 days.

25 10. It shall be lawful for each school district which receives a
26 loan provided pursuant to this act, to include in its annual budget
27 an amount equal to the loan payment due in that budget year
28 pursuant to this act.

29 11. Any school district shall be eligible to receive a loan
30 pursuant to this act even if the district has received or is eligible
31 to receive any form of additional State school building aid
32 pursuant to any other statute. Any district shall be eligible to
33 receive more than one loan provided pursuant to this act, if that
34 additional loan is in conformity with the priorities established
35 pursuant to section 6 of this act, and provided that the Local
36 Finance Board certifies that the school district or municipality
37 has the ability to pay the principal and interest of all its debts
38 without impairing essential public improvements and services.

39 12. In accordance with the "Administrative Procedure Act,"

1 P.L.1968, c.410 (C.52 :14B-1 et seq.), the State Board of
Education shall adopt regulations for the implementation of this
3 act, including standards for construction progress and practices,
fiscal controls, accounting procedures and auditing of funds, and
5 all other matters which the board deems necessary. The
Commissioner of Education shall determine each district's
7 compliance with these regulations. Should he determine that a
district is not in compliance, the commissioner is authorized to
9 take appropriate action to ensure the proper use of the funds and
the completion of the project.

11 13. This act shall take effect immediately; however, no funds
shall be transferred to the Public School Facilities Loan Fund
13 from the fund for support of free public schools until the approval
by the people of the amendment to Article VIII, section IV,
15 paragraph 2 of the Constitution of the State of New Jersey (now
pending before the Legislature as Senate Concurrent Resolution
17 No. 106 of 1988 and Assembly Concurrent Resolution No. 20 of
1988).

19

STATEMENT

21

This bill establishes the "Public School Facilities Loan Fund" as
23 a revolving loan fund in the Department of Education. It would
be used to lend money to school districts for the renovation,
25 repair, alteration, or conversion of existing school buildings and
for the construction of new facilities. The fund would include
27 uncommitted reserves from the fund for the support of free
public schools pending voter approval of a constitutional
29 amendment providing for that usage, other funds appropriated or
made available to it by the Legislature, investment income, and
31 the money received in payment of principal and interest on the
loans.

33 Under the bill, the State Board of Education would be required
to establish a Statewide priority list taking into consideration all
35 local needs. Annually, the State board would adopt and submit to
the Legislature a detailed project priority list for the ensuing
37 fiscal year. Loans shall be approved for a project only when the
commissioner has determined that the project is necessary to
39 provide a thorough and efficient system of education in the
district or to protect the health and safety of students or school

1 employees. No sums could be expended from the loan fund
without specific enactment of an appropriations act by the
3 Legislature.

Any school district which is eligible to receive State
5 equalization aid may apply for a loan equal to the district's
initial year costs for debt service for the construction of new
7 school buildings or the renovation, repair or alteration of existing
school building. A loan approved for this purpose shall be repaid,
9 without interest, in the final year in which the district receives
State aid for debt service for the project.

11 Any school district which receives State minimum aid may
apply for a loan which shall be repaid within 10 years at an
13 interest rate which shall be no less than 1% and no more than 2%
above the yearly average of the weekly Treasury Bill Index.

15 The purpose of the bill is to provide resources to enable school
districts to provide safe, healthful and adequate public school
17 facilities and to help meet a need which is estimated by the
Department of Education at some two billion dollars Statewide.

19

21 EDUCATION

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23

Establishes the Public School Facilities Loan Fund in the
25 Department of Education to provide funds for school construction
and repair.

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ASSEMBLYWOMAN ELIZABETH E. RANDALL (Vice Chairman):

Ladies and gentlemen. I'd like to call our meeting to order. I'd like to welcome everyone. To the start our meeting this morning, this public hearing of the Assembly Education Committee, I'd like to first call upon our Superintendent of the Paterson School System, Dr. Frank Napier.

D R. F R A N K N A P I E R, J R.: Thank you very much, Assemblyperson. First of all, my name is Frank Napier, Superintendent of Schools of the Paterson Board of Education. I take this opportunity to welcome all of you to the City of Paterson. I also want to personally welcome you to the most famous high school in this nation and offer to you, at this time, the opportunity to visit our classrooms, visit our neighboring schools-- We have a school next door, Roberto Clemente. We have schools down the street which are elementary schools. We are proud that you have chosen Paterson Eastside High School at this particular time. I'm proud of the intention of this Committee and, hopefully, in the very near future, I can come before you. And wearing both the hat of the Superintendent of Schools in Paterson and the President of the Urban Superintendents, I greet you and welcome you.

ASSEMBLYMAN NAPLES: Thank you, Frank. Can I ask you a question?

DR. NAPIER: Why certainly.

ASSEMBLYMAN NAPLES: Did my buddy-- Not my buddy, but the guy I love, Lou Costello, come to school here?

DR. NAPIER: Lou Costello, I believe, was in Central High School, where I graduated from.

ASSEMBLYMAN NAPLES: Central?

DR. NAPIER: Yes. Old Central.

ASSEMBLYWOMAN RANDALL: Thank you very much, Dr. Napier. I hope you can stay and hear most of the testimony this morning on some very, very critical bills to the State of New Jersey.

DR. NAPIER: Which we both agree-- And if there is anything we can do for you, please feel free to ask us. Thank you very much.

ASSEMBLYWOMAN RANDALL: Thank you very much. I'd like to now introduce the members of our Committee this morning, then go straight to the testimony on the first of our bills. We will be taking testimony initially on the bond act, itself, Assembly Bill 4343 sponsored by Speaker Chuck Hardwick. Let me introduce on my left, Assemblyman Gerard Naples, representing Mercer County. To my immediate left, Assemblyman William Pascrell representing Passaic County as well as one of our towns in Bergen County, Elmwood Park; really East Paterson. My name is Elizabeth Randall. I represent Bergen County. To my right is our legislative Staff Assistant, David Rosen; and to his right is our Staff Assistant from the Majority Office, Jim Harkness.

Although, we are informal here today, and we do expect to have a meaningful dialogue without too many restrictions on the rules, I do ask people not to interrupt one another, since we are tape recording our proceeding and it will have to be transcribed.

Let me go to the first bill. Assembly Bill 4343, the Classrooms for the Future Bond Act, in the amount of \$400 million. I would like to call upon the prime sponsor of this legislation, Speaker Chuck Hardwick. And while the Speaker is coming up to testify, I would ask our assistant, David Rosen, to read the statement of the bill.

MR. ROSEN: The three bills, Assembly Bills 4342, 4343, and 4344 constitute an effort to assist local districts in the construction, renovation, repair, or alteration of public school buildings. A-4343, the Classrooms for the Future Bond Act of 1989, authorizes bonds in the sum of \$400 million. Three hundred million dollars of that amount would be allocated to the Public Schools Facility Loan Fund and \$100 million through the Public Schools Facility Grant Fund. A-4344

establishes the Public Schools Facility Loan Fund as a revolving loan fund of the Department of Education.

Any school district which is eligible to receive State equalization aid may apply for a loan equal to the district's initial year's costs for debt service for the construction or renovation of buildings. A loan approved for this purpose would be repaid without interest in the final year in which the district received State aid for debt service. Any school district which receives State minimum aid may apply for a loan which will be repaid within 10 years at an interest rate set by the Commissioner.

Under the bill, the State Board of Education will be required to establish a statewide priority list, taking into consideration all local needs. Annually, the State Board would adopt and submit to the Legislature a detailed project priority list for the ensuing fiscal year. Loans would be approved for a project only when the Commissioner has determined that the project is necessary to provide a thorough and efficient education in the district or to protect the health and safety of students or employees. No sums shall be expended from the fund without specific enactment of an appropriation act by the Legislature.

Assembly Bill 4342 establishes the grant fund. Any school district which is eligible to receive State debt service aid or which receives a loan under the other bill, would be eligible to receive a grant for not more than 50% of the difference between its State aid and its debt service cost. The priority list, project approval, and appropriation procedures would be the same as they are for the loan fund.

ASSEMBLYWOMAN RANDALL: Thank you, David. Mr. Speaker, would you like to tell us something about this legislative proposal?

ASSEMBLY SPEAKER CHUCK HARDWICK: Good morning. Madame Chairwoman and members of the Committee,

thank you for your prompt scheduling of these important bills. We know that the future of our State depends on the quality of the education we give to our children. We in the Legislature have devoted a great deal of time, money and energy to ensuring that the curriculum they study will prepare them to take advantage of the wide variety of opportunities that are offered in this great State. We've made this investment because we know how vitally necessary it is that our students are as well prepared as they can possibly be when they meet the challenges of the real world after graduation.

I think all the members of the Legislature, along with the Governor, should take pride and be very pleased with the major reforms and improvements that we've made in education over the last half dozen years. But a question that begs to be answered is, what kind of atmosphere do we give the children to work in?

While most of our schools are safe and productive places in which to learn, there are some districts in our State where the conditions are so bad that they constitute an impediment to learning. There are schools in disrepair, buildings that are literally falling apart, and there are some schools that are so overcrowded that districts are forced to improvise and cram students into rooms that were not designed in the first place for classes. That is not an atmosphere that is conducive to learning. We can't prepare our children for the 21st century in classrooms that were build in the 19th century.

Recently, with the assistance of Mr. Dennis Giordano and other representatives of the NJEA and of local school boards, I toured schools in Bogota, Palmyra, and East Orange and saw firsthand the need for upgraded facilities so that our children can learn in safety. In Palmyra, I saw a school that was forced to hold its physical education classes in a regular classroom. They just laid mats on the floor and pretended they

were in a gym. They had no choice, because there was no place else to go.

In East Orange, at the Franklin School, I saw a building with extensive water damage from leaks in the ceiling that the district simply could not afford to repair. The lack of safe and adequate facilities in these schools, and in many others throughout the State, has seriously impaired the ability of these districts to provide the thorough and efficient education mandated by our State Constitution.

And frankly, let me add, in spite of frequent inspections, it scares me that some of the dilapidated schools are firetraps, and some of the students are studying in classrooms that were mobile classrooms intended for short periods of years, and are just not even safe at all for the students to be in.

The back-to-basics movement must start with sound facilities. It is wrong, when students are taught in a converted storage areas or are deprived of proper library space, and it's a disgrace when students are forced to work in buildings that are in such deplorable condition. Our children deserve better. And I, as a new grandparent -- I feel our grandchildren deserve better as well. It's hard to do "A" work in a building that deserves an "F." Our students should have every opportunity to reach their potential, and that effort begins in the classroom. The State has an obligation to provide a productive and safe environment for learning, and without a major bond issue to improve schools facilities, we will be unable to meet that commitment.

The Classrooms for the Future Bond Act will go a long way toward guaranteeing our children the safer learning atmosphere they need. The act would provide \$300 million for the Public School Facilities Loan Fund, a revolving loan program for all schools in our State and \$100 million to the Public Schools Facilities Grant Program for those districts with weak property tax bases.

To ensure that the plan is fiscally prudent and does not jeopardize the State's AAA bond rating, the program would be phased in over several years with likely no more than \$100 million being bonded in any one year. The act would target the money for high priority projects that are necessary to protect the health and safety of our children and provide adequate educational facilities. The State Board of Education would help develop a priority list of school construction and repair projects that would qualify for the additional aid.

This bond act would supplement our already existing \$93 million State aid program that provides up to 90% of a school district's debt services payments for new or renovated facilities. By utilizing bonding, we will be able to leverage the existing money and get more bricks for the buck.

In deciding the Abbott v. Burke school financing case, the State Education Commissioner called for a facilities bond issue. He later put the need at \$400 million -- conveniently the amount of this bond proposal. I agree with the Commissioner: We cannot continue to allow conditions that imperil the health and safety of our children. This bond act will help put our schools back in reasonable shape so our children will have a decent place to learn. We should write on a blackboard 100 times, "We must give our children safe and adequate schools."

Let me add, Madame Chairman, that several people have raised the question about the State's current budget problems and how does that relate to the school funding, and do we jeopardize our AAA bond rating with additional bonds? Let me answer those two questions.

What the bond authorization does when voted on by the voters is, in effect, gives you, as a State, a credit limit on your credit card. It would allow you to borrow that much money, but it doesn't mean you're going to. And so, as we authorize bond acts, then we authorize the Treasurer to float

those bonds as needed and as the Legislature is prepared to appropriate the monies. So, you can authorize more bonds than you immediately go into the market and borrow the money for. It's imperative that we maintain our AAA credit rating and this, in no way would jeopardize that, because the authorization to borrow doesn't mean that the Treasury immediately incurs that obligation.

Secondly, though our budget right now, this year, for operations is a tight budget, this has no bearing whatsoever on our long-term capital investments which is what this bond act is referring to. And one final point: I think that the capital needs for schools are far greater than \$400 million. This is not a definitive statement. This is not the final answer at all, but it's an important start after the reforms we've made on curriculum, testing, minimum salaries for teachers, and other reforms, now to see that there's an adequate physical plant inside which these reforms can take place and do their good.

ASSEMBLYWOMAN RANDALL: Thank you very much for your comments, Mr. Speaker. I don't anticipate-- We have many more witnesses. I don't know if the Committee members have anything in particular they need to say at this time.

ASSEMBLYMAN NAPLES: Yeah, a quick question, Chuck. Excuse me, Mr. Speaker.

SPEAKER HARDWICK: If you're old enough to vote, you're older enough to call me "Chuck."

ASSEMBLYMAN NAPLES: Okay, Chuck. Nineteen million dollars-- What is the debt service? What do you project to be the debt service on this particular measure? It's a hard question, I know.

SPEAKER HARDWICK: Well, it depends upon how much the bonds are floating at what period of time -- of course the current interest rates at what time. So, you can't tell until you see how much the Treasurer actually authorized.

ASSEMBLYMAN NAPLES: It was a tough question, and it was a good answer, given the financial condition of the State. Let me point something out, and I may be editorializing, but I'm giving a suggestion. Having been principal of a big junior high school in Trenton-- And we're not living in the age of the days when a principal can do a schedule in two hours; we're living in the program age. We had a big program -- bilingual education program, a huge special education program done at the junior high school in Trenton, and a basics program.

When I assumed the principalship a little over ten years ago, in order to make for a space, I had to do a lot of partitioning. There was no sense in putting a PI class with 11 kids with an aide in a room for 30. And I think cognizance must be taken. What I'm saying is you've got to exercise legislative oversight. You've got to make certain that the Department carries out this legislation in the manner in which you intended. Because to build these facilities and just build classrooms, size notwithstanding, would put us right back where we are and would increase the amount of money in partitioning and renovation. That's a suggestion. I've lived through that. And I just hoped that you had that in mind when you articulated your point of view.

SPEAKER HARDWICK: It's an excellent point, Mr. Naples.

ASSEMBLYWOMAN RANDALL: Assemblyman?

ASSEMBLYMAN PASCRELL: Yes. Mr. Speaker, I wanted to welcome you to Paterson and to Eastside High School. I just have a few comments because I know you've taken time out of your busy day to be here and lots of luck in your endeavor.

Mr. Speaker, I wish to congratulate you and Assemblyman Zangari for bringing this to the front, because, as I understand, the record would indicate there's been much discussion in the past, but this is the tangible evidence to get before us something that is entirely needed. What I particularly like about this bill is the Classrooms of the

Future Act, and I think it's a hidden part of it -- not that it was intended to be hidden -- but I think it's very critical and I'm glad that it's part of this bill, and it's going to save people a lot of anguish.

Normally, even in a non-interest loan program, that kind of a program would discriminate against poorer districts such as Paterson, Newark, and Trenton. This program has a new twist; and I can't emphasize enough that we should apply this kind of reasoning into a lot of other legislation, because it makes sense. A district would be allowed to borrow the first year's debt service, that is the principal and the interest -- under current law, State aid begins in the second year of a project -- and then the district would repay it interest-free the year after they make the last payment for the bond issue. This, in effect, is current year funding, using State bond money, rather than an annual appropriation, which helps every local district in the State of New Jersey.

What you're doing is not only providing money for badly needed capital investment, but you're helping the local districts, particularly when property taxes have become so exacerbating. It's a double whammy here, and I think it's excellent. We should see more of this kind of legislation, because the current year funding, to me, is just as important as the full funding issue. So, I commend you for--

SPEAKER HARDWICK: Well, thank you for your observation. You're showing you know how local financing works. One of the complaints that we had received from local school boards is precisely what you're talking about. And It was intentional and deliberate, and a recommendation which we received from the communities that we're acting upon. So, thank you for noticing that.

ASSEMBLYMAN PASCRELL: Thank you.

ASSEMBLYWOMAN RANDALL: Yes, Gerry. Did you have another thought?

ASSEMBLYMAN NAPLES: You go first. You were next.

ASSEMBLYWOMAN RANDALL: Well, before you leave, Mr. Speaker, I wanted to say that you've picked up on something that seems to be, perhaps -- something we've missed. With all the talk of Tom Kean being our education Governor -- and he has done an marvelous job -- we sometimes forget about the obvious. I mean, the physical facilities, the physical setting, because we've been focusing on other important issues in education. But, I'm glad that if Tom Kean is the education Governor, you're leading the New Jersey Legislature in terms of education. Thank you.

SPEAKER HARDWICK: I hope this Assembly is known as the education Assembly, because we've certainly spent a lot of time on that issue, and by the time we lower the cost of car insurance, we'll be known as the insurance Assembly too.

ASSEMBLYWOMAN RANDALL: I think we're already known as the insurance Assembly.

ASSEMBLYMAN PASCRELL: We better stick to schools.

ASSEMBLYMAN NAPLES: First, I want you to know that this pen I have with the State seal, is not the one the Governor gave me, it's my own. I left that one at home. I remember over the years, to be more serious, talking about this bill -- once to my colleague from Irvington, Assemblyman Zangari and my counterpart in the upper house, Senator Gormley of Atlantic County, over a two- or three-year period.

Assemblyman Pascrell makes an excellent point, and the same issue presented itself when we talked about loans for municipalities about a year ago. Is there any way that there can be a reordering or rather -- let's put it this way -- a restructuring of this bill to provide for more grants in contradistinction -- not increase the total amount of money -- in contradistinction to the \$300 million for loans, by way of example? Let's take a hypothetical example -- 150 or 250. I asked Jimmy, and I asked Bill the same question. How do you feel about that? I'm very concerned about that. It's a good bill, but it's--

SPEAKER HARDWICK: Well, I wish we had the money to give grants to every school district that would be below average and in need. The problem, Mr. Naples, is that the need is more likely in the billions and not the several hundred millions, and it's a matter of starting and seeing how it works. I'm very sympathetic. I've been spending a lot of time on municipal tax issues lately with some of our big cities, and I know that the municipal tax burden is very tough -- tougher in some than others, I might add. In Paterson, for example, they are paying very high taxes compared to some other cities.

ASSEMBLYMAN NAPLES: That's what I've heard the Governor say, too, Mr. Speaker.

SPEAKER HARDWICK: So is Passaic, compared to other cities. So, I'm mindful of what you're saying, but I think this is a good first start -- an appropriate good balance and the way to go.

ASSEMBLYMAN NAPLES: It's a good bill, I think.

ASSEMBLYWOMAN RANDALL: Thank you, again.

SPEAKER HARDWICK: Thank you.

ASSEMBLYMAN PASCARELL: Thank you, Mr. Speaker.

ASSEMBLYWOMAN RANDALL: We have a total of eight speakers.

ASSEMBLYMAN NAPLES: I just want to say that I want to wait until the session is over -- until Senator and Mayor Graves' praises are eulogized. I think he likes the better word. Principal Clark -- I'm willing to stay that long.

ASSEMBLYWOMAN RANDALL: We have a total of eight speakers registered with us. If you haven't given your name to Mr. Rosen and you wish to testify, please signal him. I'd like to call first on Mr. Mario Gangi, Vice President of the New Jersey School Boards Association. Please proceed.

M A R I O G A N G I: Good morning. Thank you for this opportunity to appear before you today. I am Mario Gangi, Vice President of the New Jersey School Boards Association. I am

speaking today for the 611 school boards in New Jersey on an issue of urgent concern to local districts. We enthusiastically support the package of bills before you today to provide loans and grants to school districts for the construction, renovation, repair, or alteration of public school buildings.

Ladies and gentlemen of the Committee, one of the single most commonly cited indicators causing districts to fail Department of Education thorough and efficient monitoring is facilities. Indeed, in the last round of monitoring the top three reasons for failing certification were related to facility inadequacies. Members of the Committee are probably aware of the recent report of the Education Writers Association released last week which found an alarming number of inadequate and unsound schoolhouses. The study concluded that the schoolhouses may be the most seriously threatened part of the nation's infrastructure. The report goes on to state that 20% of the nation's schools were constructed more than 50 years ago, and nearly two-thirds were built in the 1950s and '60s, which according to the report was generally a time of rapid and cheap construction. Many construction experts say the buildings were intended to last only 30 years. If this is so, the time is up.

To its credit, New Jersey was way ahead of this Federal report in assessing its own needs. In 1980, a Department of Education study of facilities needs, known as the Uniplan Report, estimated that it would cost \$3 billion 1980 dollars if all facilities in New Jersey were brought up to their current construction codes. Obviously, normal inflation would make that cost much higher in 1989.

More recently, the Department of Education was able to revise this amount significantly downward to between \$1.5 billion and \$2 billion despite inflation and the fact that the statewide building code has been toughened since 1980. By

abandoning the notion of bringing all spaces up to current code, they were able to achieve this. Instead, it allows it to be approved if they conform with the code existing at the time of their initial construction.

However, whatever number the Committee chooses to use, it should be apparent that a \$400 million effort would provide only a fraction of what is needed to correct the facilities problem statewide. To a certain extent, this is troublesome because once the bond issue is passed, the public would feel that the need has been addressed, when, in reality only a part of it has been.

But even more troubling is the fact that of the total \$400 million, only \$100 million would be available for grants, with the reminder being made available only as loans. The truth is that our seven largest cities, where the buildings are the oldest and the conditions most dire, cannot afford the loans. One hundred million dollars in grants will simply not go very far, and it is not clear that these cities would apply for any of the loan money, given the fact that it has to be paid back. We believe that more money should be made available as grants in a ratio consistent with the number of districts which would have some means to repay the loans.

Nevertheless, we believe this legislation constitutes the most significant attempt to date to begin to come to terms with the crisis of facilities. It is in that spirit that we endorse this legislation and will eagerly work for its passage. I personally like what I have heard so far this morning and your enthusiasm. Thank you.

ASSEMBLYWOMAN RANDALL: Thank you. Questions?

ASSEMBLYMAN NAPLES: Mario, let me add to that. Or let me disagree with you at first about the 30 year longevity. If schools which were constructed, particularly in the 1920s, many of which were WPA projects when people had to earn a dollar and do a good job and materials were good-- If those

New Jersey State Library

schools in the interim lying between now and then had been maintained, namely boards of education and city councils, not when they were looking to -- I don't want to say, placate the taxpayers, but I said it, but making the lives of the taxpayers and their lots a lot better -- did not automatically-- Let's turn to maintenance (referring to a report). We can always defer this and chop the hell out of this. I really think that 30-year period can be extended.

A case in point was Trenton High -- 42 years, then it started to go downhill. With proper maintenance and with some bond issue and with a little planning, I really believe that in the aftermath of the enactment of this bill, I think that if boards of education, city councils, and municipal governments -- since debt services in the municipal budget -- will do their jobs and not take the easy way out and go and not be willing to just -- prone, rather, to go into the maintenance portion of the budget. We can go a long, long way towards making these buildings last a lot longer. This is only a beginning. But after the torch passes, it goes to local jurisdictions and then it's out of our hands.

ASSEMBLYWOMAN RANDALL: Yes, Bill?

ASSEMBLYMAN PASCRELL: Mr. Chairlady.

ASSEMBLYWOMAN RANDALL: Mr. Chairlady?

ASSEMBLYMAN PASCRELL: Mrs. Chairlady. Ms. Chairlady. Madame Chairwoman, I want to take exception to my colleague and friend, Gerry Naples, and what he just said, and I want to commend Mario Gangi for his testimony. One of the problems that we're encountering is that there's a perception out there that if these buildings were maintained properly, that we would not need capital expenditures right now. I know you didn't go that far and I know you don't mean that, since you are supporting the legislation.

When I put my name on these three bills a co-sponsor, I looked at the maintenance records in many school districts in

this State. We are-- And I hope the evidence will be brought out today the discussion will bring this out-- We're throwing good money after bad in older schools. They are no longer functional. They were built for a different time, a different curriculum and a different era. I don't care how well they were maintained in many communities where they were able to do this, they just aren't functional any longer, and they are not proper environments for kids to go to school in. I just want to put that on the record.

ASSEMBLYMAN NAPLES: Let me just sort of agree paradoxically with Assemblyman Pascrell who disagreed with me. What I meant was that in terms of cosmetics, not in the long haul, the longevity-- These buildings could be extended somewhat. It's not a long-term solution, but savings can be effected, and longevity can be extended to some extent. It was not intended by me-- If I conveyed that message to, you know, let that replace this or something like this, I want to clarify that.

MR. GANGI: I think it's important that you made it clear that local boards do have that problem in budgeting. The first thing that they lop off when they're ready to go to budget--

ASSEMBLYMAN NAPLES: No. They caused the problem.

MR. GANGI: They create it because of the political friction that may be within their districts that they have to pass their budgets. You recognize this problem and this legislation will go a long way to make up for the deficiencies of the past. And by the way, my reference to the cheaper schools were the ones that were built in the '50s and '60s. You and I know, for example, this building, built in the '20s, is sturdy; is a good building. But it doesn't fit the curriculum. It doesn't fit what we need, and I agree with you.

ASSEMBLYMAN NAPLES: Mario, some of my former colleagues on the Trenton City Council have the Trenton school

budget today. And I'm going to go back and I'm going to be told some tales of woe and I will doubtless be told by my superintendent that "X" many more cuts will have to be effected. I'll come right to the point, i.e., payroll. So, it is very, very, very severe problem.

ASSEMBLYWOMAN RANDALL: Thank you.

MR. GANGI: Thank you very much for having us here this morning.

ASSEMBLYMAN NAPLES: Okay, Mario.

ASSEMBLYWOMAN RANDALL: As you can see, we're never wanting for an open dialogue on this Committee even though there are only three of us here today. Ed Migliaccio.

EDWARD MIGLIACCIO: My name is Ed Migliaccio. I'm Secretary and Business Administrator for the Paterson School District. Before I testify, I want to clear up a piece of literature that appeared in the press this morning concerning Eastside High School receiving an "F" rating. According to any evaluation that the State makes concerning our facilities, which comes from Dr. Johnson's office, they don't rate buildings A, B, C, D, E, or F. What they do is they have an evaluative tool which I brought with me today. This tool merely specifies the different areas that they come into a building to evaluate: namely the safety factors, the ceiling heights, ventilation and heating, lighting system, toilet facilities, room size, furniture, instructional space, and they give a final comment of what must be done to any substandard classroom in order to bring it to approval. But they do not rate, as the paper classified today, that there is a letter rating that a school does fail its review.

This morning, I'd like to take the opportunity to first praise our Legislature and their presence this morning that they are finally moving in the right direction to bring to the electorate the need for State funding, especially to clear up the many years of where our buildings have received very

little remuneration from the State Department, even from the local governments. And the schools over the years did show some deterioration; and in urban towns like ours will show an extensive amount, especially with 33 buildings to take care of.

I do agree with Assemblyman Naples that you could prolong maybe by mandating and trying to upkeep your buildings, yearly. What has happened is that many of our institutions have really outlived their usefulness. Today's mandates, and these are constantly changing, of additional programs -- special needs classrooms-- By the way, special needs reflect numbers of nine; twelve with an aide. So really, they are really geared for small group instruction because of the type of child we have to instruct -- bilingual programs; basic skills programs, which is supplemental to the regular curriculum; resource rooms; alternate programs to avoid dropouts and disaffected students. When these buildings were built that we live in today, they did not foresee all these added curriculums. But today there is a need for it, and we must provide for this need.

The educational districts over the years have tried to keep their existing buildings in order, by meeting health and safety standards -- replacements, rehabing, renovations in areas which are known in the industry as "the five year plan," or "table ten," which merely tells you if you need new bathrooms, have a plan when you must renovate a new bathroom. As an example, with 33 schools in the City of Paterson, we're finally coming around a ten-year cycle to renovate all our bathrooms. But the last three bathrooms haven't been renovated in 45 years. That's not a safety and a health control for any student.

The lighting -- today, candlelight power is at a 50 range, where years ago, it was at 38. The waterproofing of our building -- this is normal upkeep that Assemblyman Naples refers to -- new roofs to avoid leaking internally. So, you

try to do the outside, before you begin the inside -- the painting of our structures. This, of course, is necessary in order to maintain our buildings. But there comes a time when our older buildings can no longer endure this band-aid type of rehabilitation. It doesn't make good business sense to keep expending money rehabing buildings that have outlived their usefulness. It doesn't make good business sense. You're only throwing good money after bad.

Therefore, I do favor the legislation that has been recommended here today, and I do believe that you're headed in the right direction. And I do believe that the State should evaluate this State as a whole, to set its priorities of what communities need the money most, and that's the way it should be earmarked. Where are your severe problems? Normally the urban towns, the large towns, have shown this because over the years, taxation became an almost impossible task.

In conclusion, I would recommend that everyone support the three bills in order to have the complete renovation program for educational institutions throughout the State. And may I add, that it is the responsibility of everyone, either as a citizen, a voter, or a legislator to meet their obligation to our students throughout the State. Thank you.

ASSEMBLYMAN NAPLES: May I add something? I think it's important that we do it quickly before inflation, as a result of delay, kicks us right in the derriere and reduces the amount of money.

MR. MIGLIACCIO: Right. It should have been done expeditiously. You're right.

ASSEMBLYWOMAN RANDALL: Thank you, again. Yes, Bill?

ASSEMBLYMAN PASCRELL: Ed, thank you for taking the time to come here today. We're talking about the health and safety of kids and staff. We're talking of some of the issues that you raised. There should be nothing more paramount than that. Before we concern ourselves, or at least part and parcel

with learning in the classroom, must come the guarantee of health and safety of every kid that goes to school in any district throughout the State of New Jersey.

MR. MIGLIACCIO: That's before instruction can take place.

ASSEMBLYMAN PASCRELL: That's right. Before we do anything. I think you would agree with me on that. In Paterson, New Jersey-- This is a tough question; it's a loaded question; you don't have to answer it. I just would like to know your opinion about it. In the City of Paterson, of the 33 facilities under your jurisdiction of the Superintendent of Schools, in how many of those schools at this particular time do we have situations where the safety and health of the children and staff are jeopardized, if not in a crisis situation?

MR. MIGLIACCIO: Well, by law, Assemblyman Pascrell, the health and safety of the building must be paramount. They will not allow our buildings to remain open. Should they have not meet our standards, while they meet the health and safety standards, and while the buildings have been well kept insofar as renovating and trying to keep up with a program that keeps the buildings in tow, the problem arises that the buildings have "X" number of rooms, and we're trying to make space for 25% to 30% more, which we do not have. When this occurs, you have a crowded situation that can lead -- God forbid we have any type of fire -- that could lead to a safety factor, because you're vacating a building that was housed for "X" number with an additional 30% within that building.

ASSEMBLYMAN PASCRELL: Ed, how many wooden framed buildings do we have in Paterson that have been covered over with brick?

MR. MIGLIACCIO: We have approximately at least 10 to 12 old buildings that date back to between 70 to over 100 years of age.

ASSEMBLYMAN PASCRELL: And for instance, the question of the health and safety of kids is of paramount interest and of paramount concern. We can pass the muster -- but the monitoring reports-- If we went back over the last five years of monitoring reports-- First of all, what does it indicate, number one; and number two, if we were add up a dollar figure just in Paterson, what kind of numbers are we looking at?

MR. MIGLIACCIO: I would probably guess, if we had to begin today to begin restructuring, remodeling, and renovating our buildings, that Paterson would probably need somewhere around \$140 million.

ASSEMBLYMAN NAPLES: How many schools do you have?

MR. MIGLIACCIO: Thirty-three.

ASSEMBLYMAN PASCRELL: Thirty-three.

MR. MIGLIACCIO: I would say approximately about \$140 million.

ASSEMBLYMAN PASCRELL: And how many schools need to be replaced, in your estimation? That's part of your job, right?

MR. MIGLIACCIO: Yeah. The probabilities are that if I were to have the Superintendent's office or his personnel try to restructure the communities into eliminating the schools and adding others, we would probably need in the very near future, right now, approximately four or five new buildings in the elementary, possibly an alternate school, because we do have approximately 400 to 500 that could automatically be placed in this type of educational institution. I would say that right now, it would be 400 to 500.

The problem that comes a little more severely in the inner cities, is that you read what the State Board of Education desires to have for a new building, and they desire to have five acres. That's fine. If I took five buildings in Paterson and gave each building five acres, I think . would close the door on Paterson. The inner city -- any inner city;

Camden, Elizabeth, Jersey City, no matter where you, Atlantic City, Asbury Park -- they cannot afford five acres. We build like they do in New York -- up; which I'm not in agreement with, because to vacate that building in the event of an emergency takes that much longer. But I'm also cognizant of the ratables that a poor city would need, like Paterson. And you can't destroy the complexion of the town to resolve one problem and create another problem.

ASSEMBLYMAN PASCRELL: You know, Mr. Gangi -- I'm sure you listened to his testimony concerning the bill that's before us -- the bond issue -- said that in the last round of monitoring, the top three reasons for failing certification were related to facility inadequacies. Let me ask you this: In your review of the monitoring process in the City of Paterson -- and I know it leaves a lot to be desired, so you know, you don't have to convert the converted -- but looking at the monitoring process, would you say that that was an accurate statement concerning our own monitoring process?

MR. MIGLIACCIO: Sure. It's an accurate statement. You know the State, for those who don't know-- They come into a building and they say if any one single item does not pass the review when they do it in a facility, the whole element goes down; not the building, the whole element goes down.

ASSEMBLYMAN PASCRELL: Explain what you mean by that for those who don't understand.

MR. MIGLIACCIO: By an element, I mean that there are certain elements in the Element V schools for facilities where they come and review it and they bring this document with them and they say, "Well, if this room doesn't have 50 candle watt power, therefore this building flunks. And since this building belongs to Paterson, New Jersey, Element V flunks facilities."

ASSEMBLYMAN PASCRELL: Okay. Let me ask you this question then, and I think that's a good example. How many schools in the City of Paterson's physical plants have been flunked, to use your word, in our last monitoring process?

MR. MIGLIACCIO: What they have done in the monitoring, they bring in things that must be corrected in order for that building to pass its permanent approval. Within it, they tell you exactly what has to be done. Normally they start with the substandard facilities first. Up until this point, unless I hear otherwise, I have met all my qualifications for substandard classrooms. That doesn't mean in August when they arrive again, that they won't find many other things that haven't been addressed to this point.

ASSEMBLYMAN PASCRELL: You are responsible, under the Superintendent in this district, for putting the budget together?

MR. MIGLIACCIO: Yes, I am.

ASSEMBLYMAN PASCRELL: Let me ask you this question. Since we're taking out and venting our frustration on the schools because of all other factors of taxation -- the only thing we vote on -- so every politician demagogues the issue and tells people to go and vote against the budget. Okay, and while they are doing that, they also vote usually against the capital side of the budget. You have experienced this in the City of Paterson. In the only three times that we have voted, those budgets have gone down, and the capital part of the budget has gone down. How have you responded to that in Paterson, which is just elemental, basic, fundamental repairs of windows and johns, you know, that you were talking about -- bathrooms, rather?

MR. MIGLIACCIO: To keep the record straight, this is in the last two budgets, including this one for '89-'90 -- last year the City, with all the electorate, did vote against capital outlaying, the City Council allowed that to remain. With this in mind-- What districts probably don't understand -- and I'm speaking of Council members maybe that haven't been made knowledgeable of this, although we try -- is that while you're paying for the tax dollars for capital outlay program

this year, next year the State gives you 70% percent of that in your funding.

As an example, although the electorate did flunk or vote against capital outlet, the tax share to the City of Paterson for '89-'90 would have been \$25,225 in taxes because the State had already given us \$1.54 million.

ASSEMBLYMAN PASCRELL: And one-third of the tax point.

MR. MIGLIACCIO: But again, the electorate probably doesn't understand this because they see one article of those powers to be stating how much the educational budget is hurting the tax dollar.

ASSEMBLYMAN PASCRELL: Madame Chairlady, I have one other question.

MR. MIGLIACCIO: The first year, we were forced to go into lease/purchase. Lease/purchase--

ASSEMBLYMAN PASCRELL: We're not taking up those bills right now.

ASSEMBLYWOMAN RANDALL: Yes, Assemblyman. We have another day on those issues.

ASSEMBLYMAN NAPLES: Don't get me started on it.

ASSEMBLYWOMAN RANDALL: I don't mean to interrupt you, Ed, but we have a whole-- In fact, we are in the middle of a continued hearing on lease/purchase as a subject.

MR. MIGLIACCIO: All right. You want me to comment on it?

ASSEMBLYWOMAN RANDALL: Well, maybe we can keep on track since we have so many other people here on this today, although it's very important--

MR. MIGLIACCIO: Okay, then I won't discuss lease/purchase. That's the only vehicle left -- is Secretary-Business Administrator -- when the electorate and Council balance the budget--

ASSEMBLYMAN PASCRELL: Let me ask you this question, Ed--

MR. MIGLIACCIO: Yes?

ASSEMBLYMAN PASCRELL: I did an analysis at one time. I want you to tell me if I'm close or out of the ball park or in the ball park. I made an analysis that every two dollars, every three dollars that is spent on renovating a school that is more than 50 years old is a wasting two dollars when compared to what it would cost to build and bond a new facility in that same community. Am I in the ball park?

MR. MIGLIACCIO: You're in. It's probably close to around 55% but you're two-thirds, so you're in the ball park.

ASSEMBLYMAN PASCRELL: I'm in the ball park. So, we are throwing good money after bad?

MR. MIGLIACCIO: Oh, there's no question about it.

ASSEMBLYMAN PASCRELL: In the City of Paterson, how many schools are older than 50 years of age, approximately?

MR. MIGLIACCIO: I would say 23 or 24.

ASSEMBLYMAN PASCRELL: Out of the 33?

MR. MIGLIACCIO: Yes, 33.

ASSEMBLYMAN PASCRELL: That's a pretty good number, isn't it?

MR. MIGLIACCIO: Oh, yeah.

ASSEMBLYMAN PASCRELL: Thank you, Madamee Chairman.

ASSEMBLYMAN NAPLES: (Assemblyman Kern arrives) My colleague from Bergen County. Welcome, Walter.

ASSEMBLYWOMAN RANDALL: Yes. Thank you very much, Ed.

ASSEMBLYMAN NAPLES: Can I add something? Let me just say something. One is a statement. Having been principal of a school and having worked with a lady named Marcia Deets (phonetic spelling) of the School Boards Association, whom I know. I was on the Committee for Vandalism and Violence about 11 years ago with the Superintendent in Trenton, Crosby Copland. And we looked at some figures -- 1978 figures. Now, I know that Bill is right, that it's patchwork. But if there is good discipline, vandalism can be reduced, and longevity has to be increased a little bit. Every little bit helps. I want

to point that out. This is a team effort. It's a synergistic effort. We all have to come together. I want to point that out.

And then there's something which goes through my mind, and it's ironic. Last night I met with a group of people, most of whom are my age or a little younger and are products of parochial schools. And unless the parochial schools -- and this is a different issue -- begin to embark on a similar type of program, they, because of the straits they're in, are going to see many, many schools closed. I only saw that with Cathedral in 1970; it did happen at Cathedral on Warren Street in Trenton, Trenton Catholic on Chestnut Avenue. A lot of these kids descended on the public schools. That could throw things off a lot. I think that even though we could talk about church and state and are theoretical and dramatic, I think that's a factor that which must come into play.

But when you have these figures -- and Bill is making some good points here about tremendous costs -- I'm reminded of the time that Mayor Sam Yorty testified before Senate Committee. Now mind you, he said to Senator Robert Kennedy, the late Bob Kennedy of New York, "Senator, you want my opinion? We could tear down the cities," which would include schools, "and build them up. It'd be cheaper." So, Kennedy then said, "Well, Mayor, how much would that cost?" And he said, "About a trillion dollars. And Kennedy said, "That's a hell of a lot of money." And he say, "I know it's a hell of a lot of money."

But when you look at it, it really was not a hell of a lot of money and, I don't know, this is almost insolvable, but it is a beginning. But, we've got to build on this, and we've got to preserve it as much as we can on an operating basis pending tax reform or the next bond issue. That is so crucial, Ed. That's vital. But we will be back here a hell of a lot sooner all over the State than we think. Thank you, Ed.

ASSEMBLYWOMAN RANDALL: Thank you very much.

MR. MIGLIACCIO: Thank you.

ASSEMBLYWOMAN RANDALL: Moving right along, an hour and 20 minutes into our hearing, we're on our third witness, Mr. Dennis Giordano from the NJEA and welcome to our colleague, Walter Kern, from Bergen County, who was kind enough to join us here as the fourth member of our panel this morning.

ASSEMBLYMAN NAPLES: My, Dolores, you've changed.

ASSEMBLYMAN KERN: It's the northern climate.

ASSEMBLYWOMAN RANDALL: Good morning.

D E N N I S G I O R D A N O: Thank you. Thank you for the opportunity to come before you this morning. I'm Dennis Giordano, President of the New Jersey Education Association. We represent more than 130,000 active and retired educators and other public school employees throughout this State.

One of the major issues of concern to those 130,000 individuals is the safety and physical integrity of the schools in our State. After all, who would want to work in a building that would be characterized as unsafe or has been deemed to be in some way inadequate? Who wants children to be educated in such a facility?

I have to commend Mario from the School Boards because apparently great minds think alike, since he picked up the remarks I have about the Education Writers Association. In the interest of expediency, I will delete some of that--

ASSEMBLYMAN NAPLES: I thought I was the only humble one here.

MR. GIORDANO: --for your benefit. But I do want to mention some of what I think he went by, and that is the remarks in terms of the progression of the deterioration as to life cycle:

The first 20 years, minor repairs and maintenance; the next 10 years, increasing annual maintenance, and replacement of worn-out equipment; between 30 and 40 years of age rapidly increasing general maintenance needs, and most major items, such

as roofs and lighting fixtures, in need of replacement; between 40 and 50 years of age, a time of accelerated deterioration; and as you heard him say, after 50 years, they should be jettisoned. New Jersey has 39 schools that are more than 100 years and dozens more that are more than 50 years old.

The Education Writers Association survey report also contains some anecdotal evidence of the growing problem of inadequate school facilities. For instance -- and I think there are the cogent facts that should be shared today -- in the City of Camden, the school board had to cut or defer projects in 1987 for lack of funds. Those projects included replacement of some school boilers, replacement of some school roofs, renovation of some school bathrooms, new lighting in some classrooms, and replacement of some school exit doors.

The survey noted that the Department of Education criticized Camden officials for their use of maintenance funds. But Judge Steven Lefelt wrote last fall that, "Much of Camden's lack of follow-through is caused precisely because Camden is so poor."

In Paterson, the survey noted a school had to be closed early the day a reporter interviewed the Superintendent because of severe flooding when a pipe burst in the school. The previous week, another school had to be closed early for the same reason. Superintendent Frank Napier pointed out that it is nearly impossible to repair some of the old heating and water systems. Why? Because the manufacturers no longer exist and are long out of business. The Superintendent noted that Paterson School 24, if you will, is sinking because it was built over a former stream bed, and part of the roof at School 13 has caved in.

These old buildings in cities and poor rural and suburban areas cost all of us money. Since the State government pays for most school costs in our cities, all our taxpayers pay more to maintain these buildings than they do to

maintain modern facilities. The problem of inadequate school facilities has been studied by the State Department of Education for some time now. The Department estimated about eight years ago that up to \$4 billion was needed to bring all the State's school buildings up to health and safety standards. The Department later revised that figure to between \$1.5 billion and \$2 billion, although we never understood how the problem suddenly became doable at one half the price tag, in terms of fixing the problem.

With those sorts of numbers in the political mix, it's easy to understand the urgency of the problem, and there's no way solutions will become less expensive. Two years ago, Governor Kean vetoed a bill which would have authorized a \$150 million bond issue. That bill, sponsored by Assemblyman James Zangari, won overwhelming support in both houses of the Legislature, but the Governor said he wanted more study of the problem. We submit that enough is known about what's needed in this area.

I recently toured three schools with Speaker Hardwick, as you heard him allude to in his remarks, in Palmyra in Burlington County, East Orange in Essex County, and Bogota in Bergen County. We found buildings in various states of disrepair, rooms being used for purposes for which they were not designed, and schools boards, administrators, and school employees who wanted to fix the problems but could not. In Palmyra, for instance, voters keep turning down bond issues designed alleviate these matters.

In the NJEA's Urban Challenge Project, we heard from school employees all over the State about the condition of their schools. We heard that one school building in New Brunswick was once used as a prison during the Civil War. Although I haven't visited it, just as an aside, I understand the catwalk is still there where the guards patrolled in that building. One school in Union City is another example. It

happens to be a converted cheese factory -- obviously not designed for classroom uses. In East Orange, showers in one building have not worked for two years, so students could not shower after physical education classes. In Paterson, some school windows let in little light into the classrooms and some classrooms, which were described as "temporary," I might add, had been classified as temporary for 25 years. We also found vandalized buildings, buildings without science laboratories or rooms to accommodate computers, and buildings with antiquated heating and ventilation systems.

Our Urban Challenge Report recommends the following: That the legislative and executive branches of State government develop and place on the ballot a statewide bond issue to raise funds to ensure that needy school districts make necessary improvements, including, but not limited to repair or expansions of existing school buildings and construction of new facilities; that the Legislature and the Governor create an office in the State Department of Education to plan for the capital needs of education throughout the State and implement programs to meet those needs. And I have attached to my statement a copy of the recommendations from our report as they touch on the area of school facilities.

The Department of Education's own monitoring system has consistently turned up inadequacies in facilities serious enough to keep districts from being approved in that element of the monitoring process. The most recent list of districts in this position contains districts in 15 of 21 counties.

Again, let me give you a sample of the Department's assessment of some school facilities in Camden. The Washington School was built in 1907. It has never been significantly renovated. It operates at 157% of student capacity. It has no library, no gym, no multipurpose room, no auditorium, no cafeteria, no art room, and no music room. The Mickle School was built in 1875 and last significantly renovated in 1925. It

has no library, no gym, no auditorium, no cafeteria, no multipurpose room, no art room, no music room, and additionally, there is no toilet in the nurse's office.

Now remember that the Handler from Michigan -- in that study we referenced before -- recommends that buildings over 50 years old should be completely reconstructed or abandoned. Besides the two elementary schools I mentioned just a moment ago, these elementary schools in Camden meet that criteria: Broadway, built in 1886; Bonsall, 1913; Cramer, 1913; Parkside, 1907; Powell, built in 1926 and renovated in '37; Sharp, 1921; Wilson, 1907 and renovated in '23; Whittier, built in 1910 and renovated in 1920; and Yorkship, built in 1920, renovated in '24.

Most of these buildings have no cafeterias, gymnasiums, libraries, multipurpose rooms, no art rooms, no music rooms, to say nothing of modern lab or computer facilities. All but two operate over capacity, ranging from 115% of student capacity all the way through 157%.

For all the above reasons, we support all of the current major initiatives in the Legislature to get us moving in the right direction, including initiatives from Senators Russo and Gormley and this package from Assembly Speaker Hardwick, and Assemblymen Zangari, Palaia, and LoBiondo. They are the first step in the direction we must go.

While we support the package before you today in concept, we have several concerns and questions about the bills, as they are currently written. The first problem we see is that the proposed legislation places the Legislature in the position of approving specific allocations of funds to specific school districts; an administrative responsibility which has always resided with the executive branch in the Department of Education. We oppose this provision. We believe the responsibility for the distribution of school funds should remain with the Department and the Governor. The Legislature should exercise an oversight function.

The second problem we see is the provision in A-4343, which would trigger the institution of a statewide property tax if sales revenues are not sufficient to cover debt service payments on the bond issue. In addition, we have some technical questions in A-4342.

In section 5, we are not clear whether the amount of the grant is 50% of the different between State aid or a loan received under the loan provision or the greater of the two?

ASSEMBLYMAN NAPLES: What line are you on, Dennis?

MR. GIORDANO: I'm on page seven, about halfway down. Are you referencing the bill, because I don't have that before me?

ASSEMBLYMAN NAPLES: No, no, not referencing the bill-- Yeah.

MR. GIORDANO: I don't have that before me.

ASSEMBLYMAN NAPLES: Okay, that's all right. I'll find it.

MR. GIORDANO: We would like some clarification of this matter. We have a concern about the grant application process. We have found that in some cases in the past, wealthier school districts with more administrative time applied for grants, while poorer districts with less time for administrative work did not, were not able to. The alternative to this process would be to have the Commissioner assess needs and make awards without applications. Our Urban Challenge Report recommended an Office of Capital Needs Assessment. This area needs further and close review. We do not want poor districts or small districts penalized because they did not have the time or the personnel to fill out the appropriate forms.

In section 8 of A-4342 there's no timetable for administration of the grants. How will the districts get the money: In one year, or will the Legislature decide every year whether to fund projects on an ongoing basis, in which case

districts would have great hesitation to make major long-term commitments? Also in that section, April 1, is a very late date for notification of a State aid allotment. We recommend that date be pushed back, perhaps to coincide with notification of other State aid.

In A-4344, we question whether three months is enough time for the Department to prepare its priority list of districts for funding under this proposal. We are unclear about the language in section 7 which states that the school districts, "Shall indicate the manner in which the school district shall repay the loan." The method of repayment is already specified in section 5b.

Does the language of section 7 have to do with where the district will get the money to repay the loan? Does this relate to section 9, which requires approval by the Local Finance Board of the Department of Community Affairs? As to section 9, can the Local Finance Board block a loan and stop a project? It is not clear, if you will, from the present language.

In A-4343, in section 15, two funds are mentioned: The Classrooms for the Future Bond Fund and the Public School Facilities Bond Financing Fund. Are they the same fund? If not, please let us know what the differences are.

In section 19d, is the language referring to funds being turned over to the trustees and escrow agents standard bond finance language?

In section 22, the question we raised before, about the imposition of a statewide property tax is crucial to us. The section states that the State Treasurer could order the imposition of such a tax for anticipated obligations nearly two years away. We raise two concerns, if you would: Why grant this authority to the State Treasurer? And further, how can anyone make a judgment on whether sales tax revenues will be sufficient to cover debt obligations two years into the future?

The sales tax is projected to yield \$3.5 billion during Fiscal 1990. So there is little doubt that the sales tax has the funding capacity to cover such obligations, making the necessity for imposition of a statewide property tax remote. But what happens if the sales tax revenues are necessary for or diverted to other purposes? We foresee a scenario of voters, weary of property taxes, rejecting the referendum needed for the passage of this legislation as a means of, once again, voicing their displeasure over existing property taxes.

We believe that the State should assume financial responsibility for the debt arising from these bonds in the General Fund. Mandatory funding should not be triggered by the discretion of a cabinet member, but should be contingent upon the authorization of the Legislature and the Governor.

These are our concerns about this legislation. We're pleased to see attention focused on this topic critical to the future health of education in New Jersey. We urge fast action to resolve the questions we have raised so that the package can move quickly through the legislative process. Thank you.

ASSEMBLYWOMAN RANDALL: Thank you. Let me just make one statement at the outset. You raised a number of issues; some major, some more technical in nature. I expect this Committee will be focusing today on A-4342, the bond act itself, in terms of a possible motion to release -- only because we have a time frame, as we all know, in terms of getting that through the legislative process and signed by the Governor.

MR. GIORDANO: I understand.

ASSEMBLYWOMAN RANDALL: There is not the same sense of urgency with regard to the other two bills on the list, which are the enabling legislation. We may well take time to review some possible amendments on those two bills. Let me ask,

though, Mr. Rosen to assist us all in answering some of the questions you have raised about the Hardwick bond issue bill, A-4343, and see if you can help us out in that regard.

MR. GIORDANO: Thank you.

MR. ROSEN: I saw there were three points there. In section 15, I only see a reference to the Classrooms for the Future Bond Fund. I don't see in section 15 the reference to the other funds. I think, perhaps the confusion, however, is that section 5 of the bill contains the reference to two other funds. The way that this would operate is when the Treasurer sold the bonds, the money would go into Classrooms for the Future Bond Funds, and would then be allocated from that fund to the loan fund and the grant fund as described in section 5.

MR. GIORDANO: Thank you.

MR. ROSEN: In terms of section 19d, that language is standard bond language, as is the sales tax reference. It's in scores of bond issue bills. It's simply a provision to provide that there is absolute assurance to investors that the taxing authority of the State stands behind the bond issue.

MR. GIORDANO: Thank you. I appreciate it.

MR. ROSEN: I think those are the three points on A-4343.

ASSEMBLYMAN NAPLES: Dennis, I just want to say the last time I used the word "anecdotal," I was called a pedant. I'm glad I'm in good company. On page five, you mentioned, "that the Legislature and executive branches of State government develop and place on the ballot a statewide bond issue to raise funds to ensure that needy school districts make necessary improvements, including, but not limited to, repair or expansion of existing school buildings and construction of new facilities." What kind of a price tag are you putting on this two-part question, and what do you think the debt service might be?

MR. GIORDANO: Candidly, I don't have a specific price tag for it. I think if the Legislature were--

ASSEMBLYMAN NAPLES: Around, about?

MR. GIORDANO: Excuse me?

ASSEMBLYMAN NAPLES: Round figures.

MR. GIORDANO: I wouldn't even want to hazard a guess.

ASSEMBLYMAN NAPLES: All right. Let it go.

MR. GIORDANO: A lot of money.

ASSEMBLYMAN NAPLES: I'll talk to you later. It's a tough question to ask, and I withdraw it.

MR. GIORDANO: Wayne is giving you a guess here saying it goes beyond \$4 billion. All right?

ASSEMBLYMAN NAPLES: How much, Wayne?

W A Y N E S. D I B O F S K Y: Four billion.

MR. GIORDANO: But the \$1.5 billion number that's in here, bear in mind, is an antiquated number.

ASSEMBLYMAN NAPLES: The debt service is what I'm concerned about.

MR. DIBOFSKY: That we don't know.

ASSEMBLYMAN NAPLES: That would not be included. That would be exclusive of it.

MR. DIBOFSKY: Yes.

ASSEMBLYMAN NAPLES: Obviously. Yeah, you've got big problems.

ASSEMBLYWOMAN RANDALL: Did you finish that thought?

ASSEMBLYMAN NAPLES: No. I don't have any more questions. Very good statement. You've piqued my imagination here and my thinking. It's a good statement that all bodes well for future consideration, certainly.

ASSEMBLYWOMAN RANDALL: Assemblyman Kern?

ASSEMBLYMAN KERN: Yeah, you've also piqued my curiosity. In your recitation about various schools and different systems and the fact that nothing has been done by

way of maintenance, improvement, or renovation, it appears that you're talking about, generally speaking, about a 60-year period of inactivity in that area. Now we hear a lot about cities crying poor-mouth; that they'd like to do the job, but they can't do the job. That may be presently true in a number of communities, but that does not exculpate 60 years of inactivity. I noticed if you looked back, approximately 35 years ago that inactivity was at the height of the city machines in this State.

I think the reason that you didn't have this maintenance and renovation about this is because they didn't give a damn about education. I think that's the root cause of why we are where we are today. There was no interest in the city machines in our urban centers in furthering education in this State and that's why we have to float this bond issue.

MR. GIORDANO: That may well be. I'm not an historian about the politics of the urban centers, but that could well be.

ASSEMBLYWOMAN RANDALL: Yes, Bill?

ASSEMBLYMAN PASCRELL: I wasn't intending to respond, but I need to respond to that. While everything you said might be true, and I think there's indication that in some cases it is or was, we are faced with the situation now. And kids should not have to listen to any demagoguery about what happened 50 years ago. They deserve to go to healthy schools where their health is protected, where their safety is protected. That's number one.

Number two. I asked a question, and I don't know if you were here or not, Assemblyman, to the last witness concerning how much money-- When we put into schools that are more than 50 years of age, how much of that money is really throwing good money after bad? Now maybe my estimate is too high. I don't think it is, by the way. I said two out of three dollars is wasted. They were my words. Maybe you disagree with that?

ASSEMBLYMAN KERN: No. I don't disagree. I heard the commentary.

ASSEMBLYMAN PASCRELL: And the response was, "Well, maybe it's 55% rather than two-thirds that I said." Regardless of whether it's 55 or two-thirds, we're faced with a situation now. We have to deal with it. We, all together, have to come up with a solution. We know that the communities right now don't have the money to do this. You certainly wouldn't want to penalize them for what happened 50 years ago. And you certainly wouldn't want to penalize the kids. Would you? Would you?

ASSEMBLYMAN KERN: No. Obviously not. But I think we ought to know what the reason for the problem is, and I think the blame should be placed on those that are responsible. We have to now clean up the mess that somebody has created for us.

ASSEMBLYMAN PASCRELL: Well, what are you suggesting?

ASSEMBLYMAN KERN: Exactly what I said. The responsibility for this default should be publicized and should be part of any record. The State now, obviously has a responsibility to save the children and to save the systems, but we ought to know what the cause was.

ASSEMBLYMAN PASCRELL: I think this needs clarification.

ASSEMBLYMAN KERN: The same thing like with the JUA. We ought to know what the cause was.

ASSEMBLYMAN PASCRELL: I'll discuss auto insurance anytime you wish, Mr. Assemblyman, but not now.

ASSEMBLYWOMAN RANDALL: Thank you.

ASSEMBLYMAN PASCRELL: The question of these buildings, even if they were properly maintained -- and the testimony has pointed this out -- we still come to the point that we have a 100-year-old building. Even if everything you say is true, you cannot-- There's a point beyond which 50 or 60 years that a building exists that you're putting, as one

person said, band-aids or you're throwing good money after bad, even if everything you say is accurate. So, I think you, and what you just said, makes the situation worse. What we need to be doing is finding a solution to make the situation better. You can't disagree with that, Assemblyman.

ASSEMBLYMAN KERN: I don't want anything swept under the rug. I think we ought to know what the cause is. The cure is another question, and obviously, we have to do something about the problem.

ASSEMBLYMAN PASCRELL: Thank you.

ASSEMBLYWOMAN RANDALL: Thank you, gentlemen. Thank you for staying up here during that dialogue.

MR. GIORDANO: Madame Chairperson, just in closing, you heard Speaker Hardwick allude to, and myself also, touring of some of the schools. I'd like to offer the opportunity to all of the members of the Committee. In fact, I would like to go beyond that and enthusiastically encourage you. Perhaps we can set up a van to take you on tour with us through some of our buildings. I think firsthand knowledge -- eyeballing it right up-front -- is really what needs to happen so that you can graphically portray it when you go back into the halls of the Legislature.

ASSEMBLYWOMAN RANDALL: I think a lot of us would be well-served by such a visit. Thank you.

MR. GIORDANO: Thank you.

ASSEMBLYMAN NAPLES: It would only confirm what we know, but it would be good to do. Really.

MR. GIORDANO: Thank you.

ASSEMBLYWOMAN RANDALL: While we're waiting for the Department and Dr. Doyle to come up next, let me recognize-- I see our colleague, Senator Graves, in the audience. Sir, do you have anything that you'd like to add to our proceedings this morning?

S E N A T O R F R A N K X . G R A V E S , J R . : My offer for lunch still goes. I don't know whether Lisa told you or not, but we had dinner together last night.

ASSEMBLYMAN PASCRELL: I want the whole facts, all the facts, nothing but the facts.

SENATOR GRAVES: She was at big Democratic affair last night, and I had the pleasure of being in the same room and sharing dinner with her. I don't know whether she's told the Democratic members of this Committee--

ASSEMBLYMAN PASCRELL: She told us that she was out-of-state last night, Senator.

SENATOR GRAVES: She did? I thought Bergen County was a part of the State of New Jersey.

ASSEMBLYWOMAN RANDALL: I said I was out working.

SENATOR GRAVES: Okay. First of all, welcome to Paterson. I know that Bill Pascrell will be doing everything he can to make your stay here pleasant. And if you can, I want to take you out to lunch. All of you. Can you break to go to lunch?

ASSEMBLYWOMAN RANDALL: Thank you. We have so much-- We may take a rain check and accept dinner at some point, though.

SENATOR GRAVES: Okay. I would suggest that you take five rain checks, and I'll take you to dinner five times. Leave the rest of them back, and you report to them what we did.

ASSEMBLYWOMAN RANDALL: Sounds fair.

ASSEMBLYMAN NAPLES: Thank you for asking, Frank.

SENATOR GRAVES: Okay. You're welcome. There's one thing I want to put in. Naturally, I'm very supportive of some capital outlays to take care of our buildings, because number one, we can't afford to do it financially on our own. We need the proper kind of help. I was the co-sponsor of Matty Feldman's bill, the \$100 million bond issue, that helped pay for our vocational schools. It was very successful.

But I want to caution-- Don't let happen in the State what happened here. I blame the State of New Jersey, along with the Board of Education, for the problems of Eastside High School, because in 1969 the State of New Jersey made available to the City of Paterson approximately \$14 million or \$16 million. And with it, instead of the State insisting that Paterson take that money and build a third independent high school, it permitted the then Board of Education of the City of Paterson to cause what turned out to be one of the biggest problems in the State of New Jersey as far as a high school is concerned.

Now, what they did -- what the administration did -- in 1969 is what's wrong with our money from the State's point of view. They took our football field here and built a third high school here and joined them together and called it Eastside High School instead of having three independent schools with the State providing the monies -- which the State did provide, to the best of my knowledge -- 100% of the funding for the catastrophe that took place here.

They took a beautiful football field, a beautiful stadium out here, which gave relaxation to people who went to Eastside High School, like me. I'm the only Mayor who ever graduated from Eastside High School in the City of Paterson's history, to the best of my knowledge. They took away the football field and put a \$14 million addition and then joined them together with a corridor, and it became one high school. It was wrong. The State of New Jersey did wrong in not protecting its investment right here in the City of Paterson. So, we need money.

Bill Pascrell is a former President of the Paterson Board of Education. So, he certainly knows even better than I, as the Mayor, the physical condition of some of our buildings I have here with me, the Vice President of the Paterson Board of Education, Jerry Bello, and the Counsel to the Paterson Board of Education.

We can't afford to fix up some of our structures. In some of our places, our kids are almost in broom closets trying to get an education, because there's no more room. But of course, we're trying to bring down the number of students in the classroom and the number of subjects that we have to portray, especially in some bilingual education within our City.

So, what the State must do is to monitor how its money is spent and never permit an Eastside High School to happen anyplace in this State, that's being funded by the State, forever. That's one of the things that I want you to please structure your -- and amend -- so that you have the absolute veto authority over making any fiscal monies available anyplace in the State. Use this as an example.

Number two: Do we need it? Yes. You know, Bill and I may have a disagreement in that he feels -- build more schools and no jails; I say we have to do both. I need the jail to lock up the drug scum that's selling to our kids. I need a place to put them. I don't want to compromise it, but I need to compromise it. I need the physical structures to entice our children, to make it conducive for education. So, we need both. We can't sacrifice one for the other. We need the ability to physically restructure our buildings in this City and to put up another school.

ASSEMBLYMAN NAPLES: I just want to say, perhaps this might be a little bit of a joke, but I was going to lead off with a quote from the former Mayor of Philadelphia, who later became a senior United States Senator, but I won't mention that person's name. Relative to the population of Paterson's school district, I'm told by my good colleague on the right of me, the population is one-third, one-third, one-third of Caucasian, Hispanic, and--

SENATOR GRAVES: We're uniquely 50,000 white, 50,000 black, 50,000 Hispanic. We're probably the only city in America who can say that.

ASSEMBLYMAN NAPLES: Perfect. Now, out of that, Frank, a question here, or anybody from the Board. What percentage is in the bilingual program?

SENATOR GRAVES: Fifteen percent.

ASSEMBLYMAN NAPLES: Of the one-third, Bill?

ASSEMBLYMAN PASCRELL: No. The Mayor is talking about--

SENATOR GRAVES: No, 15% of the high school kids.

ASSEMBLYMAN PASCRELL: The Mayor is talking about one-third of the population you asked about.

ASSEMBLYMAN NAPLES: Okay. So, it's substantially less. Substantially less of the children, in that one-third would be in the bilingual program? Just for my own edification, Frank.

SENATOR GRAVES: Way less.

ASSEMBLYMAN NAPLES: Okay. I just want to say something, Frank. In 1969, I said the same thing as a member of Trenton City Council, to the school board about building a second high school, about throwing good money after bad, and boy, that was one of the most frustrating nights of my live, and it really hurt the next day -- no, two days later -- when the editorial writers got done with me. We're beginning to feel it now, in Trenton, and damn it, they're still doing the same thing. It's frustrating.

SENATOR GRAVES: The biggest single educational mistake in the history of this City is the building you're in. This should have been a third complete independent high school.

ASSEMBLYMAN NAPLES: Come to Trenton, Frank.

ASSEMBLYMAN PASCRELL: You sound like Mayor Holland, "Come to Trenton."

SENATOR GRAVES: And if we had three high schools-- I can't stand another one of his forays on taxation. And I was able to meet Hardwick outside and talk to him about getting some money.

Is that it, Liz?

ASSEMBLYWOMAN RANDALL: That's it. Thank you very much.

SENATOR GRAVES: You've refused my luncheon engagement. Couldn't you peel off and leave them here, and you go to lunch, Liz?

ASSEMBLYWOMAN RANDALL: Thank you.

ASSEMBLYMAN NAPLES: Thank you, Senator.

ASSEMBLYWOMAN RANDALL: The Department of Education representative, Judy Savage.

ASSEMBLYMAN PASCRELL: Here comes the good part.

ASSEMBLYWOMAN RANDALL: Did you bring your armor today?

J U D I T H S A V A G E: Yeah, I wore my lead underwear.

ASSEMBLYMAN PASCRELL: I beg your pardon.

ASSEMBLYMAN NAPLES: What was that?

ASSEMBLYWOMAN RANDALL: Good afternoon.

MS. SAVAGE: Thank you very much. As many of the previous speakers have stated, and eloquently, inadequate school facilities are a very serious problem for a number of New Jersey school districts. The Department of Education certainly recognizes the need for additional State funding to help local districts pay for school construction and renovation, which is so badly needed. We'd like to take a moment to commend Speaker Hardwick, Chairman Palaia, who's not here today, all of you as members of the Committee and co-sponsors of this bill and the other sponsors, for introducing the package of bills that will begin addressing this problem.

We strongly support a ballot question which would authorize \$400 million in bonds. The Department of Education has supported similar measures in the past and we will continue to press for these critically needed funds. As the Speaker noted, Commissioner Cooperman, in the recent Abbott v. Burke decision, called for a bond referendum in order to begin addressing New Jersey's long-term facilities needs.

The Department of Education heartily endorses A-4344, which would recreate the loan fund. This is a very creative proposal, and it contains two concepts the Department has consistently endorsed. First of all, a loan program ensures that the source of funds would be continually replenished, and the specific mechanism which calls for one year, no interest loans for equalization aid districts to be repaid with State debt service aid in the final year, provides a form of current year funding for capital projects.

Current year funding has long been supported by the Department and was again recommended by the Commissioner in Abbott v. Burke. As Assemblyman Pascrell noted, providing aid during the first year of a capital project rather than requiring districts to get over a large, first-year payment hurdle will do a tremendous amount to stimulate school construction. Right now, too many districts simply cannot afford to raise taxes to cover the full first year's payment and then wait for State aid reimbursement in a year or two.

Current year funding would alleviate this by providing debt service aid, as much as 90% in some cases, at the time of initial expenditure. A system of loans to provide this advantage until such time as the State can move to a full program of current year funding is a fine idea. We would also endorse the provision that would provide low interest loans to minimum aid districts from this fund.

There are several changes we would like to see in the proposed legislation for the loan fund. First of all, we would suggest that the process for determining who gets the loan be kept administrative. We would agree with Mr. Giordano of the NJEA that the responsibility of determining priorities should rest with the State Board of Education as it did under the additional State School Building Aid Acts of 1968, 1971, and 1978. The requirement that eligibility criteria, such as the need for facilities and the ability of local taxpayers to pay

for those facilities be considered, would ensure that the Legislature's intent would be met in distributing the loans.

Second of all, the bill would require the Department of Education to set up a system for tracking these loans, because such a system does not now currently exist. There is a provision in the bill which states that we could apply to the Legislature for operating funds, but we would suggest that some monies for those operating funds be set aside, because what we're being directed to do is to manage a \$300 million fund, and that will take some additional staff and expertise.

We also would suggest that the formula used to determine the interest rate be changed to ensure that minimum aid districts would get a low-interest rate, rather than something at market or above market rate.

ASSEMBLYMAN NAPLES: What kind of rate are you talking about?

MS. SAVAGE: I wouldn't pose a specific figure, but right now, you can get school bonds or a lease/purchase for something around 7.5%.

ASSEMBLYMAN NAPLES: You're talking about-- Let's take the percentage -- you had a third off, possibly? Forty percent off? What?

MS. SAVAGE: What we would suggest is using the Treasury Bill Index as a guide.

ASSEMBLYMAN NAPLES: That's important. That affects debt service a lot.

MS. SAVAGE: But what we would suggest would be using Treasury Bill as a guide, which is above the rate that would now be available for school bonds, and cutting that in half. So, it would be half of the Treasury Bill rate. That would probably come in somewhere around five percent; something like that. That's just a suggestion. We're not the main financial experts. We can consult the Treasurer on that.

A-4342, the grant fund, is somewhat more problematic. We recognize that the sponsors want to provide additional help to low-wealth districts in which the taxpayers might be hard-pressed to fund the full local share of their facilities. Well, we believe that in most cases, current year funding would solve this problem for the taxpayers. We cannot argue with this concept of providing additional State assistance as long as some local match is maintained. However, we're concerned that as proposed, the grant program will provide relief for a certain number of years and then when the \$100 million runs out, leave districts that relied on that money in the lurch.

For example, suddenly a district which raised \$250,000 locally and relied on a grant for \$250,000 each year, might have to raise the full \$500,000 from local taxes. Not only would this give them a big tax gulp to absorb in one year, but would also make it very difficult for them to plan, because the priority list could change from year to year. A district could not be certain exactly how much grant money to expect, or if, indeed, it would receive any grant money in the coming year.

A second concern is with leaving the grant support level unfixed at up to 50%, and the annual determination of the support level for each district could subject the Commissioner or the Legislature to considerable pressures. We would suggest instead that some fixed, yet equalized, amount be stated in the bill. For example, the percentage amount could be equal to half of the district's State support ratio.

Another concern is that priority should be given to new projects, since the intent of this package is to stimulate school building construction. And again, with the grant fund, we would suggest that the process for determining who gets the grants remain administrative.

We'd be very happy to work with the sponsors or with staff to address these problems that are in the bill. Before I wind up, I like to just set the record straight on two issues

that were raised a little bit earlier here today. First of all, there are some questions that have been raised as to what is the estimated need for school facilities. Some reference was made to the Uniplan study, which was done in the late '70s, early '80s and did come up with a figure somewhere around \$3 billion. I wasn't with the Department at that time, but it's my understanding that one of the problems with that is that it almost amounted to a wish list. You know, districts submitted all kinds of needs and desires, and we ended up with a very high estimate of about \$3 billion.

Since then the Department has been using our most recent figures which was in 1985, a self-report by districts of their long-range facility plans. With this estimate, we'd, right now, use the figure of about \$1.6 billion for total; and roughly \$680 million just for health and safety needs. I have to warn you, though, that those numbers are soft. We realize this. It's a self-report from 1985, and while we've adjusted the figures for dollar inflation, obviously what was identified in a snapshot four-and-a-half years ago, may no longer be accurate. There are new needs that have popped up since then. New things have been identified.

Second of all, the health and safety estimate of \$680 million represents the categories that we could pull out of what was submitted and say, this is strictly limited to health and safety. Therefore, for example, if health and safety needs pointed really to a need for a new building, that wouldn't be included in that \$680 million. So, it would be somewhat higher than that.

And finally, as I said, these are the districts' long-range facilities plans, not their total needs. We asked them to report those things that they plan to address within the coming five years, not everything that they felt possibly should be addressed. But regardless of the specific number, I think everybody here today has agreed on a need, and \$400

million will begin to address that. It's not going to solve the total problem, but with local matches combined with existing State aid, it's going to start to make a difference. The issue shouldn't be bickering between which study we use. None of the figures are perfect.

It brings me to the other issue, which is monitoring. Through our monitoring, we do look at school facilities. As you know, a lot of mention was made of Indicator V. It's got several components to it: health and safety needs, substandard facilities, and the existence of a long-range facility plan.

Under the last monitoring cycle, which just concluded, the only element of those that was absolutely required to pass monitoring was that you had to have the facilities plan. You had to look at your facilities and have a plan for addressing it. If there were health and safety needs, if there were substandard classrooms, if there were substandard long-term needs, the Department duly noted those and discussed them with the district. Then we gave each district 60 days to come up with a plan to address them. Obviously, it wouldn't be fair to refuse to certify a district because they've got a long-term facility need that could not be addressed that week, that month, that year. There has to be some leeway.

To date, 98% of the districts in the State have passed monitoring under the last cycle. There are no districts that have lingering health and safety needs. We've pushed them on that. Those health and safety things have been addressed, and there are none of those certified districts that don't have a facilities plan.

So, those are just two things that were mentioned that I'd liked to clear up, and I'd like to thank you all for the chance to speak and commend you all for tackling a very, very tough issue.

ASSEMBLYWOMAN RANDALL: Don't go away.

MS. SAVAGE: I won't.

ASSEMBLYWOMAN RANDALL: Yes, Bill?

ASSEMBLYMAN PASCRELL: Madame Chairwoman, I have a statement to make concerning what the Department's presentation to us this morning. And I want to start by saying this: Judy, every testimony that you've ever given before this Committee, I really believe -- and I wouldn't say this if I didn't mean it, and you know me -- I believe is well researched, supported, but very interestingly tempered by your own good sense and sensitivities. Having said that, I'd like to enter this into the record concerning the school building aid, and specifically A-4343, and the bills accompanying it today.

The last State effort to meet the need for school construction and renovation was in 1978 during the previous administration. At that time, the additional State School Building Aid Act was passed to provide \$100 million in grants to needy districts for school facilities. The present administration for eight years has actively avoided this issue. Pure and simple.

At the Appropriations Committee hearing on the Department's budget in the spring of 1987, the Commissioner, Commissioner Cooperman, who -- Madame Chairwoman, I'm going to say something now which I'll say to his face -- should be here today on such a critical issue. The Commissioner told the Committee that there was a need for school construction and renovation amounting to \$1.3 billion. These are the Commissioner's words and I just want to clarify that. "This money," he said, "would be needed for the increasing enrollments in certain schools, the efficiency, health and safety, as determined by school districts." Those are his figures. And the administration would be coming to the

Legislature with a plan to meet this need. This was in the spring of 1987. A year later, when questioned about the administration's plan and the need for State school building aid, the Commissioner told the Committee the Governor rejected his estimate and asked that he determine the amount needed to take care of health and safety problems only. The Commissioner determined that health and safety needs amounted to \$564 million.

On January 11, 1988, the day before I was sworn in as an Assemblyman, between the Commissioner's two budget hearings described above, the Governor vetoed A-1784, the Zangari/Feldman bill, which would have provided \$150 million in grants for construction and renovation. An absolute veto, with a known need \$1.3 billion and a health and safety need of almost \$564 million, is reprehensible.

These figures were recently adjusted for inflation by the Department itself. As of January 1989, the total need was \$1.58 billion and the cost of health and safety was raised to \$686 million. These figures are based on district plans submitted in 1985, for the school years '85 and '86, to 1989/1990 -- the year we haven't gotten into yet.

The Department feels these figures are, to use the word you used in January and to use the word that the Department used in the spring of 1988, "soft." Districts report only improvements they planned -- and I underline "planned" -- to undertake. Needs they can't address because of tax rate impact and/or community attitude are not included. I want to stress that.

In addition, during the next 10 years, it is estimated that school enrollments will increase by a quarter of a million students in the State of New Jersey by the estimates of the Department of Education. I'm not far off, am I?

MS. SAVAGE No.

ASSEMBLYMAN PASCRELL: In his decision of Abbott v. Burke, the Commissioner acknowledged -- and I'm glad you brought it up, because I intend to speak about that this morning -- the Commissioner acknowledged the effects of 50, 75, and 100 year districts' neglect of facilities, in his words, and agreed with the plaintiff's contention in Abbott v. Burke, that the current system of financing facilities improvement is inadequate. He went on to say, that this problem, "can only be addressed by a specific, concerted, coordinated effort at the State level which would infuse sufficient amounts of funds into this area, above and beyond that which may be reasonably expected to be raised by the existing funding mechanism."

While the Commissioner is on record supporting current year funding of school building aid, and while he is on record as supporting A-1784, there is no evidence that he is making any, to quote him, "specific, concerted, coordinated effort at the State level" to solve the problem. When the Commissioner and the administration want to, they make the effort -- the school takeover issue, the minimum salary for teachers, alternate route for teacher certification, etc., etc., etc.

The three bills that are before this Committee today, A-4342, A-4343, and A-4344 -- the legislative funding sections of these bills states, "that the Department of Education has estimated that this school construction and renovation need is of the magnitude of \$2 billion." This is consistent with the Department's contention that its estimate of \$1.58 billion is soft, based on districts' plans from 1985. Normally, even a non-interest loan program discriminates against poor districts. We've talked about it, and I'm glad you've addressed the fact that we're talking about current year funding. I think this is going to help us in this particular matter.

Several years ago, Commissioner Cooperman came before the Education Committee and said, "There is a \$1.3 billion need

for school construction and renovation." Subsequently, the Commissioner told the Governor that the figure was too high, and he asked that-- The Governor said that it was too high, and he asked the Commissioner then to determine the cost of just health and safety needs.

I have some questions which I ask you to take back to the Commissioner, since he's not here. What is the total cost of taking care of the health and safety needs of school districts in the State of New Jersey, anyway? Does this figure include inflation? The figures that are being used by the Department today, I want to know what source they're using and from what year?

When will these plans be updated? With the substantial increase in elementary school enrollments that the Department is looking towards and will continue through the '90s, apparently into the next century, what do you estimate to be the total need for all purposes for construction and renovation during the decade? I ask that question specifically with the concept of planning in mind which really no administration has done a very good job of in the last 20 years.

In your opinion, Commissioner Cooperman, Abbott v. Burke on February 22, you acknowledged the need for school construction and renovation. You acknowledged that current year funding is inadequate. Two questions on that: Why? If the facility problems are "systemic and statewide" -- to use the words of the Commissioner -- and the funding formulas are inadequate, why didn't you and this administration come to the Legislature with a plan to meet this "systemic" problem? You yourself said, in your opinion that the problem "can only be addressed by a specific, concerted, coordinated effort at the State level."

My final question: When can we expect the administration to come to us with a plan in which it will exert such an effort? Thank you.

ASSEMBLYWOMAN RANDALL: Let me say this, Judy. You know Assemblyman Pascrell is always very well prepared for all of our meetings, as well as our public hearings, and those are fair questions. We don't necessarily expect that you're going to try to provide us with answers, especially since I think you might want to come back to us with some answers to those specific questions.

MS. SAVAGE: Okay. Some of these are easy ones I could tackle right now, but why don't we put them aside? I'd like to consult with the Commissioner and some of our facilities experts, and we will get back to the full Committee with an answer.

ASSEMBLYWOMAN RANDALL: Thank you. Questions? Comments? I have one question. At the beginning portion of your testimony, you talked about the administrative Department cost involved in the administration of the bond act. What kind of money are we talking about?

MS. SAVAGE: We aren't prepared with a figure. I would like to go back to our Assistant Commissioner for Finance about exactly what he'd suggest. You know, obviously we need at least one or two staff people who would be tracking these loans. Right now, we just don't have any mechanism for giving out a loan in year one and getting repaid in year 20. You know, with the turnover in State government, nobody would be around to see it. So, we have to set up some kind of system and really have some experts on hand just to manage \$300 million worth of loans.

ASSEMBLYWOMAN RANDALL: If you can add that question to the rest of Bill's question and let us know--

MS. SAVAGE: Okay.

ASSEMBLYWOMAN RANDALL: Thank you. Any other comments? Walter? Nothing else? (negative response) All right. Thank you very much.

MS. SAVAGE: Thank you very much.

ASSEMBLYMAN PASCRELL: Thank you.

ASSEMBLYWOMAN RANDALL: I'd like to move on to Dr. Vincent Doyle, New Jersey Association of School Business Officials.

D R. V I N C E N T D O Y L E: Good morning, ladies and gentlemen of the Assembly Education Committee. My name is Vince Doyle. I'm the School Business Administrator and Board Secretary for the Teaneck Township, of Bergen County, Board of Education. I'm speaking this morning on behalf of my professional association, the New Jersey Association of School Business Officials.

To begin with, I'd like to thank you very much for bringing your hearing out into the field. I know this has been done in the past. Mr. Palaia, we deeply appreciate that. We think this documents your commitment to getting hard data and input from people who are responsible for public education--

To begin with, we'd like to thank each of you as sponsors, as co-sponsors, as members of the Education Committee for your bipartisan support for what we believe is one of the major issues affecting public education in the State today and well into the 21st century.

The New Jersey Association of School Business Officials clearly supports all three bills, especially the major concepts behind them. We view them as an opportunities act. It gives boards of education and administrations a chance to prove again that they can be accountable for fostering young minds and for being responsible for thorough and efficient education. These bills represent a fiscal vehicle, an option, for not only guaranteeing safe and healthy instructional environments, but the framework from which education in the 21st century can commence.

You are to be commended for your insight and your willingness to lead, especially in the area of fiscal resources, which are becoming rapidly scarcer. I would concur

with my Association and, I'm sure everyone in New Jersey, that taxes are already high enough. Nonetheless, that does not mean we should shrink from our goal of providing instructional opportunities in an hospitable environment for your leadership to be applauded and commended.

Lest there be any doubt for the need for these three bills, let me address my own district, Teaneck, and its specific need. I can't pretend to tell you what 600 school districts statewide need, because clearly I do not have those kinds of figures. I know when I sat in on your companion Committee, the Senate Education Committee, on December 1, there was some serious concern as to whether figures were being puffed up; that there were no accurate hard data; and how long will it take to get real numbers.

Again, I'm not going to try to project my numbers on the 600 school districts, but I will tell you definitively and unequivocally what Teaneck needs, because we've spent the money to find out:

Mechanical/electrical/heating ventilating system upgrades for the 11 schools that we operate, \$8.5 million; facilities programs needs, such things as art rooms, music rooms -- and what we're talking about is to be able to provide those kinds of rooms where they are not in existence and also for increasing enrollment at the elementary level -- \$15 million; compliance with the Federal Asbestos Hazard Emergency Response Act, three-quarters of a million dollars plus supplies, staff training, and materials on top of that; compliance with the Uniform Fire Code Retrofit provisions which take effect this summer, \$400,000 -- we have our plans in front of Dr. Johnson's office now; upgrade of four substandard classrooms -- and let me state that these are toilet rooms in kindergartens and where we've had to bring back on-line what effectively was a storage room to provide for compensatory education level -- we're looking at about a quarter of a million dollars.

Again, the plans are in front of the Department of Education. I probably ought to take this point to note to you that if this package of bills is approved by you, the Senate, the Governor, and eventually the voters, that some serious consideration be given to providing additional help to Dr. Johnson. His people try to do the best job they can, but I can tell you firsthand that some of our plans have been sitting down there almost 12 months. They are overwhelmed now, and I don't know what they are going to do if they get another \$400 million worth of work.

We also have minor costs associated with lead, radon, and recycling. Now, lest I be accused of making numbers up, being a business official I wouldn't do that, nor would I take your time-- Let me share with you some of our data. "School Facilities Study"-- This is just the summary; it's 13 volumes; it's 17 inches thick, done by Armstrong/Jordan and Pease of Somerville, December of '86. Their bottom line is something in the neighborhood of \$28 million.

"Energy, Code, and Building Evaluation," done by Fred H. Thomas Associates, Architects and Engineers of Ithaca, New York and Princeton, New Jersey; "Educational Study/Facilities Options: How Should We Reorganize, to Best Provide Educational Opportunities for Children" is December of '88. Enrollment projections done by Dr. Manny Averbach, formerly of Bell Labs, documents clearly that while the total enrollment has continued to decline slightly, we are experiencing an enrollment growth, in our elementary schools, and, in fact, I need 20 additional classrooms without changing programs or level of services -- that is, student/teacher ratio -- by the 1992 school year to house pre-K through 5 enrollment.

Manny's first projection was for September of 1988. He missed by three-tenths of one percent. The numbers are real. The reason I believe 1992 is an important date, is that currently it's taking us three years from the time of board

approval to get the projection to put bricks and water into actual operation for kids; that is, if we're going to follow the law, the intent of the law, and the code.

The "Asbestos Management Plan" -- this is merely the response action. The actual documents and inspection report and the management plan is literally that high (witness gestures). It's on my desk. To follow up on some of the things the other members or other people have spoken on this morning, I'd be more than happy to have anyone come to Teaneck. We'll make available any resource persons you desire. It doesn't have to be the business official. In fact, I'll be more than happy to step aside. You can talk to maintenance custodians, plumbers; you can talk to teachers, administrators, whatever.

In part, we need money, for not only code, health and safety, but also the educational program of today is substantially different than the buildings from which we're operating from when they were built, even as little as 10 years ago.

I should also make mention that this is a list of needs, and I'm going to call it approximately \$30 million because we're looking at doing a bond issue this, I guess, October and that's the number we've been talking about. This comes from a district that routinely approves both current expense and capital outlay portions of its budget. Unfortunately, we were one of the few. I say unfortunately, because we are one of the few districts in the northeast quadrant this year to have budgets approved. This comes from a district that this year in those approved budgets has \$1.7 million earmarked out of \$39 million for specific one-time building costs and that does not include things like instructional equipment. Plus an additional ongoing cost of about a million-plus for those people, supplies, and whatnot to just keep the buildings intact.

New Jersey State Library

In summary, I would hope that if we -- Teaneck -- are any indication of what the need is statewide, that there could dispel any doubt that the number of \$2 billion is at least real and probably a substantial understatement. To borrow the phrase from former budget director, David Stockman, "Sometimes the numbers are so large that none of us really understands them." That's true. We could sit here and detail how many lineal feet of cove molding I need and what the price per unit is because that stuff is in here -- paid to find out. But I don't know if that's what we are talking about. I think the real issue is a concept issue. We can either short-change our grandchildren or children, or else we can provide them the facilities they need to properly house the educational opportunities that we want to offer them, that we want to continue to offer them, and that we will be offering them in the future, and that we spend such money in a prudent manner.

In conclusion, New Jersey ASBO thanks you as a Committee, and all of the sponsors and co-sponsors who have signed these bills, for pursuing the latter course of action. Rich districts, poor districts, everyone; there are some substantial facilities needs throughout this State. Thank you for giving us a flexible vehicle -- for proposing a flexible vehicle for this, and thank you for your time.

I would also note that if the Committee does desire to see the unabridged version, I'll be more than happy to freight down to Mr. Rosen a complete copy. He will need a hand truck or two. I'll be glad to answer your questions.

ASSEMBLYWOMAN RANDALL: Questions?

ASSEMBLYMAN KERN: What do you spend per student in your system?

DR. DOYLE: Well, we have 4300 students. To spare the arithmetic, it's \$9000 plus, on average.

ASSEMBLYMAN KERN: And you have in each of your budgets, as you have them presented to the voters, a capital allocation, year-in and year-out?

DR. DOYLE: Yes. And we enumerate what specifically we're going to do, and we follow through on it. I have the list here.

ASSEMBLYMAN KERN: And those proposals don't come anywhere near satisfying the needs, I take it?

DR. DOYLE: No. For example, we are looking at the 20 classrooms. Our current figure is about \$200,000 per classroom to construct new. You don't have to be a mathematician to know I need \$4 million by 1992. And taking the enrollment projections, which we have no reason to believe are inaccurate, and we update-- I need at least \$6 million by 1997, just for new classrooms.

ASSEMBLYMAN KERN: Thank you.

ASSEMBLYWOMAN RANDALL: Bill, anything? (negative response) Thanks, Dr. Doyle, very much.

DR. DOYLE: It was a pleasure.

ASSEMBLYWOMAN RANDALL: Is Peter Tirri still here? (negative response) He was never here. All right, we'll go on to Donna Mickolajczyk.

D O N N A M I C K O L A J C Z Y K: Close enough.

ASSEMBLYWOMAN RANDALL: "Close enough," she says. President of the Education Association of Passaic.

MS. MICKOLAJCZYK: Good afternoon, and thank you for this opportunity for me to speak before you today. My name is Donna Mickolajczyk, and I'm President of the Education Association of Passaic.

As President, I recently visited our schools and saw firsthand how inadequate the facilities are. They hinder our ability to run a comprehensive educational program. Our school buildings are overcrowded, lack cafeterias, libraries, and sufficient classrooms spaces for both large group and small

group instruction. To quote the Thomas' English Muffin commercial, "We don't have a nook or cranny that's not being used," for instructional purposes. The heating plants in our buildings are antiquated, and the air quality is poor. We're currently testing for lead in the water, radon in the air, and asbestos in the environment.

Let me give you a quick run-down of what some of our facility problems are that we have in Passaic. And as was stated before, I invite you and your colleagues to come to the City of Passaic, and I will be more than glad to give you a firsthand tour, to see some of the things that I'm about to describe to you.

School No. 1, which is in the Park section of town, was built in the early 1900s. The Vice Principal doesn't have an office and must meet with the children and the parents out in the open. The Child Study Team evaluates the learning disability children in a closet that's built under the stairway. Instrumental music classes are taught in the boiler room and vocal music classes share with the art teacher.

School No. 3, which is also in the Park section of town, was built in 1965. The physical education programs stop every day for two hours so that we can serve lunches. There's an all-purpose room that's home base for seven remedial teachers. Those teachers have to teach their classes in the back of other classrooms while the classroom teachers attempt to teach other children. This all-purpose room is also used for all art and music classes. Vocal music can be held in the gym only when physical education classes are held outside. Does this mean we're to set curriculum by the weather? Because that's what's happening. The janitor's room and storage closet was turned into a faculty room. The custodians were moved into the boiler room. This is where these people are expected to eat lunch each day. ESL is taught in the hallway with chairs and a portable blackboard, and speech therapy is given in an airless, windowless closet.

School No. 6 is brand new. It's our pride and joy. It opened in 1983 and won an architectural award for the best use of space in an elementary school building. It's the only elementary school in Passaic that provides a science lab, a home economics room, and a technology for children room. Obviously the students who are fortunate enough to attend this school have far more educational opportunities than the rest of the population in the City of Passaic. Unfortunately, the school was also overcrowded the day it was built, and it is currently is having an addition built onto it.

School No. 7 is our smallest building. A K through 2 building with no gym, no auditorium, no library, and no cafeteria. Two kindergarten classes share the same room at the same time.

ASSEMBLYMAN NAPLES: How many kids in each class?

MS. MICKOLAJCZYK: Approximately 25.

ASSEMBLYMAN NAPLES: What's the size of that class? Give me a rough estimate.

MS. MICKOLAJCZYK: Roomwise?

ASSEMBLYMAN NAPLES: Yeah.

MS. MICKOLAJCZYK: Areawise? I have no idea.

ASSEMBLYMAN NAPLES: Pretty big?

MS. MICKOLAJCZYK: It's a large size room, but it just has bookcases that divide one class area from the other.

ASSEMBLYMAN NAPLES: That's a crime.

MS. MICKOLAJCZYK: School No. 8 has a cafeteria. It's a good thing it does, because it also serves as several classrooms. Imagine teaching while the rest of the room is being used to eat lunch. Their library is a closet, literally. An aide must watch the class in the hallway while several children at a time go inside and select their books.

In School No. 10, many teachers teach classes in the auditorium just like this. One remedial reading teacher works in the art storage room. Teachers who work in the basement frequently complain about respiratory distress..

Last year, during a visit by educators from Japan, the water pipes on the third floor broke and our visitors were treated to a view of water cascading down the stairs. The building is in such poor condition, that the State of New Jersey has forbidden the district from adding onto it because the wood frame structure couldn't withstand anything else. This is one of the wood frame with brick overlay buildings that we talked about before.

For 10 years, I taught in School No. 11, which is Passaic's largest elementary school. Built in 1922, it currently holds 1100 children in grades K through six. Believe me when I say that the only space in the building not being used for teaching is the phone booth. There's not one closet in the building that hasn't been turned into a classroom. The resource room teacher for special education is teaching in a room that is so narrow, that I can touch both walls at the same time; and being five feet two and with a very short arm span, let me tell you, that's not very wide to be teaching special ed. students in.

I taught remedial reading on the wing of the stage. You don't get very far in teaching first graders reading instruction when the band is playing, "Mary Had a Little Lamb" ten feet away from you. One teacher, who instructs non-English speaking children in reading, is working in the lounge to the ladies' room. How would you like to teach while listening to the sounds of flushing toilets all day? Assemblymen, I must ask you, would you work under these conditions, and would you send your child to a school where there are no doors on the toilet stalls?

Our high school is a world unto itself. Probably half the windows don't open. Once a window is broken, they don't have the ability to repair it, because the company is out of business, so they are screwed shut. The class for the neurologically impaired is being taught in the room that was

used to store band uniforms up until last year. Classes have been built over the gyms. There are building support posts in the middle of the room, blocking the view of the blackboards. When we were evaluated by Middle States, last year, they commented on our need for expansion in order to provide needed educational programs. The Department of Education is constantly talking about adding courses to the high school requirements. Well, we don't know if we can continue much longer, because if they add anything else, we have no place to teach them.

I'll be quite honest with you. In November of 1990, our district will be monitored by the State of New Jersey. In Passaic, it is already a forgone conclusion that we will fail monitoring on the indicators that relate to facilities. If we do fail, we'll be accused by the State Department of New Jersey of not providing a thorough and efficient education. We've done everything that we can. Last year our property taxes were the tenth highest in the State of New Jersey. We currently tax at \$11.85 per \$100 of assessed value. It's expected to be raised to \$15 with this current tax bill.

We had a large fire several years ago. That area is still not developed. It did not decrease our school population, but they are now talking about building 400 townhouses on the 22 acres that were burned out, with no plans for another school facility. In the past eight years, we have built a new school, we've purchased a vacant Catholic high school and converted it into an elementary building, and we are currently entering into a \$12 million lease/purchase program to upgrade our middle school. It's impossible for the Passaic school district to do any more.

And before I'm asked, let me say that in this year's budget, it is the first time that we did not have a capital outlay portion of the budget, because the tax situation is so bad -- and the budget went down five to one, anyway -- that we just laid-off 100 employees as of Friday.

If public education is to succeed, it must provide all students in New Jersey with equal educational opportunities. Equal educational opportunities do not exist if the facilities are not available to provide the programs and instruction. We turn to you for help. The ball is in your court now.

ASSEMBLYWOMAN RANDALL: Thank you very much. I have a question in listening to some of your very graphic examples about the dilapidated conditions. The school you mentioned which had no bathroom doors, is that still an existing condition or did that get corrected somehow?

MS. MICKOLAJCZYK: Two years ago after we put up quite a big argument, there were doors that were finally installed in the one particular building. They closed down two out of three bathrooms in order to work on them at the same time; so we had 1100 students with one bathroom that was open for a while. I don't know if the doors are still in existence, to be perfectly honest, because they were already being removed two years ago because of vandalism or other reasons. But it existed like that for nine out of the 12 years that I was in that building, and I'm sure it's probably still like that. It's probably like that again.

ASSEMBLYWOMAN RANDALL: Thanks. Questions?

ASSEMBLYMAN NAPLES: Yeah. When you talked about special ed., I cringed. I'm not special ed. by background. I'm an academician. I'm a principal in Trenton. But I've always had a deep interest in special ed. One of the reasons I have an interest in special ed. is the political/educators don't, and I've seen the way special ed. kids in this State are treated like waifs. On paper, we have the sophistries and the platitudes, and you're not alone. On paper it looks good, but I have to blame the Federal government for not coming in and doing the monitoring they should.

But the picture you painted was worse than most. I was really a disgrace. Let's face it: There's a lot of

money being made, off special education. That's one of the reasons why it's difficult to have reform. If anybody wants to quote me, I don't give a damn. Thank you very much. Go ahead, Donna.

MS. MICKOLAJCZYK: Assemblyman, one of the things that's frustrating is I'm currently teaching in a classroom which we were told two years ago couldn't be used for special ed., because it was too small -- they had a class of eight students in there -- but I am now expected to teach 16 "normal" students in a remedial reading situation in the same room.

ASSEMBLYMAN NAPLES: Well, a courageous -- I don't want to mention names -- individual came over and backed me up on a room that was too small, and the powers that be, even though they had certificates -- they were politicians and not educators, as far as I was concerned -- overruled her. She's lucky she didn't lose her job. Only because of the fact that I rescheduled and move them out, were these kids spared this indignity.

Let me ask you-- And this is statewide and nationwide. I received a call from a lady in Connecticut the other morning, and it's nationwide. Let me ask you this question. The school of which you painted this bleak picture, Donna, what is the student body of that school?

MS. MICKOLAJCZYK: Of which particular one?

ASSEMBLYMAN NAPLES: The one you mentioned. Take the one without the stall on the--

MS. MICKOLAJCZYK: That's the school that has 1100 students K through 6.

ASSEMBLYMAN NAPLES: Eleven hundred, K through 6. How many rooms in the school, about?

MS. MICKOLAJCZYK: Normal sized classrooms?

ASSEMBLYMAN NAPLES: That's what I want to know.

MS. MICKOLAJCZYK: There's a lot of closets that are considered classrooms. There are probably-- I know there are

42 classes, so there are probably 42 -- 42 to 45 regular classrooms within the building. In addition to that, there are storage rooms and closets that have been turned into remedial rooms for small group instruction.

ASSEMBLYMAN NAPLES: So, we're talking even 25 or 26 average-- No, better than that. You're talking 22, 23 for even your higher-- If you have a gifted program, gifted classes, too?

MS. MICKOLAJCZYK: The gifted room is sharing the same room with the technology for children. She had a corner of the room on the other side where the stoves and the refrigerators were. They have now disbanded that program and made it a self-contained fifth grade class because they didn't have room for it, any longer.

ASSEMBLYMAN NAPLES: You know, until the Federal government comes in, because special ed. impacts that, and starts to cite some people and starts to even tell them that under P.L. 94-142 -- broader yet, Title 504 -- that there are violations thereof and starts to even threaten possible indictments-- If there are situations severe enough, you're not going to get any reform in this area. It's harsh. Damn it. Something's got to be done. It's disgraceful. Thank you very much, Donna.

MS. MICKOLAJCZYK: Thank you.

ASSEMBLYWOMAN RANDALL: Thank you very much. Two more witnesses on our list. Joseph Hancock from the New Jersey Association of School Administrators.

ASSEMBLYMAN NAPLES: Joe, we have to let you go first so you won't lose all this time.

J O S E P H H A N C O C K: I learned a lot. Good afternoon, ladies and gentlemen. My name is Joseph Hancock. I'm here representing the New Jersey Association of School Administrators, and for me, it's a kind of homecoming, as I've indicated to a couple of you today. I graduated from this high

school a while ago. I think you have before you probably one of the most important bills that we've had in a long time.

We're at kind of a second phase in my career in this business of education. When I first came into education in 1950, we were at that stage where we were beginning to address the problems that occurred because all of the fellows that came back from World War II did what was natural, and we had children. We had a population explosion at that time, and we literally had no place to put children. We were using garages, we were using church halls, we were using a lot of places. I remember the principalship I had in Metuchen, and literally redoing what used to be a coal bin for children, simply because there was no room. There was no place.

We're at that stage again, and I think we have to, first of all take a look at what a building means. Too frequently, when we talk about facilities, we kind of separate them. Well, I'd like to give you my perception of where I see the building in this whole business of education.

We all agree that children are the center of education. Those are our concerns. Now, if we take a child, we recognize that there are two basic elements that help a child in his or her growth and development. One is the nature, their inherited characteristics, etc., which we can't do a heck of a lot about. We take children as they are.

The second element, however, that affects growth and development, is environment. A long time ago, this community of ours made a commitment to the children of our society to provide an environment for them in which they could grow and develop to the greatest extent of their potential.

Now, growth and development is translated educationally into goals and objectives. Nevertheless, it's the environment that's supposed to contribute, to be conducive to the best that we can do in terms of growth and development. Environment is kind of a difficult thing to get ahold of.

Usually, you try to describe a school, and you don't quite know who to begin with or where to start. Well, we take it this way. If we accept the idea of environment, we can then begin to define at least three basic dimensions.

We have those dimensions no matter where we may be. Right here within this group we have three major dimensions. First of all, we have people; the interaction of people, a social kind of dimension; the interaction of people within this environment.

Secondly, we have a programatic -- I call that "academic" -- dimension, which we have the goals and objectives of what it is we're supposed to do for kids. And third, we have material dimensions, physical dimensions: the seats we're sitting on, the microphones we have, the lights we have or don't have. All those things are part of the environment in which children are supposed to learn and grow and develop.

In addition to that, of course, we recognize we have the responsibility for the health and the safety of those children. So our goal, then, is to provide an environment for children in which they can learn in a most productive way; in health and in safety. Now that is my perception of what a school is.

And when I think about facilities, I think about facilities in these terms rather than rooms, rather than just the technical aspects of it. If we think about it that way, we can take this idea of the material dimension and ask ourselves to what extent and in what way does it impact on the academic, the physical, and the social development of children? When you begin to build those relationships and answer the questions of what are the relationships between the dimensions of the environment and the growth and development of kids, you begin to come up with operational goals and operational objectives of what this relationship should be. And when you think of it

that way, then the facilities become a very vital, intricate part of the total educational picture, and I think that's the way we have to see facilities.

Facilities are important, not only because of the health and safety, but decent facilities in which the aesthetic factors are present. We learn better under certain conditions; we participate under certain conditions. All the research shows that, and that basically should be our goal. Now, since we've gotten over the initial hump of taking care of pupil population as it exploded upon the scene 25 or 30 years ago in which every superintendent's agenda had a building on it -- at least one building-- The Superintendent of Bridgewater/Raritan was literally building a building every year. The community responded because there was a need, and the need is just as desperate today.

But you know, the public as a whole gets kind of lethargic after they have created something. They figure it's done. They don't want to go back and do anything about it. So, we have had the problem of benign neglect. The schools aren't the only element, the only part of our total social structure that is in disarray. Just think of the word, "infrastructure." A bridge falls down, we go chasing around to find out why did the bridge fall down -- because we didn't pay any attention to it for a number of years. Highways -- along the line.

Well, that's where we are now. We applaud this bill. We applaud the effort behind it. We applaud the goal that's with it. We recognize yes, that maybe the money involved at this point in time isn't enough. But you know, if we sat around trying to decide how much money we're going to need, we'd never get back to the point of beginning to take care of the problem. So, we are suggesting that this is what we can deal with now. If this is what we have a chance of

getting now, let's go after it and go get it now, and get the program under way so that we can find ways of shaking it down and making it work better, and continue on with the problem, which is to try to get our building program back on track. This is basically what we have to do.

Now, I think one of the things that might be helpful-- We talk about the technical aspects of it. I think one of the things that would be helpful for us would be to go after a Ford Foundation approach. Remember years ago, the Ford Foundation came out with a variety of ways of dealing with educational problems through facilities design. I think we have to open our minds, not only thinking horizontally -- vertically, rather; I'm sorry -- thinking vertically, but thinking horizontally about all the different ways we might try to accomplish the same goals, in terms of buildings.

I am not ready to write off a building because it's 50 years old. I think the criteria for writing a building off should be more precise. Say, if a building doesn't meet these standards: out. Now, I think eventually, you come to a point where the age of the building is something that says, "No, just bulldoze it down." I think it would be helpful to have that kind of criteria.

Now, as far as the other bills are concerned, the loan and the grants-- There are a couple of technical aspects of it that, you know, we would raise some questions about. For instance, I don't know when we talk about the priority list, whether we're talking about priorities within a county, or prioritizing it according to counties. Then that's a little confusing, and there are a couple of others along those lines. They are simply technical things that need explanation, and our organization will forward those along to you so that you can address them as you need them. But we support the intent of the bill. We think the bill is a very, very good start on a problem that needs to be solved in this community very, very quickly. Thank you.

ASSEMBLYWOMAN RANDALL: Thank you very much, Joe. Anne Buckley. Are you still here, Anne? (positive response) From the Summit Speech School. Thank you for waiting so long to give us your thoughts.

A N N E B U C K L E Y: Thank you. We do appreciate your time, and we will keep this very brief. I'm Anne Buckley.

ASSEMBLYMAN NAPLES: Take your time. The others ran at the mouth.

MS. BUCKLEY: I'm Anne Buckley. I've been associated with the Summit Speech School for 12 years now, and this is Ellen Ivy with me. She has been with them for 15 years. We have both served as Presidents of the Board of Directors, and we are both serving right now as part-time staff people.

We're here today to say that we fully support this package of bills that you are addressing. We also would like to encourage you to include private schools such as the Summit Speech School in the \$400 million bond issue for school repairs.

In New Jersey, there are 115 schools for the handicapped who are providing special education programs for New Jersey public districts. Many of us prepare the public students to be mainstreamed. Others provide services that the public sector either can not or does not address. Most of us enjoy good working, cooperative relationships with the public sector as we endeavor together to help the children reach their potential.

As you know, the State Department of Education and the individual school districts provide operating money for private schools, but by law cannot provide funds for capital expenses. At present, there are no State capital funds available for private, quasi-public, if you will, schools for the handicapped. I urge you to consider including these schools in the bond issue for school construction and repair.

The Summit Speech School is a private school that offers a choice for hearing handicapped infants and preschoolers that is not available anywhere else in New Jersey. It is the choice to communicate only with speech. There is no sign language used.

We have been providing these special education services and programs since 1967. And our cumulative enrollment of over 650 children represents over 100 different districts within the State. We offer a parent/infant program for the very youngest -- those just a few weeks old to age three -- that is funded by New Jersey Early Intervention Program grant. Our preschool program is for children between the ages of three and five, whose youngsters are funded and transported by their local school districts.

We help the taxpayers of New Jersey realize a tremendous savings in special education costs as 70% of our young graduates are placed in the kindergartens of their neighborhood schools when they leave us. These children are well on their way to reaching their full potential and to becoming independent, contributing, productive citizens.

The importance of this bond issue to our school cannot be overemphasized. We have outgrown our building, and we must move. We are serving 60 families in what was formerly a four-bedroom house. Yes, Summit is not one of your disadvantaged districts, and we are located in Summit. However, more than 25% of our students come from districts that are classified as Urban Disadvantaged by the State Department of Education.

ASSEMBLYMAN NAPLES: What percentage out of Summit?

MS. BUCKLEY: We only have one child from Summit. More than 25% of our students come from Urban Disadvantaged districts. The State Department of Education provides a list of, I think, 55 districts that are classified as Urban Disadvantaged. And more than 25% of our students come from

those districts. Approximately, 20% of our children come from English as a second language families.

ASSEMBLYMAN NAPLES: What percentage of the 25%, if I may -- before I lose my train of thought -- are classified?

MS. BUCKLEY: I'm sorry?

ASSEMBLYMAN NAPLES: What percentage of that number -- whatever that number constitutes-- What percentage of that number would be classified for special ed.?

MS. BUCKLEY: Classified for special ed.? They are all. They are all preschool handicapped. Every single one of them are preschool handicapped; classified within their local school districts. There is no classification up to age three.

ASSEMBLYMAN NAPLES: What about those that are not classified but who are disaffected -- it's a play on words -- or disadvantaged, alienated -- actually as disruptive a result of all that disruption? What percentage would qualify for an alternative education school, outside the 25?

MS. BUCKLEY: Our children are between the ages of three and five -- the ones you're speaking of; the preschool handicapped children. So, I don't think any of them-- I'm not the educator, but I don't think any of them would qualify for an alternative program.

ASSEMBLYMAN NAPLES: That's very interesting. I'll talk to you after this.

MS. BUCKLEY: Okay. To comply with State regulations would require, at a minimum, \$2.5 million for us to relocate. We would never ask the State for the \$2.5 million. But we would be looking for something toward relocation. Again, we urge you to consider including private schools for the handicapped in this package of bills. We thank you very much for your time.

ASSEMBLYWOMAN RANDALL: Thank you very much, Ms. Buckley.

MS. BUCKLEY: Thank you.

ASSEMBLYWOMAN RANDALL: I'll just note in passing from Ms. Buckley as she's leaving, that you've got a separate and distinct problem. It's the same type of problem, and the bond act, right now as written, doesn't cover your situation, your need. I can offer to you the fact that there will be a couple of more Committee hearings on this. It's got to go to the subcommittee and then the full Appropriations Committee. You might want to continue your request along those lines, because it does have a long way to go.

MS. BUCKLEY: Thank you very much.

ASSEMBLYWOMAN RANDALL: Thank you very much. To my knowledge, the Committee members don't have any extensive comments we'd like to make at this time. I would, however, solicit from this Committee your input with regard to releasing the bond act itself, which is Assembly Bill 4343.

ASSEMBLYMAN NAPLES: Move it.

ASSEMBLYMAN KERN: Second it.

ASSEMBLYWOMAN RANDALL: I'll technically announce that the public hearing portion is now closed.

(HEARING CONCLUDED)

APPENDIX



TESTIMONY BY NJEA PRESIDENT DENNIS GIORDANO BEFORE THE ASSEMBLY
EDUCATION COMMITTEE ON APRIL 18, 1989 AT EASTSIDE HIGH SCHOOL,
PATERSON, ON PROPOSED LEGISLATION ON SCHOOL FACILITIES

I am Dennis Giordano, president of the New Jersey Education Association, which represents more than 130,000 active and retired teachers and other public school employees in this state.

One of the major concerns of those 130,000 individuals is the safety and physical integrity of the schools in our state. Who wants to work in a building that is unsafe, or has been deemed to be inadequate? Who wants children to be educated in such a facility?

Yet in a recent survey by the Education Writers Association (EWA), the New Jersey Department of Education rated one of every five public school buildings in our state as inadequate. That means the department, for various reasons, considers somewhere between 450 and 500 school buildings in this state to be inadequate in some respects.

Benjamin Handler of the University of Michigan did a study cited in the EWA survey. Handler stated that school buildings, like people, have a definite life cycle. School buildings cycles have five stages, as follows:

-- The first 20 years, minor repairs and maintenance;

-- The next 10 years, increasing annual maintenance and replacement of worn-out equipment;

-- Between 30 and 40 years of age, rapidly increasing general maintenance needs and most major items, such as roofs and lighting fixtures, in need of replacement;

-- Between 40 and 50 years of age, "a time of accelerated deterioration;

-- More than 50 years of age. Handler comments: "Usually, the building should be completely reconstructed or abandoned."

New Jersey has 39 schools that are more than 100 years old, and dozens more that are more than 50 years old.

The EWA survey report also contained some anecdotal evidence of the growing problem of inadequate school facilities. For instance, in Camden, the school board had to cut or defer projects in 1987 for lack of funds. Those projects included replacement of some school boilers, replacement of some school roofs, renovation of some school bathrooms, new lighting in some classrooms, and replacement of some school exit doors.

The EWA survey noted that the Department of Education criticized Camden officials for their use of maintenance funds. But Judge Steven Lefelt wrote last fall that "much of Camden's lack of follow-through is caused precisely because Camden is so poor."

In Paterson, the EWA survey noted, a school had to be closed early the day a reporter interviewed the superintendent because of severe flooding when a pipe burst in a school. The previous

week, another school had to close early for the same reason. Superintendent Frank Napier pointed out that it is nearly impossible to repair some of the older heating and water systems, because their manufacturers are long out of business.

The superintendent noted that Paterson School 24 is sinking because it was built over a former stream bed, and part of the roof at School 13 has caved in.

These old buildings in cities and poor rural and suburban areas cost all of us money. Since the State government pays for most of school costs in our cities, all our taxpayers pay more to maintain these buildings than they do to maintain modern facilities.

The problem of inadequate school facilities has been studied by the State Department of Education for some time now. The department estimated about eight years ago that up to \$4 billion was needed to bring all the state's school buildings up to health and safety standards. The department later revised this figure to between \$1.5 billion and \$2 billion, although we never understood how the problem could suddenly have become half as expensive to fix.

With those sorts of numbers in the political mix, it's easy to understand the urgency of the problem, and there's no way solutions will become less expensive.

Two years ago, Governor Kean vetoed a bill which would have authorized a \$150 million bond issue. That bill, sponsored by Assemblyman Jimmy Zangari, won overwhelming support in both

houses of the Legislature, but the Governor said he wanted more study of the problem.

We submit that more than enough is known about what's needed in this area.

I recently toured three schools with Speaker Hardwick -- in Palmyra in Burlington County, East Orange in Essex County, and Bogota in Bergen County. We found buildings in various states of disrepair, rooms being used for purposes for which they were not designed, and school boards, administrators, and school employees who wanted to fix the problem but couldn't. In Palmyra, for instance, voters keep turning down bond issues designed to alleviate matters.

In NJEA's Urban Challenge Project, we heard from school employees all over the state about the condition of their schools. We heard that one school building in New Brunswick was once used as a prison -- during the Civil War. One school in Union City is a converted cheese factory -- obviously not designed for classroom uses. In East Orange, showers in one building had not worked for two years, so students could not shower after physical education classes. In Paterson, some school windows let little light into the classrooms, and some classrooms were described as temporary -- but had been classified as temporary for 25 years.

We also found vandalized buildings, buildings without science laboratories or rooms to accommodate computers, and buildings with antiquated heating and ventilation systems.

Our Urban Challenge Report recommended:

-- that the legislative and executive branches of state government develop and place on the ballot a statewide bond issue to raise funds to insure that needy school districts make necessary improvements, including -- but not limited to -- repair or expansion of existing school buildings and construction of new facilities;

-- that the Legislature and Governor create an office in the State Department of Education to plan for the capital needs of education throughout the state and implement programs to meet those needs.

I have attached to my statement a copy of the recommendations from our report as they touch on the area of school facilities.

The Department of Education's own monitoring system has consistently turned up inadequacies in facilities serious enough to keep districts from being approved in that element of the monitoring process. The most recent list of districts in this position contains districts in 15 of the 21 counties.

Let me give you a sample of the department's assessment of some school facilities in Camden. The Washington School was built in 1907. It has never been significantly renovated. It operates at 157% of student capacity. It has no library, no gym, no multi-purpose room, no auditorium, no cafeteria, no art room, no music room. The Mickle School was built in 1875 and last significantly renovated in 1925. It has no library, no gym, no

auditorium, no cafeteria, no multi-purpose room, no art room, no music room, and there is no toilet in the nurse's office. Remember that the Handler study we referenced before recommends that buildings over 50 years old should be completely reconstructed or abandoned. Besides the two elementary schools I mentioned just a moment ago, these elementary schools in Camden meet that criteria: Broadway (1886), Bonsall (1913), Cramer (1913), Parkside (1907), Powell (built 1926, renovated 1937), Sharp (1921), H. B. Wilson (built 1907, renovated 1923), Whittier (built 1910, renovated 1920), and Yorkship (built 1920, renovated 1924). Most of these buildings have no cafeterias, no gyms, no libraries, no multi-purpose rooms, no art rooms, no music rooms, to say nothing of modern lab or computer facilities. All but two operate over capacity, ranging from 115% of student capacity to 157%.

For all the above reasons, we support all of the current major initiatives in the Legislature to get us moving in the right direction, including initiatives from Senators Russo and Gormley, and this package from Assembly Speaker Hardwick and Assemblymen Zangari, Palaia, and LoBiondo. They are a first step in the direction we must go.

While we support the package before you today in concept, we have several concerns and questions about the bills as they are currently written.

The first problem we see is that the proposed legislation places the Legislature in the position of approving specific

allocations of funds to specific school districts, an administrative responsibility which has always resided with the Executive Branch in the Department of Education. We oppose this provision; we believe the responsibility for the distribution of school funds should remain with the department and the Governor. The Legislature should exercise an oversight function.

The second problem we see is the provision in A-4343 which would trigger the institution of a statewide property tax if sales tax revenues are not sufficient to cover debt service payments on the bond issue.

In addition, we have some technical questions:

In A-4342 (LoBiondo/Zangari):

In section 5, we are not clear whether the amount of a grant is 50% of the difference between state aid or a loan received under the loan provision, or the greater of the two. We would like some clarification of this matter;

We have a concern about the grant application process. We have found that in some cases in the past, wealthier school districts with more administrative time applied for grants while poorer districts with less time for administrative work did not. The alternative to this process would be to have the Commissioner assess needs and make awards without applications. Our Urban Challenge Report recommended an office of capital needs assessment. This area needs further and close review; we do not want poor districts or small districts penalized because they did not have the time or the personnel to fill out forms.

In section 8 of A-4342, there is no timetable for administration of the grants. How will districts get the money? In one year? Or will the Legislature decide every year whether to fund projects on an ongoing basis, in which case districts would have great hesitation to make major long-term commitments?

Also, in that section, April 1 is very late for notification of a state aid allotment. We recommend that date be pushed back, perhaps to coincide with notification of other state aid.

In A-4344 (Palaia/Zangari):

We question whether three months is enough time for the department to prepare its priority list of districts for funding under this proposal;

We are unclear about the language in section 7 which states that the school district "shall indicate the manner in which the school district shall repay the loan." The method of repayment is already specified in section 5b. Does the language of section 7 have to do with where the district will get the money to repay the loan? Does this relate to section 9, which requires approval by the Local Finance Board of the Department of Community Affairs?

As to section 9, can the Local Finance Board block a loan and stop a project? It is not clear from the present language.

In section 12, the Commissioner is referred to as "he." This reference should be made non-sexist.

In A-4343 (Hardwick/Zangari):

In section 15, two funds are mentioned: the Classrooms for the Future Bond Fund and the Public School Facilities Bond Financing Fund. Are they the same fund? If not, what are the differences?

In section 19d, is the language referring to funds being turned over to the trustees and escrow agents standard bond finance language?

In section 22, the question we raised before about the imposition of a statewide property tax is crucial to us. The section states that the State Treasurer could order the imposition of such a tax for anticipated obligations nearly two years away. We raise two concerns: why grant this authority to the State Treasurer? And how can anyone make a judgment on whether sales tax revenues will be sufficient to cover debt obligations two years in advance?

The sales tax is projected to yield \$3.5 billion during fiscal 1990, so there is little doubt the sales tax has the funding capacity to cover such obligations, making the necessity for imposition of a statewide property tax remote. But what happens if the sales tax revenues are necessary for or diverted to other purposes? We foresee a scenario of voters, weary of property taxes, rejecting the referendum needed for the passage of this legislation as a means of voicing their displeasure over existing property taxes.

We believe that the State should assume financial responsibility for the debt arising from these bonds in the general fund. Mandatory funding should not be triggered by the discretion of a cabinet member but should be contingent upon the authorization of the Legislature and Governor.

These are our concerns about this legislation. We are pleased to see attention focused on this topic critical to the future health of education in New Jersey, and we urge fast action to resolve the questions we have raised so that the package can move through the legislative process with dispatch.

TESTIMONY RE: A-4342, "The Public School Facilities Grant Fund Act,"
A-4343, "The Classrooms of the Future Bond Act," and
A-4344, "The Public School Facilities Loan Fund"

From: The New Jersey Association of School Business Officials (NJASBO)

Speaker: Dr. Vincent Doyle

Date: April 18, 1989

Mr. Chairman, ladies and gentleman of the Education Committee, good morning:

My name is Vince Doyle. I'm the school business administrator/board secretary for the Teaneck Township (of Bergen County) Board of Education. I'm speaking this morning on behalf of my professional association: the New Jersey Association of School Business Officials (NJASBO).

To begin with Mr. Chairman, New Jersey ASBO thanks you for bringing the work of your committee out into the field again. This action demonstrates a commitment to listening to the practitioners, those who are responsible for providing quality education for all of our children.

To the rest of the Committee, thank you. I'm sure that, as a former school administrator, the Chairman is most appreciative of your accommodation in moving the 'regular' meeting place.

Regarding these three bills, New Jersey ASBO would like to sincerely thank each of you---as sponsors, and co-sponsors for your help and awareness. Judging by the number of signatures on each of the front pages (of these bills), they should pass the Assembly by acclamation. New Jersey ASBO thanks all of you, and your colleagues who are not members of the Education Committee, for your bi-partisanship on an issue of extreme importance.

Clearly, NJASBO supports these three bills.

Indeed, we view them (collectively) as an "opportunitier act." They open another avenue for boards of education and administrators to again demonstrate accountability in fostering the development of young minds. These three bills provide a fiscal vehicle for upgrading public school facilities to a standard that is not only safe and healthy; but to one from whence instruction for the twenty-first century may commence.

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You are to be commended for your insight, and your willingness to lead--- especially in an era where fiscal resources have become scarce. While taxes---everywhere---are already high enough, your courage in helping us provide facilities which are hospitable to our instructional efforts is applauded.

Lest there be any doubt for the need for these three bills, let me share one district's (i.e., Teaneck's) situation. Indeed, when a bill similar to A-4344 (i.e., Public School Facilities Loan Fund) was discussed in the Senate Education Committee (i.e., S-1409, The Public School Facilities Loan Fund of 1986) in December, 1988 some doubted the veracity of the projected two billion dollar "need" figure. The concern (raised by at least one Senator) was that estimates had been "puffed up," that no one had accurate figures, and that it would take another, expensive (Uniplan-type) study to get real numbers.

Ladies and gentlemen, I won't pretend to tell you what 600 school districts need. But, I can tell you definitively, and unequivocally what one district--Teaneck--needs. I know, because we've spent the money to find out--in detail:

- . mechanical/electrical/heating ventilating system upgrades, reroofing and code compliance = \$8,500,000.;
- . facilities-program needs (i.e., providing facilities appropriate for program being offered) = \$15,000,000+;
- . additional classrooms--due to enrollment growth and expansion to all-day kindergarten = \$6,000,000;
- . compliance with Asbestos Hazard Emergency Response Act = \$750,000. (plus cost of remedial actions, staff training and materials);
- . compliance with Uniform Fire Code Retrofit provisions = \$400,000.;
- . upgrade of (four) substandard classrooms to permanent approval status = \$250,000; plus
- . minor costs associated with testing and response actions from: radon, lead-in-water, and recycling efforts.

New Jersey State Library

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Lest this business administrator be inaccurately accused of engaging in "puffery," allow me to show you my data, in bulk:

- . "School Facilities Study," 13 volumes, Armstrong/Jordan Pease, AIA (Somerville, N.J.), December, 1986.
- . "Energy, Code and Building Evaluation," Fred H. Thomas Associates, Architects (Ithaca, New York and Princeton, N.J.), October, 1988
- . "Educational Study/Facilities Options," Fred H. Thomas Associates, Architects (Ithaca, New York and Princeton, N.J.), December, 1988
- . "Long Range Facilities/Organization Plan," Averbach and Associates (Morristown, N.J.), September, 1988
- . "Asbestos Management Plan," 11 volumes, Alternative Ways, Inc. (Bellmawr, New Jersey), March, 1989

If the Committee desires, I'll be glad to deliver an unabridged set of these data to Mr. Rosen for your review. In the alternative, if you'd prefer to inspect first-hand, you'd be most welcome to visit Teaneck. We'll make available whatever staff are needed to answer your questions. We have nothing to hide, and indeed would only benefit by having our numbers again deemed credible---on behalf of educators and board members throughout the State.

Let me add also, these are figures for a district that routinely commits serious money to maintaining its buildings. In a \$39 million budget (unfortunately, one of the few in the Northeast quadrant receiving voter approval this year), \$1.7 million is earmarked for specific (one-time only) capital/maintenance projects, in addition to \$1.0 million plus in on-going (annually recurring) building maintenance expenses.

From Teaneck's experience then, (approximately \$30,000,000. worth of need), you may choose to project your own state-wide total. I highly doubt, however, that the figure could be less than two billion dollars, and in truth, the "real number" is probably several times the Department of Education's estimate.

In sum, maybe "the figures are so large that none of us really understands them" (to paraphrase David Stockman). But the conclusion is inescapably simple:

we can short-change our grandchildren (or children) by educating them in inadequate facilities, or

we can spend the money, in a prudent manner, that is necessary to properly house the educational opportunities that we should be offering to all children.

The New Jersey Association of School Business Officials salutes you for selecting the latter course of action. All districts, rich and poor alike, have substantial facility needs. Thank you for proposing a vehicle flexible enough to help us all.
