

Committee Meeting

of

JOINT COMMITTEE ON THE PUBLIC SCHOOLS

"Education Commissioner Bret Schundler and the Schools Development Authority's CEO, Marc Larkins, will make presentations to the Committee"

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

DATE: May 12, 2010
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Ronald L. Rice, Co-Chair
Assemblywoman Joan M. Voss, Co-Chair
Senator M. Teresa Ruiz
Senator Diane B. Allen
Senator Thomas Goodwin
Assemblyman Ralph R. Caputo
Assemblywoman Mila M. Jasey
Assemblywoman Nellie Pou
Assemblyman Scott T. Rumana
Assemblyman Brian E. Rumpf
Assemblyman David W. Wolfe



ALSO PRESENT:

Melanie Schulz, *Executive Director*
Sharon Benesta, *Chief of Staff*

Meeting Recorded and Transcribed by
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TABLE OF CONTENTS

| | <u>Page</u> |
|---|--------------------|
| Marc D. Larkins Chief Executive Officer New Jersey Schools Development Authority | 9 |
| Kristen MacLean Director Internal Policy and Regulatory Development New Jersey Schools Development Authority | 10 |
| Bret Schundler Commissioner New Jersey Department of Education | 53 |
| rs: 1-94 | |

SENATOR RONALD L RICE (Co-Chair): Good morning.

I'm going to take a roll call to just ascertain for the record that we have a quorum. Because once every year I believe it is -- every two years -- we on the Joint Committee on the Public Schools must come together for the purpose of reorganization. In a moment I'll cite the statute for the record.

The statute is N.J.S.A. 52:9r-3. And I also want to indicate to the new members-- I want to welcome you to the Joint Committee. We're somewhat of an independent Joint Committee, and we oversee the Supreme Court decision, really, in the Abbott decision -- so everything from school choice, charter schools, school construction, to issues dealing with education in general that impact the Abbott districts. We are somewhat mandated by statute to participate in it and maintain accountability.

I would suspect that we're going to be busy, but not so busy that we keep you from doing your regular types of other obligations (indiscernible). But I know that this Governor appears to be committed to directing and driving education issues. And many of those issues are going to be impacting the responsibilities and areas of this Joint Committee. So if the Education Committees meet on issues, there will be times that we'll be hearing things too. We don't do legislation here, in terms of taking a vote. It does not mean that we can't recommend legislation, agree to it, co-sponsor, and put it in its proper form to get in the proper committees.

So I wanted to say all that, once again, to welcome you to this Committee.

And with that-- The final thing is that with reorganization, we select our officers. Under the statute we have a Chair and Vice Chair. But

the Joint Committee, under the leadership of Assemblyman Wolfe, when he was chairing, decided to have subcommittees also that periodically meet on certain issues. And when I became Chair, working with Assemblywoman Dr. Voss, we decided to have co-chairs. And so that's what we have today, and that's what we'll be hopefully voting on, etc.

With that, let me turn it over to the Co-Chair so that she can welcome the members.

ASSEMBLYWOMAN JOAN M. VOSS (Co-Chair): Good morning.

I hope that this year will be as fruitful as last year was.

I want to welcome all the new members. I was really so happy when I read the names of the people who were going to serve on this Committee, because I think all of you have great things to contribute to this Committee. And I look forward to working with each and every one of you.

Last year, we really did a great deal with special needs children. And sometimes this room was packed with people who were trying to bring to the attention of the legislators some of the issues. And I was very happy that many of the things that we discussed in this Committee were eventually brought to fruition through legislation. One of the big things was getting the insurance companies to pay for special therapies on the autism scale. And I think we're going to have to be doing a lot more with autism this year. Because from what I see from the statistics that are coming, now I think it's going to be one in 88. So this is an issue that we really have to think very seriously about in terms of what we're going to be doing in education.

The other thing that I think is really, really important -- and I'm happy to see Chris Emigholz here -- is because, we have worked very much together on trying to bring some technology, science, mathematics to the forefront in terms of what we're going to be doing with curriculum. So that's going to be one of my priorities, and hopefully it will be the priority of many of you on this Committee. Because we really need to prepare our children for the future. And we can be a sounding board in this Committee.

So I welcome you all here. I'm thrilled that many of us have had the opportunity to meet with the Commissioner, and I look forward to speaking with him when he comes.

And, again, thank you all for being here today. I look forward to a very productive year.

Thanks.

SENATOR RICE: Okay. Thank you very much.

Two members could not be here today: that's Senator Cunningham, with a prior commitment that was out-of-state. And we certainly understand that. And also, a letter of apology came in from Senator Norcross. He could not be here. Unfortunately there is a funeral service that he had to attend for a young resident in his district. So we certainly respect that.

But we do have a quorum. We're going to take a roll call now.

MS. BENESTA (Chief of Staff): Senator Allen.

SENATOR ALLEN: Yes.

MS. BENESTA: Senator Goodwin.

SENATOR GOODWIN: Here.

MS. BENESTA: Senator Rice.

SENATOR RICE: Here.

MS. BENESTA: Senator Ruiz.

SENATOR RUIZ: Yes.

MS. BENESTA: Assemblyman Caputo.

ASSEMBLYMAN CAPUTO: Here.

MS. BENESTA: Assemblywoman Jasey.

ASSEMBLYWOMAN JASEY: Here.

MS. BENESTA: Assemblywoman Pou. (no response)

Assemblyman Rumana.

ASSEMBLYMAN RUMANA: Here.

MS. BENESTA: Assemblyman Rumpf.

ASSEMBLYMAN RUMPF: Here.

MS. BENESTA: Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Here.

MS. BENESTA: Assemblywoman Voss.

ASSEMBLYWOMAN VOSS: Yes.

MS. BENESTA: You have a quorum.

SENATOR RICE: A quorum has been established.

At this time I would like to nominate -- actually I don't have to nominate -- well, I can nominate him anyway -- nominate Assemblyman Wolfe to be temporary Chair for the purpose of reorganization. Is there a second to that?

ASSEMBLYWOMAN VOSS: I second it.

SENATOR RICE: Any opposition? (no response)

All in favor, say aye. (affirmative responses)

ASSEMBLYMAN WOLFE: Thank you Mr. Former Co-Chairman. (laughter) It's been a pleasure serving with you.

For purposes of reconstituting our Committee here, we have to have nominations and elections of Co-Chairs to serve for the next legislative term. It's my pleasure to be doing this. At this time I open up the floor for nominations for Co-Chair.

You can nominate two people if you'd like, or one person and then one person.

Assemblywoman Jasey.

ASSEMBLYWOMAN JASEY: Thank you, Mr. Chairman.

ASSEMBLYMAN WOLFE: You're very welcome.

ASSEMBLYWOMAN JASEY: It's my pleasure to nominate two Co-Chairs, Senator Ron Rice and Assemblywoman Joan Voss.

ASSEMBLYMAN RUMANA: I'll second that.

ASSEMBLYMAN WOLFE: Okay. It's been moved and seconded.

Any other nominations? (no response)

Oh, here comes Assemblywoman Pou.

Would you like to be Chair, Assemblywoman? (laughter)

ASSEMBLYWOMAN POU: I'll third the motion.

ASSEMBLYMAN WOLFE: Hearing no other nominations, we'll close the nominations and ask for a roll call vote, please.

MS. BENESTA: On Senator Rice: Senator Allen.

SENATOR ALLEN: Yes.

MS. BENESTA: Senator Goodwin.

SENATOR GOODWIN: Yes.

MS. BENESTA: Senator Rice.

SENATOR RICE: Yes.

MS. BENESTA: Senator Ruiz.

SENATOR RUIZ: Yes.

MS. BENESTA: Assemblyman Caputo.

ASSEMBLYMAN CAPUTO: Yes.

MS. BENESTA: Assemblywoman Jasey.

ASSEMBLYWOMAN JASEY: Yes.

MS. BENESTA: Assemblywoman Pou.

ASSEMBLYWOMAN POU: Yes.

MS. BENESTA: Assemblyman Rumana.

ASSEMBLYMAN RUMANA: Yes.

MS. BENESTA: Assemblyman Rumpf.

ASSEMBLYMAN RUMPF: Yes.

MS. BENESTA: Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Yes.

MS. BENESTA: Assemblywoman Voss.

ASSEMBLYWOMAN VOSS: Yes.

MS. BENESTA: Okay, the nomination for Assemblywoman Voss for Co-Chair: Senator Allen.

SENATOR ALLEN: Yes.

MS. BENESTA: Senator Goodwin.

SENATOR GOODWIN: Yes.

MS. BENESTA: Senator Rice.

SENATOR RICE: Yes.

MS. BENESTA: Senator Ruiz.

SENATOR RUIZ: Yes.

MS. BENESTA: Assemblyman Caputo.

ASSEMBLYMAN CAPUTO: Yes.

MS. BENESTA: Assemblywoman Jasey.

ASSEMBLYWOMAN JASEY: Yes.

MS. BENESTA: Assemblywoman Pou.

ASSEMBLYWOMAN POU: Yes.

MS. BENESTA: Assemblyman Rumana.

ASSEMBLYMAN RUMANA: Yes.

MS. BENESTA: Assemblyman Rumpf.

ASSEMBLYMAN RUMPF: Yes.

MS. BENESTA: Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Yes.

MS. BENESTA: Assemblywoman Voss.

ASSEMBLYWOMAN VOSS: Yes.

ASSEMBLYMAN WOLFE: Congratulations.

SENATOR RICE: Thank you very much.

Okay. You can turn the meeting back over to the leadership now. (laughter)

ASSEMBLYMAN WOLFE: Oh, now you really want me to be Co-Chair.

All right, at this time I would ask that we begin our normal deliberation and turn the meeting over to our newly elected Co-Chairs.

SENATOR RICE: Once again, thank you very much to the members.

Let me say we're going to start the agenda. But with the permission of Co-Chair Voss, I'm going to ask the staff to send all the members -- if you have not seen it yet -- the list of Subcommittees that we have. It kind of indicates some preferences for us. Traditionally, in the past, before we went to Co-Chairs and I was chairing, I appointed those committees. But there seems to be some interest from some members for certain committees, and that's a good thing for us. And so we don't really care what the numbers are.

And also, we will be going up and down the state. So if you think there's a need at some point in time to arrange a Joint Committee hearing in your district, or for us to maybe visit or participate on some of our issues in your district at some of your schools, let us know.

Assemblywoman.

ASSEMBLYWOMAN VOSS: We found that having meetings all over the state was very, very helpful. And we had the opportunity to see some of the innovations that were happening. And so my motto is: Have mouth, will travel any place in this state to make education a better thing for all of our children. And so I look forward to working with all of you.

Thanks.

SENATOR RICE: With that, we're going to commence our hearing.

Is there anything any member of the Committee would like to say first? New members, would you like to have some comments to your colleagues here, the people out there? (no response)

Senator Allen, it's good to see you back.

SENATOR ALLEN: Thank you.

SENATOR RICE: God bless you. We've all been praying for you. I told you the other day you look great.

SENATOR ALLEN: Thank you.

SENATOR RICE: Anyone on this side? (no response)

With that, I just want this side to keep Ralph Caputo out of trouble. He's my running mate. You know what I mean. (laughter) Just take care of him there, you hear? (laughter)

ASSEMBLYMAN CAPUTO: I'm just following you, that's all.

SENATOR RICE: Marc Larkins, the new Chief Executive Officer.

That's the title you all still have over there at the New Jersey Schools Development Authority?

Come on up. And you can bring whoever you want to.

I understand that Commissioner Schundler will be here shortly. He had a prior meeting.

Marc, it's good to see you. Hopefully you had not enough time but at least sufficient time to kind of review your new responsibility and the obligation that you're mandated to meet with the resources that were left. And hopefully you understand the resources that you're committed to providing, as per legislation as well as court mandate.

We just want to welcome you on board.

Why don't you introduce your staff to us -- the people you are with?

M A R C D. L A R K I N S: Good morning, Senator; good morning, Assemblywoman Voss and to the other members of the Committee.

I am here appearing this morning with Jason Ballard, who is Chief of Staff to the SDA, and also with Kristen MacLean, who presently is--

K R I S T E N M a c L E A N: The Internal Policy and Regulatory Development Director.

MR. LARKINS: That's her present title. (laughter)

SENATOR RICE: First mission: get her a new name.

Marc, when you come before this Committee sometimes it's cordial. As the Governor told me when I met with him, sometimes we may not be as cordial, but we have a mission. And hopefully there are some middle roads and places we agree.

I also want you to know you need not be intimidated by us. As a former U.S. Attorney General, you should be used to this stuff, because you always intimidate us. (laughter) I had to get that on the record.

Seriously, Marc, we do have a couple of questions for you. Why don't you kind of bring us up to date with where you are with the School Authority right now, what you see, and your understanding of what we should be doing immediately?

MR. LARKINS: Yes, sir, Senator. Thank you.

I definitely want to say right up front that I'm excited about the program and the opportunity that the program has to do a lot of good throughout the state, both with regard to creating and sustaining state-of-the-art educational facilities, and also with job growth and sustainment, particularly in this difficult period for the State.

I've been with the program now for approximately six or seven weeks. In that time I've had the opportunity to meet with Executive

Director Schulz, and she briefed me on the concerns of the Committee. And I've had the opportunity to meet with several districts, several superintendents, and several members of the Legislature about the program: about its history, about its problems, and about its present issues and the concerns going forward.

I just want to talk for a moment about what I've tried to do in my first seven weeks in the position. Initially, my goal was to learn as much as I could about the organization and the program. In that time, as I mentioned, we've had a number of meetings. And I want to talk a little bit about what I've learned about the program thus far.

As you all know much better than myself, the Legislature, to date, has allocated approximately \$12.5 billion for the program. The program is -- that money is apportioned to what we're calling, now, *SDA districts*, those projects that we fund 100 percent in those districts; our regular operating districts, where we run a grant program where we fund approximately 40 percent of the projects in those districts. Also, we have a small amount that goes to our county schools. And then obviously some of that money is devoted to the operation of the Authority itself.

To date, a little over \$8 billion has been spent on the program. There is about \$4.3 billion still on the table, so to speak. The administration has recently authorized the issuance of bonds totaling about \$500 million. And once we receive that, that will leave about \$3.8 billion on the table going forward. I'll talk a little bit about that in a moment.

With that over \$8 billion -- I just want to briefly touch on what the program has done and delivered thus far. First, let's talk about the *SDA districts*. In those districts we've completed approximately 621 facilities

projects: 54 new buildings, 45 extensive additions and renovations. We also have the six, what we call, *demonstration* projects, which include some community feature to them. Included in that group are approximately 500 other projects, whether they be repairs -- and that would include health and safety projects. In those districts, we've impacted, we believe, the lives of approximately 45,000 students in the state.

With regard to our regular operating districts, thus far the program has executed a little over 3,000 grants throughout the state worth about \$2.3 billion of State share. And that \$2.3 billion is toward a total project cost in those district of about \$7.3 billion. There have been 24, what we call, *major* projects in our regular operating districts, meaning six new schools, 18 significant additions and renovations. And we've touched a little over 500 districts in all of our 21 counties throughout the state.

In terms of where we are currently-- We currently have 12 projects in construction: nine in our SDA districts; and three, what I would like to refer to as, *hold-over* projects in our regular operating districts -- because there was a time where the SDA actually managed some of the projects in the regular operating districts, although currently we don't do that any more. But there are still three of those out there that are in construction. The total project cost of those is over \$500 million. So we're definitely committed to completing those projects.

In terms of jobs -- because I touched a little bit on our impact -- potential impact to the economy of this state. In 2009, our records reflect that we created approximately 5,490 jobs in the State of New Jersey on our construction projects. We estimate that we sustain approximately 2,460

jobs throughout the state. And, again, that refers to all of our projects, statewide.

In terms of where we are, where we're going: I'm certainly thrilled to, again, report the administration's willingness to provide additional funding for the program. I know things have been tough for a lot of agencies, a lot of departments throughout the State. And I think we're probably one of the feel-good stories in terms of funding.

When I walked in the door at the SDA, the number one priority for me was just that: funding. And to put that in perspective, when I showed up, I believe the SDA had a little under \$300 million on-hand -- a little under \$300 million -- with outstanding obligations of in excess of \$800 million. So when I showed up, on paper, we were over \$500 million in the hole. And when I say over \$800 million in obligations, that doesn't mean that they were all currently due, because we pay as our obligations come due. But on Day 1 we had, certainly, significantly more obligations than we had cash on hand. So my number one priority was to work with the administration, the Governor's Office, the Treasurer, the AG's Office to try to make sure that we: one, have a commitment to continuing the program; and two, that we get needed money. And, obviously, as I said earlier, I was thrilled when the administration announced that they were going to be providing approximately 500 million more dollars for the SDA.

I think what the logical question stemming from that bond issuance and the receipt of that money is: What are you going to do with that money? Well, the idea that we are already in somewhat of a deficit, I think, probably sheds a little light on where we are. But my conversation with the administration and everyone that I've talked to about this program

has been this -- and it's simple. "If you give us additional money, we plan to continue the program. And if you do that, you should do that with the understanding and the commitment that you will see the program through. In other words, you will afford us the money that has been allocated by the Legislature. Because that's what's important." It doesn't make sense to give us some money today and then to shut us down later, because, potentially, we'll be leaving shovels in the ground somewhere; we'll be leaving uncompleted projects.

And the way we spend money in the SDA today is that the money that we're afforded gets apportioned over the entirety of the program. So we have a lot of things happening at once. Just to give a little more background on that, as I mentioned we have nine projects in construction. Obviously, we're spending money on those. We have in excess of a thousand regular operating district grants that are currently ongoing. There are expenses there. There are other, obviously, operating expenses of the Authority. So we moved the program forward as a whole.

I want to talk about where we're going in each of the areas that I identified earlier, just quickly. On the SDA side, as you all know, we have what we refer to as a *capital plan* from 2008. In that capital plan there are 52 projects. Each of those projects -- as I like to refer to as having a life cycle of its own. We don't prioritize our projects. In other words, we don't do the first five, move to the next five, and continue on from there. The way we operate is, we try to move each project forward. But some of them take their own pace. Some of them have issues that are specific to the project that may delay them. Some, for whatever reason, move a little more quickly than others. But each of the 52 projects in the capital plan is in

some phase of development, some stage of progress. And right now we're committed, certainly, to finishing the ones that are in construction. And what we've been asked to do by the administration is to review the remainder of the capital plan.

Let me put that in context. In my short seven weeks -- six or seven weeks with the Authority, we have received calls from districts about changing demographics, about changing populations, about changing needs. And hence, about potentially substituting or altering the capital plan in some form or fashion. And I think what that means to me and what that means to the administration certainly is that they want to be sure that the projects that we're starting are the ones that we're committed to and the ones that the districts are committed to. So what we've been asked to do is to do a review of that capital plan, which we intend to do, and we intend to do in an accelerated fashion.

In terms of the regular operating districts, when I arrived there were approximately 700 grants or so in what we call a *holding pattern*. I think that holding pattern was because of the need for additional funding and a commitment going forward. Of those 700, approximately 150 could be executed as I sit here today. And now that we have the new funding, I actually anticipate the Authority being able to execute and move forward with those 150 in the next couple of weeks. The others would still remain in a holding pattern, because we need additional information from the districts.

In terms of the vocational side of the house, we've spent, I believe, approximately \$90 million of the \$150 million that was afforded to that portion of the program, which means there's about \$60 million left.

And we'll be reviewing projects going forward to make sure that we move that portion of our portfolio as well.

One other thing that I just want to touch on quickly -- because I know that it is of importance to many of the members, it's of importance to the communities -- and that is job creation and our success in terms of incorporating small business enterprises into our work. And when I say *small business enterprise*, I want to use that term somewhat broadly to include minority- and women-owned businesses, and other businesses that would qualify.

In 2009, we awarded contracts to SBEs totaling approximately 55 percent of our work. And I think that's really an amazing, staggering number. It's an important number, and I think it's one that we're very proud to report. That number is up from 44 percent from a year earlier. So I think -- I want to report that just to let the members know that that's definitely a priority of the Authority. It's one of our focuses, it's something that we're committed to continuing, to improving where we can. And also we definitely want to do that with the idea that we're certainly committed to including state residents and community residents in the projects that we're delivering.

I'm sorry, Senator. I know you asked me a somewhat open-ended question. I took an opportunity to provide probably a little bit more than what you were expecting. But I appreciate the opportunity to provide that information to the members. I'm certainly, again, happy to be here. I'm looking forward to working with the Committee, the Legislature, the administration, all other parties, the community, the school districts to deliver a program that we're proud of at the end of the day and one that we

can be accountable for and is fiscally responsible -- certainly with regard to the resources that we're afforded.

SENATOR RICE: Thank you.

Let me just say, first of all, I'm glad you took the time because, number one, you put things in a good perspective. And you're very articulate. But you put it at a level that we all understand. And it was also organized, taking us from where -- the genesis of your coming in to where we are. I think that's important for the members -- particularly the new members -- because some of the members here are new to the Committee, some are new to the Legislature. And so I thought that was important.

There are some questions. When you raised the issue about the 12 projects pending, and I know three are kind of holdovers, as you-- Can you identify the location of the nine SDA projects and the three that are non-SDA -- that are operating districts? That's your 40 percent project, right? The non-operating is your 40 percent project -- where they get 40 percent of the revenues to do a project?

MR. LARKINS: Correct. I will identify them for you. Give me one second, Senator, if you don't mind.

Thank you, Kristen.

Senator, we presently have the following projects in construction: We have a project in Camden, the Morgan Village Middle School; a project in East Orange, it's a new Elementary School No. 5; a project in Egg Harbor City -- and, again, this will be one of the three -- a new elementary-middle school; one in Elizabeth, going back to the SDA's, Victor Mravlag Elementary School No. 21; Greater Egg Harbor, we're working on a new high school; in Passaic City, an elementary school at

Henry Street; in Paterson, there's a project for a new elementary school at Marshall; in Pemberton Township we're presently constructing a new early childhood center; in Union City we're working on Columbus Elementary School; in West New York we're presently constructing a replacement No. 3 Elementary School; in the City of Orange, there's a project ongoing at Lincoln Avenue Elementary School; in Egg Harbor there's a project going on at Egg Harbor Township High School. I think that was 13. One of these-- In Newark we have some various things going on -- emergent health and safety projects.

What I ran off was 14. The Newark -- the emergent health and safety -- while those are projects, I don't count those against the 12 that are actually new construction. And I think two were combined. I think some of the Egg Harbor work we combined in terms of our numbers and under construction.

SENATOR RICE: Are there any emergent going on still in Irvington, to your knowledge?

MR. LARKINS: In Irvington? The emergent work is--

SENATOR RICE: It's pretty much all over the state--

We control the mike here. (laughter) See, this is different than the U.S. Attorney General's Office, okay?

MR. LARKINS: All right, I'll wait.

ASSEMBLYWOMAN VOSS: That's dangerous.

MR. LARKINS: Senator, I believe that in Irvington there are emergent projects that are ongoing. I will ask someone from the Authority to get back to the members. Since I am a resident of Irvington, unfortunately I'm recused from the work in the district.

But I will say this: There certainly are projects that are in some phase of movement. There have been issues with a number of them. And I just want to address, quickly, the idea of what we refer to as *emergent* projects. It's not a term that we at the SDA created. It's one that the DOE, I believe, uses to describe the work. What it is, is something short of what we consider to be a true capital project. But it still moves through phases of development. So it's not-- For instance, if there's a leaky roof, the district contacts us, and we call a roof repair person, and they go out to fix it. It's actually a little more complicated. It's one of the things we're looking at to make sure that we can be a little bit more responsive and act a little bit more quickly on our emergents. But we have emergents going on throughout the state.

SENATOR RICE: I'm going to gear this to the other members for now.

Hang on one minute. There was one question on the small business end -- small business component. You have the Legislature, in its entirety -- and my participation here for the last 24, going on 25 years -- is that the majority of us, if not all, are very much concerned about, as you said, New Jersey residents getting opportunities -- both women and small, minority businesses as well. And when we changed the law, and we had the fights with the GEOD Corporation getting paid to go around the country and knock our affirmative action-- And our Governor on the Democratic side blew the case. He didn't handle that right. I'm going to say that for the record too.

We have never forgotten our commitment to women and minorities. And I know the Legislative Black Caucus, which I Chair -- and

the Chair of the Latino Caucus is here -- we share the same concerns in the small businesses. Because we said *small businesses* -- we still have exclusion when it comes down to the ethnic involvement of minorities and women.

In 2009 you said 55. Do you happen to have -- and you may not have it with you -- what that number looked like in terms of African-Americans, Latinos, and other ethnic groups, besides small business as a business?

MR. LARKINS: Yes, sir, I do have those numbers. The total small business -- and, again, this is with respect to 2009 only -- the total small business enterprise contracts awarded last year was approximately \$8.4 million, or 5.3 percent of the number that I talked about earlier. The ethnic breakdown, as our records reflect, were as follows: for Asians, the contract amount was approximately \$5.4 million, or 3.4 percent; for black or African-Americans it was approximately \$1.3 million, or .8 percent; and for Hispanics the total award was \$1.8 million, or approximately 1.1 percent, for a total of \$8.4 million, or 5.3 percent.

SENATOR RICE: Okay.

MR. LARKINS: And I guess--

I'm sorry, Senator. I didn't mean to interrupt. I just wanted to say, just to clarify, that when we talk about SBE dollars and percentages, we're referring to firm ownership. This is not with regard to the actual workers on the job site. We're talking about the contracts that are awarded to firms, vendors that qualify as SBEs based on ownerships and other criteria.

SENATOR RICE: That's what I talk about too -- the ownership. That's not a front. And we can deal with workers later. But the workforce should be the very same way.

With that same question, can you send, through the Chairs, a breakdown on -- and to the Director so she can show it to the members -- a breakdown on what kinds of awards are going to "Asians," "Latinos," the "African-Americans," and other ethnic groups so that we can see if it's on the service side, the construction side, or a combination of both. Okay?

MR. LARKINS: Yes, sir.

SENATOR RICE: Thank you.

Assemblywoman.

ASSEMBLYWOMAN VOSS: I'd like to ask a few questions.

One of the things you said during the course of your presentation was that you were getting calls from different districts that said they had changing demographics. And having worked with change orders, I know how that can really escalate a bill. What are some of their concerns? Because it sounded as if there were several of these coming to you.

MR. LARKINS: Thank you, Assemblywoman. Just generally, what I was referring to were calls that come in which reflect, for instance, population shifts in a district, increased growth, or changes in projections. I think there are a number of factors that certainly impact that, one of which is-- I think most people would appreciate that there have been a lot of Catholic school closures of late, so districts are experiencing a surge in population from those students. I believe there may be some charter school failures. Again, this is information that we're hearing from the districts.

There also are population shifts. So the calls come with regard to-- The SDA has a project approved in a particular part of town for a school district. The question is: Can we use the money that was apportioned, or afforded, or allocated to that project to do another project in another part of town where they're, for instance, seeing a population growth? So those are the types of calls that actually impact the present-day capital plan. Because to take one project and move it to another part of town is a particularly difficult undertaking. And that would certainly be dependent on what stage of progress the project has reached prior to that call coming in. And we have some projects that are through some phase in design, some are really still in predevelopment where we're in the process of acquiring property. But as a general matter, those are the types of issues that I think some of the districts are seeing. And when I say a number of calls, there certainly have been more than two or three, but there haven't been as many as ten.

ASSEMBLYWOMAN VOSS: That was my next question.

MR. LARKINS: Sure.

ASSEMBLYWOMAN VOSS: Okay. My other question is-- I am a very, very big proponent of vocational and technical schools. And you're in the process of reviewing projects. And I think you said \$90 million has been spent.

MR. LARKINS: Correct.

ASSEMBLYWOMAN VOSS: That's a very small amount of money in comparison to--

MR. LARKINS: Yes.

ASSEMBLYWOMAN VOSS: And how many projects are there that involve vocational or technical schools?

MR. LARKINS: To just put it in context, when the Legislature allocated the money, only \$150 million was afforded to the county vocational projects. So that's sort of the cap that we started from. Of that \$150 million, \$90 million has been spent to date. My understanding, as I sit here today, is that the Department of Education is reviewing a list. Because the way the process works is, the applications are forwarded to the Department of Education. They undertake a review of the proposals from the districts. They do a priority list. And once they approve that -- or approve project or list -- they send that to us. And once we receive the approved list, we then move forward in terms of trying to get the project started.

I believe that the Department of Education has several projects under review, but I hesitate to speak. I can certainly get more information to you and the other members through yourself and Senator Rice. But I don't have a firm number, as I sit here right now, in terms of how many are actually under review for the remaining \$60 million.

ASSEMBLYWOMAN VOSS: I just have one more question.

MR. LARKINS: Sure.

ASSEMBLYWOMAN VOSS: As I go around and look at some of the projects that haven't been completed in some of the cities, I'm concerned about the fact that in many instances -- and I'm going back to vocational and technical -- they don't seem to have sections of the building that are being allocated for that purpose. And my question is: Does the district submit the plan for the building, or does the SDA create the-- I

mean, who creates this? Because I think this is doing a great disservice to many of the children, particularly in the inner cities, preparing them for jobs that, you know -- they need to have some special training in that area.

MR. LARKINS: Sure, and that's an excellent point. I think we wholeheartedly agree.

In terms of the process, the district is the initiator of the process. The Department of Education certainly does a review. And I understand, because we don't do the review, that a good portion of that review does look for educational adequacy. I suspect that they may take into consideration other factors, some of the ones you just mentioned.

By the time the project comes to us, we simply try to implement what has been approved by the Department. But we do partner with the district in terms of the design of the project. And, again, we're talking strictly with regard to the SDA districts, because those are the ones that we manage today.

But I think, ideally, it should be a partnership. We've had the opportunity to tour several schools to date. I do recall that at least one or two of them had some of the components that you referenced. I can think, for instance, of Central High School in Newark, which we had the opportunity to walk; the new high school in New Brunswick, which we had the opportunity to walk, which did actually incorporate some of the components that you mentioned.

But I do agree, and it's something that we will focus on. It's something that we will push. But it's something that we have to partner with the districts and the Department of Education to incorporate if it were to happen.

ASSEMBLYWOMAN VOSS: Because I know the Senator is very concerned about creating jobs. And my concern is that we can't expect businesses to train people on the job to do the job. And that would be the function of the school. And that's why I'm so concerned that the school have the facilities to prepare people to go into the fields of work where there are opportunities for them.

Thank you.

MR. LARKINS: Sure.

SENATOR RICE: Senator Goodwin, then Senator Allen.

SENATOR GOODWIN: I'm new to the Committee, Mr. Larkins.

From the past, the billions of dollars that were wasted prior to this on change orders -- taxpayer dollars. What are you doing to ensure that taxpayer dollars are not going to be wasted on this go-around, because you said "a fiscal responsibility." But we're talking billions of dollars here. What accountability is going to be on these projects and to prevent change order, after change order, after change order?

MR. LARKINS: Thank you, Senator. That's an excellent point. And I think that it's hard to disagree or dispute the history of the program. It certainly has been a troubled one. It's one that has certainly not been without criticism, and probably well-deserved.

Part of my agenda in the next few months is to do as follows: Step one for us, as I mentioned earlier, is to try to get some additional funding. Step two really is to do an organizational review. So what we're doing right now is reviewing the actual structure of the organization to ensure that we aren't creating an internal bureaucracy, to make sure that

we're working well within the organization. And if we decide that we are not or that we can do better, then we'll make changes. So Step 3, and 4, and 5, and 6, as we move forward, will be overall program review. And part of that program review will certainly seek to address many of the issues that you just identified in terms of the way we go about delivering our product.

In terms of accountability, right now-- And I think in the past few years there's been an effort undertaken, rightfully, to make sure that the SDA cleans up its act, for lack of a better word -- lack of a better phrase. And what that has included is basically a full review, inspection, audit of the program by a number of parties. We've had the Office of the Inspector General look at the SDA. We presently have two OIG folks working from the SDA, totally dedicated to the SDA. We've had the State Auditor do a number of reports and audits of the SDA. We've retained KPMG as our internal auditors to -- or our external auditors -- to do a review of our internal functioning. We have an internal audit function. I mean, in terms of accountability, we've had a number of different independent agencies take a look at the way we do business.

What I think has been a result of that is that we've done better. As I sit here today though, I will be honest with the members. I'm not sure that if the program continues to operate the way it does today that we can sustain ourselves. I'm not sure that with the money that's been afforded -- if we don't make some changes -- whether they're tweaks, whether they're major -- that we won't be able to deliver what's expected of us with the money that we've been afforded. And that troubles me. And what I want to do over the next few weeks and months is to make sure that we can do that, that we can meet the expectations, and that we can do it in a way

where we're proud to report to the taxpayers how we're spending the money. And that will require, I think, a number of difficult decisions. I think that that will require a lot of open lines of communication with the district, a major partnership with DOE. And we're committed to that. We've already started those conversations. And that's where I believe we're headed. I think we'll get on the right track.

And as we move forward, I certainly want us to be transparent. So I intend for us to communicate with the members of the Legislature as often and as early as we can in terms of changes and adjustments that we plan to make to the program, again in an effort to make sure that we're delivering a product that we can be proud of at the end of the day.

ASSEMBLYWOMAN VOSS: Senator Allen.

SENATOR ALLEN: Thank you.

When a district chooses to do a building in a certain way, and they're hiring architects and engineers, do you ever suggest to them first off -- and obviously this wouldn't have been you in the past -- that they look at something that has already been done to save money? This was one of our big issues over the last years, that every building has to be the Taj Mahal, and it doesn't. If somebody has started a building someplace else, and it's a good design, and it can be tweaked, why don't we go back to those architects and those engineers for a much smaller dollar amount to make it happen?

MR. LARKINS: Senator, I think that's an excellent point. I think that any and every business in America and probably throughout the world would certainly look to do that.

SENATOR ALLEN: But it has not been done to date.

MR. LARKINS: I agree. Unfortunately, the way-- Again, the history of this organization is very public and certainly one, as I said earlier, that has not been unduly or unreasonably criticized. I mean, it's been a problem. And specifically on the issue that you're addressing, there are a number of options on the table that we could -- and I expect that we will -- look at.

But to a certain extent, some of these things -- my understanding -- have been reviewed. And I do this in terms -- just for the record, I'm sort of making quotations in the air -- but they've been reviewed in the past, and there have been arguments for and against, and I will just name two of them quickly.

For instance, this idea of standardization, the idea of coming up with one model, or three models, five models, whatever it is, and then using them over and over-- There are arguments against it in that it won't work because of issues specific to each district: land and other things.

SENATOR ALLEN: That's why I used the word *tweak* -- that you would bring these same people in, and that you would only have to pay them a small amount, because they would make the changes necessary to make it fit.

MR. LARKINS: Sure. And there are arguments on the other side to your point -- that they can work.

Another option out there is this idea of design-build. The way we presently do projects is they're designed, and then they're bid out again for construction. There's this possibility that you can hire one firm to do both, which might help with change orders, which might help with other issues, it might improve the efficiency.

But those are things that we're going to look at, things that we plan to look at. And some of the options, some of the ideas that you offer, are things that we will consider and look at again, and take a hard look. Because I agree: starting from scratch every time does not work.

But one of the fundamental problems is, the SDA doesn't own the design. So in terms of going back to the architect, it's their-- As of today, right now, it's their intellectual property right. So certainly we can go back and attempt to pay them and turn to some other contract for another project. But I think one of the fundamental issues for our organization right now is, we don't own the design. So those are things that we have to take a really hard look at and make sure that we do it better.

SENATOR ALLEN: I have another question along those lines. In a number of cases, wonderful, historic buildings have been raised, and new schools were put up. That's always a grave concern of mine. I saw a beautiful school from the '30s just taken down. It just had so many spectacular pieces to it. The rooms weren't wonderful. The electrical needed to be updated. I mean, there were a lot of things that needed to be done. It was hard for me to believe that it was less expensive to build an entire new school. And I'm wondering if you give any consideration to the historical piece.

MR. LARKINS: We do, Senator. And, where appropriate, we certainly coordinate with the historical preservation societies and groups in the state. And to my understanding, we actually do feasibility studies in certain instances where that concern is raised to determine whether or not it would actually be more efficient, cost-effective to renovate versus to do new construction.

And I just want to, again, put my comments in some context. In the regular operating districts, where we don't manage the projects, we don't determine site, we don't hire the architects, we don't do anything other than run a grant program. When I talk about the construction, and owning designs, and those things, I'm referring to the SDA districts, where we actually own and manage the construction and building of the project. So I just want to make sure that that distinction is out there.

The other thing, in terms of site selection, Senator-- I just want to put some historical background to this. Historically, the -- my understanding is the SCC and the SDA did not actually select the site. A lot of that was left to the districts -- to propose and select sites. Today, what we do is definitely take a larger role in terms of identifying appropriate sites. So the districts still propose sites; we review and, based on certain criteria, we try to work with the district to make sure that we're picking an acceptable site.

So, for instance, if there is a site that has historic preservation concerns, it may be that, in certain instances, we say, "Let's look for a different site." But that's something that, today, is more of a negotiation than it has been in the past. So in the past few years, some of our projects were ones that were, what we call, *legacy* or *leftovers* from the SCC, where we actually didn't have an opportunity to choose the site.

SENATOR ALLEN: When you say if you don't hear from the historical preservation community, then it isn't something that you specifically look at, what organization would you need to hear from to make this come top-of-mind?

MR. LARKINS: Sure. It's not an organization that we have to hear from. Sometimes we hear it from the community. So, for instance, here in Trenton, with the new proposed Trenton High School, the community has raised concerns about preserving a portion of the building for historic reasons. So when I say that, I only intend to indicate that, at times, we do work with certain organizations that take the lead with respect to those sort of issues. But we also do hear it from the community. And when we hear those concerns, we definitely take a hard look at it. We don't dismiss it out of hand.

SENATOR ALLEN: And my final question: You mentioned that six or seven weeks ago when you came in -- \$300 million in the bank, \$800 million in obligations. And you mentioned the administration is providing more funding. What is their proposal? And I apologize I don't know this.

MR. LARKINS: Right now, what's on the table is, we're anticipating the receipt of approximately \$500 million in funds.

SENATOR ALLEN: So, very specifically, to cover those obligations.

MR. LARKINS: Well, not exactly. The way the program operates is, we receive moneys in batches. And, essentially, it correlates to the issuance of bonds by the Economic Development Authority. So we receive-- It all depends on needs; it all depends on the progress of the program. But we typically receive money from the issuance. So sometimes we get \$200 million, sometimes we receive \$300 million. It just so happens that in this most recent issuance, the administration has afforded us \$500 million. We anticipate that some time, if not later this year probably next

year, we'll be seeking additional funding. What we try to do is keep the administration aware of what our needs are. So while we have those obligations that we're committed to, we try to project when they will actually come do. And that will dictate when we go to the administration to ask for additional moneys.

SENATOR ALLEN: Thank you.

MR. LARKINS: You're welcome.

ASSEMBLYWOMAN VOSS: Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Thank you, Madam Chairwoman.

Mr. Larkins, I'm very impressed by your presentation. It's very comprehensive. And in all the years I've been in the Legislature, I've never -- I don't think we've ever had such an easy-to-understand look at really what your agency is doing. And I congratulate you and wish you good luck.

MR. LARKINS: Thank you, Assemblyman.

ASSEMBLYMAN WOLFE: I have three questions, very quickly. In fact, Senator Allen basically touched on my very first one. When the original legislation was developed for the Schools Construction, it was the intent of the Legislature to have, let's call them, *cookie-cutter* plans for elementary, middle schools, and high schools. I believe the request was to have three.

But I think, in terms of the history, when it came down to individual districts, some of them wanted to give work to their local folks, so they hired architects to make some changes. And once those changes were made by those architects, it no longer became part of the cookie-cutter. So I would ask my colleagues here -- I know I was just talking to Assemblyman Rumana who just mentioned this -- that the Legislature,

through legislation, require that a set of three or four options be available for each type of school, as opposed to whatever you willy-nilly want to build in a district. I don't know how my colleagues feel about that, but I think it's something that we should consider just for us. I'm just saying that as a statement.

The other issue is-- You mentioned Camden, East Orange, Egg Harbor Township, Elizabeth -- Egg Harbor Township twice -- again, three times, I guess -- Passaic City, Paterson, Pemberton Township, Union City, West New York, and Orange as projects I guess that you were currently working on.

MR. LARKINS: Yes, sir.

ASSEMBLYMAN WOLFE: So my question is-- I know you said you have some projects pending and you're going to begin some new projects. Do you consider geographic location or community location when you award the projects? In other words, do you confine so many projects to the northern part of the state, or the southern part of the state, or the central part of the state, or is it just first come, first served?

MR. LARKINS: Sure. And those projects that I mentioned specifically earlier were the projects that we're actually managing the construction. Because there are, again, things going on in the regular operating districts.

With regard to the history of how the projects were selected, my understanding is the Department of Education asked all of the SDA districts to submit their requests and their priority lists to the Department. The Department of Education then reviewed that list from all the districts and did their own statewide prioritization, which actually ended up making

its way to us. Once we received that, we then developed what we're calling the *2008 Capital Plan*. That plan has changed. There's been an '05 plan, there have been other plans preceding that. But the one that we're working off presently is the 2008 plan. So in terms of selecting and prioritizing which projects made their way into that, we relied heavily on the Department of Education to do a statewide priority review. And then we added some input; the districts certainly added some input.

The idea was not to rely solely on region, community, district. I believe the Department of Education tried to take a look, statewide, in terms of where the most need per school, per district, per project was, and incorporated other factors. So that's how we arrived at the 52. The ones that are presently in construction are hold-overs from earlier lists -- when I talked about earlier iterations of that capital plan. But that's the general process in terms of how the sites or projects get selected.

ASSEMBLYMAN WOLFE: Thank you very much.

I have just one more question very quickly--

And I want to fully support Co-Chair Rice. I remember maybe a year or so ago he was asking your predecessor for a list of minority contractors who were doing the demolition.

Do you remember that, Senator?

SENATOR RICE: Yes.

ASSEMBLYMAN WOLFE: And I know he's really been very sensitive to that, and I think most of us are.

But you mentioned something, and he also picked up on that-- I think it's important that we realize, as legislators, that when these companies bid for a project for consideration, they will include minority

and women firms -- small business -- as part of the overall package. But it's my understanding they don't get the jobs. Most of the time they're not even included in doing the work, even though they're on the letterhead or they're on the package. So is there some way that that could be a requirement of doing -- of receiving the bid -- let's say for the general contractor, that he be required to put these people to work as opposed to just having them on the letterhead?

MR. LARKINS: Sure, Assemblyman. That's something that we will focus on. We'll make it a priority.

My understanding right now is that the (indiscernible) the general contractors are required to provide us that information. We don't contract directly with the subs as a practical matter.

SENATOR RICE: But Marc-- Excuse me, I don't mean to cut you off. But what the Assemblyman is saying is that it's a front. They use the minority numbers, and then they award it to someone else. And given your background -- as not school construction, as the U.S. Attorney General's Office -- you know what that means.

MR. LARKINS: I understand.

SENATOR RICE: And I think the Assemblyman is saying would you look into it to make sure we have a system to make sure there is some integrity in the process -- that if you're going to use my numbers--

UNIDENTIFIED SPEAKER FROM COMMITTEE: And that's verification.

SENATOR RICE: Exactly, verification that more than likely I'm going to get it. Those are the exceptions to the rules.

MR. LARKINS: Yes.

SENATOR RICE: I'm sorry, I didn't mean to interfere.

ASSEMBLYMAN WOLFE: Thank you very much.

Thank you.

MR. LARKINS: Senator, what I was hoping to explain is just what we have today. And we have a process that attempts to ensure that that doesn't happen. In other words, if there are going to be substitutions, there's a process in place -- or changes. But we should-- With those remarks, we'll definitely do better and see if we can't -- and we should be able to easily make sure that the work is going where it was originally indicated it would be directed.

SENATOR RICE: Before we get to the next speakers, I know the students have to leave.

I'm going to ask the members to give me a little prerogative here.

We have a lot of students here. Would the students stand up? Students, why don't you all stand up? Some of these adults look like students. They don't want us to know how old they are. (laughter)

We want to welcome you.

To my members here, this is the Bloomfield High School. I don't know if they're seniors or all age groups, but they're doing a State House tour today. Is that right? (affirmative responses)

This is part of the legislative process that you're observing. And this is the Joint Committee on the Public Schools. And when you-- You probably heard that we came into your district at one time -- Assemblywoman Voss and I -- and we looked at some vocational schools and others. We're trying to make sure that life is better for you.

This is the new Chief Executive Officer of what is known as the Schools Development Authority, Marc Larkins. He just happens to live in Essex County as well -- I believe in Irvington.

And so I think it's important for you to understand the process. We won't go on the floor today, so you won't see us act crazy, as Republicans and Democrats. (laughter) This is one of the best committees down here because we're Republicans and we're Democrats, we're from the Senate as well as the Assembly, so we're called a Joint Committee. We're like one big family here. We don't have to argue anything, we don't have to argue with each other. All we have to do is hold speakers accountable. (laughter) That's why this is our safe haven, if you will.

Assemblyman Caputo.

Excuse me, is Assemblywoman Tucker here? (affirmative responses) They keep pointing.

Oh, you look like one of the students over there. (laughter)

This is Assemblywoman Tucker. She is your Assemblyperson in the 28th, representing Bloomfield.

And the next person, who is also my running mate along with Assemblywoman Tucker -- doing a great job, by the way -- is a person's name that is familiar to you, and that's Assemblyman Caputo.

Assemblyman, go ahead. You wanted to say something.

ASSEMBLYMAN CAPUTO: Well, you know, Ron, I think this meeting was scheduled for the students before you scheduled the Joint Committee. (laughter) And I'm glad Assemblywoman Tucker remembered.

Again, we're very proud to see all of you -- most of us from the district, the mighty 28th. Senator Rice, myself, and Assemblywoman

Tucker have visited your building. We know your teachers, and we're very impressed with not only the facility that you have -- your new facility -- but the way you all conduct yourselves as good citizens and good students. But I love your principal by the way. He's a wonderful leader.

Thanks so much for coming. Obviously we will be back.

Why don't you stand up and introduce yourself -- our staff member.

UNIDENTIFIED SPEAKER FROM AUDIENCE:
(indiscernible) (speaking from audience)

ASSEMBLYMAN CAPUTO: We can't forget you. You won't let us.

We're also glad to see you.

Thank you so much.

SENATOR RICE: I just wanted to say to the students, you can continue to monitor the process with our speakers here. You got lucky today. It just so happened that Assemblywoman Tucker is here and Assemblyman Ralph Caputo, my partner. Because normally we're not in Trenton on Wednesdays. It was your lucky day. It was meant to be.

You can sit down if you want to and enjoy the process until you quietly exit.

The next speaker we have is going to be Assemblywoman Nellie Pou.

ASSEMBLYWOMAN POU: Thank you, Mr. Chairman.

Good morning, Mr. Larkin. It's very nice to see you once again.

I'd like to just ask a couple of questions with regard to what you touched upon in your opening remarks.

You mentioned the nine SDA projects -- the major capital projects. And obviously you gave a list of those particular towns. I'd like to just ask you-- I know that among that list you've mentioned the City of Paterson, and you've talked about the Marshall Street. Could you tell me, what's the process now? Where is it at this point? You can generalize it in terms of the other projects. But if you could use your example with the Marshall Street, that would be helpful, just so that I know what is the current step that you're at. And has your particular action been made available or known to those local districts? For example, is the Superintendent of our public school system aware, and are they working in concert with you to move forward in trying to address whatever proposed concerns, or changes, or whatever it is -- steps that you need to take?

MR. LARKINS: Thank you, Assemblywoman.

It's very timely that you mention Paterson. I had a meeting yesterday with the Superintendent from Paterson and a representative from the Board. I believe he's the Facilities Chair right now. And we had an opportunity to discuss the district, the projects, the issues that they're confronting.

So specifically with regard to Marshall Street, that project is actually one that's in construction. The shovel is in the ground, so to speak. I believe they started to remove soil to construct the foundation. Unfortunately, the project experienced some problems very early on in the process. So we've had to delay things for a short period of time while we try to figure out how we were going to go forward. But that delay is specific to issues that have arisen during construction. So that has little or nothing to do with what is going on with the rest of the program. But that's a

project that's in construction. As soon as we figure out these construction-specific issues, it will continue moving forward with putting in the foundation and continuing on through construction.

ASSEMBLYWOMAN POU: What's your projected date of completion, taking into account what you now know with respect to your meeting yesterday?

MR. LARKINS: Yesterday we talked briefly about Marshall Street. I believe right now, because of the issues that have arisen in this early stage of construction, we're projecting that it will open sometime around January 2012. But, again, that's just a projection. We hope that no future problems arise. But considering the history, and construction in general, it's unlikely. But that's the approximate date that we have right now. And we're going to try to do it sooner. If we can have it open by September 2011, that would be ideal. But I think our best projection right now would be January 2012.

And I just want to follow up and say that we attempt to keep all interested parties aware of the status of the projects in their community through community meetings, through our open line of communication with the representatives from the district, and we also make attempts and will continue to make sure that we keep the legislators involved -- legislators from those respective districts -- aware of what the status of the projects are in their districts.

ASSEMBLYWOMAN POU: Are there any other cites or projects that have been delayed that is attributed to -- assigned to the City of Paterson, or is this the only project? I thought there was more than one.

MR. LARKINS: There are other projects slated for Paterson. I believe there are at least two others. There may be three others.

Several of those projects are in a very early stage of development. Some of them -- particularly with respect to one of them -- there are still questions about site selection. With the others there are other project-specific issues, site acquisition issues. I can think of one where we're actually planning a close on another property for the school site. So there certainly are at least two or three other projects presently on the table for Paterson. The status of those projects are a little bit different. The status of those projects have more to do with the program. And when I say with the program, that has more to do with the review that I mentioned earlier, in terms of making sure that the projects that are presently in the capital plan are the ones that the State and the districts believe are the appropriate ones to be constructed. So that will be part of the review. And Paterson, again, is a very timely topic, circling back to issues that districts are experiencing right now, in terms of changes.

ASSEMBLYWOMAN POU: I was going to-- That's the reason for my line of questioning. Because I know there is a huge demographic, as well as some of the increase in population, and certainly population shifts. So certainly I know that there have been some concerns raised. But please continue.

MR. LARKINS: Sure. Just specifically from our conversation yesterday, we understand that in Paterson, presently the projects that are scheduled, or projected, or intended to be delivered are in the southern part of the city. My understanding, from the Superintendent and the member of the School Board, is that there is a need in the north. But the general

point is that with those types of concerns being raised, I think it ties into our idea that we want to take a close look at what's presently in the capital plan and make sure we're planning to deliver projects where appropriate. So that's just one example of a potential request for a substitution or a change that we fielded and that we're discussing.

But in terms of those discussions moving forward, status of projects, we certainly intend to keep the lines of communication open, and be as transparent and receptive as possible, and include the district and all other parties in the negotiations and decision-making process.

ASSEMBLYWOMAN POU: I'm sure you'll agree that where the construction is being built at the -- or the site that's been selected, as you referred to it, in the south -- is certainly needed. It's just that there's greater need -- or not greater need, additional need -- in other areas. So it's not that you've selected-- It's not as if construction is being done in an area that is not in need of that. It's just that the growth and the population is such that it's created all of this additional concern and problems.

MR. LARKINS: That's entirely accurate, and that's true statewide. Just to add a little bit to that, my understanding is that the original list, which is maintained by the Department of Education, has over 140 projects statewide on it. With the amount of money that we've been afforded, they attempted to do a prioritization and determine that the greatest need apply to the 52 that made their way into the plan, arguably.

But you're right. In terms of the need, there's no question that even in the southern part of the City there's a need. The question -- or the concern expressed by the representatives that we met with yesterday was: Where's the greatest need today, and how can we best prioritize and use the

resources that we have to address the needs that are presently -- that we're presently confronting?

ASSEMBLYWOMAN POU: Mr. Chairman, while I am asking project-specific information to Mr. Larkins, I think it's important and helpful to the members to try to get a -- to have him explain what happens. Because it pretty much applies in many other areas throughout the state. So it's very helpful. For me, it's just easier, because I happen to know my district.

My last question, Mr. Chairman and Madam Chair, to Mr. Larkins is-- I know that you spoke earlier with regard to the selection process. Just a little bit of history going back-- There's been a lot of discussion over what has happened with the projects in the past and where we are today. I believe one of the biggest problems has, in fact, been the process itself and the amount of time -- the timeframe it takes from one step to the other. Just the RFP -- putting together -- to my colleagues -- putting together the specifications for an RFP and getting that through your process -- the approval -- the governmental process here and getting it from one step, to the next, to the next has certainly put -- place many of these projects in jeopardy because of the internal governmental processes that are currently governing or are -- that you're required to go through. That, of course, has taken a life of its own in changing not only the extent of the time, but cost as well.

So I'm hopeful, Mr. Larkins, as you move forward, that you're taking into account and looking on how you can make this process a bit more business-friendly, if you will; and ensure that the review from the Department of Education, to the school districts, to your specific office, in

terms of -- from the RFP right on down to the actual completion of that -- that it is being carefully monitored for timely and -- as quick as we can, as quick a turnaround process as you possibly can, to ensure that we're really delivering a product -- as you well put out -- that you're proud of and that has maintained the integrity of the process. But to be done in a timely manner, as well, for the sake of our children -- not only for the State of New Jersey, but also to ensure that we are providing those particular classroom construction -- schools -- pardon me, the construction of schools, and providing our children with the best possible education in a good setting.

Thank you.

MR. LARKINS: Thank you.

ASSEMBLYWOMAN VOSS: Senator Ruiz, I think, has a question.

SENATOR RICE: Next is Assemblyman Ralph Caputo, then Senator Ruiz.

ASSEMBLYMAN CAPUTO: Is this mike on?

SENATOR RICE: Not now.

You're good now.

ASSEMBLYMAN CAPUTO: First of all, I want to thank everyone. This was very informative.

Marc, you've done an excellent job in explaining, in a short period of time, the very complex operation of your responsibilities.

One of the things -- maybe a suggestion, or maybe it's already being utilized at the present time -- is the actual utilization of the executive county superintendent who is in that county, who probably could help prioritize, and even monitor or work with districts in terms of making

suggested changes that are warranted. It would seem to me that's an arm of the Department that you probably -- if you're not using it now, should be probably using in terms of bringing about some of the resolutions to some of these problems. Because they're there physically, and they're working with the districts on an every day basis. And it might be, with the help of the Department, working with them -- you might be able to expedite many of the roadblocks that have been in your way.

I'd like to hear you answer that, and then I have one other comment.

MR. LARKINS: I think you're absolutely right, Assemblyman. I think that we should look to any resources, any areas that can help improve our processes. And that's one that I'm not sure has been explored in the past, but it's one that we will definitely take a look at.

ASSEMBLYMAN CAPUTO: Especially the programmatic area, because they are the representative of the Commissioner on the county level. And they should be looking at-- They look at programs, they look at budgets, and they're monitoring the efficiency of these districts on an every day basis, hopefully.

The other thing is-- Maybe you went over this already, but it's something I want to bring out. I don't want to be redundant. If it's redundant -- because there has been so much said -- just cut me off.

But in some of the districts -- I'm familiar with one in particular -- properties have been taken by eminent domain, where neighborhoods have been disturbed, and houses have been taken, properties have been taken, and nothing has been done. And obviously these people who owned these properties were paid out of our State funds. Yet, now, they look out

to a landscape of vacant land. I'm wondering where those projects place on the priority list if dollars have already been spent to claim that property for public use for school purposes. Where do we stand with those projects?

MR. LARKINS: Assemblyman, I think you certainly touched on one of the unfortunate legacies of where this program started. It's one that's disappointing. And not to air our dirty laundry, so to speak, but my understanding is that at one time the Authority -- or I should say the SCC -- didn't even have an inventory of all the property that it owned around the state. So that's just to put it in perspective where we've come from.

We now have an inventory. It's something that I've asked our folks in the Authority to prioritize, to make sure that we look at that inventory, see which properties are actually a part of the present-day capital plan, and to find out where the other projects are. Believe it or not, there are some projects -- I'm sorry, some properties that we own where the projects have been put on the shelf, or where the districts have said, "We no longer even want a project or a school at that site." And, again, as I said, that's one of the unfortunate legacies. But we have to be, and are, committed to figuring out what to do and to how to best give those properties back to the community in some form or fashion, whether it's finding an appropriate way to dispose of the properties, whether it's deciding whether or not we're going to actually build a facility there and then deliver a school, or some other way to provide that property to the community where they can make appropriate uses of it. So that's a priority of ours. It's something that we will look at and try to move--

ASSEMBLYMAN CAPUTO: Some of them have already been demolished. They're down. There's no way -- give back what?

MR. LARKINS: Sure. I mean, in terms of some properties, we're exploring potential options, because we have a number of vacant lots. You're absolutely right. We acquired property through eminent domain, demolished the structures that were previously on them, and--

ASSEMBLYMAN CAPUTO: We know you didn't do it, Marc. You weren't there. (laughter)

MR. LARKINS: It's mine now, unfortunately.

But there are a number of different options that have been floated. Some districts and some representatives have indicated that there may be some commercial interest in some of the properties, for instance parking areas. Some people have talked to us about partnering to do different things, whether it's parks, parking areas, some other -- can we dispose of the property. Those are things that we're looking into.

ASSEMBLYMAN CAPUTO: I'm glad to hear that you've already reviewed this and that you're thinking about how to remediate this problem.

And I want to say, again, I appreciate your presentation. It was excellent. I'm not speaking for anyone else, but as Assemblyman Wolfe said, it was probably the best exchange we've had regarding this subject. So thank you.

MR. LARKINS: Thank you, Assemblyman.

SENATOR RICE: Okay. We have one more of our colleagues to question you, Marc. And then we'll move on if the members don't have any other questions. I see that Commissioner Schundler is here. We'll bring him up.

Senator Ruiz.

SENATOR RUIZ: Thank you, Mr. Larkins.

I'm glad that Assemblyman Caputo brought up one of the points that I had. You and I had this discussion about the vacant properties. Just particularly in the City of Newark, I'd be very hesitant to offer selling any of the land that we've acquired. It was such an uphill battle to access any open space to begin with to build these facilities.

And I know that -- to Assemblyman Caputo -- there are projects that money was expended on design, midway, that probably we will never have use for. By the time we get back -- these projects back on the roster, the design will have been, perhaps, a decade old -- when we get back.

But I'm glad to hear that you are considering that we work with the local school districts. In some cases I know that sod has been placed down, that perhaps school children can use it for open space on the property since, currently, there are outside trailers that are providing extra classroom space at those facilities; and that the SDA continues to monitor the cleanliness of those sites. Because they are right in the heart of communities.

You talked about design-build a little bit. I know it was in the midst of litigation. It's particularly impacting the project that is not bond-funded, but it should be. There's insurance money that's allocated there. But because of litigation it's been stalled. Can you bring me up to date on the litigation and what we're going to look to do, perhaps, to get out of the design-build mode if, in fact, that school already had an architect plan set for it?

MR. LARKINS: Thank you, Senator. Good morning.

I think you're referring to the Elliott Street School.

SENATOR RUIZ: Correct.

MR. LARKINS: Just an update on the litigation: We got a favorable verdict -- received a favorable verdict from the Appellate Division, which essentially upheld our design-build pilot program. It actually, also, struck down several of the regulations associated with that.

Not to get into detail, but what we have to do is review and potentially propose new or amended regulations related to our design-build pilot. So we're having our legal department look at that now with the Attorney General's Office. And our hope is to make whatever changes we need to make and to continue to look at the design-build possibility.

So that, unfortunately, is what happened with the Elliott Street School. The insurance money that you referred to is certainly a part of that project. It would not meet the entire projected budget for the project, but it certainly would provide a significant portion. There are some issues that we're trying to resolve with respect to that.

But my hope with Elliott Street, as with the remainder of our portfolio, is that we make some decisions as quickly as possible and move forward. It certainly is disappointing -- and I understand frustration -- in terms of projects having been approved and sitting out there for long periods of time, no matter what the reasons are. And I think, as Senator Rice, Assemblywoman Pou, and others mentioned earlier, the people who suffer really are the children. So my hope is to get Elliott Street and our other projects moving as quickly as possible.

The one thing we certainly want to do, as I mentioned earlier, is just to do a review, make sure everything is as we believe it is, and then try to move forward in a way that's efficient and fiscally responsible. And

design-build is one of the options out there that we can plan to continue to look at.

SENATOR RUIZ: The list of projects that you opened up with earlier -- I didn't hear some projects on that list, specifically South and Oliver. Is it because it's new construction versus--

MR. LARKINS: Senator, the list I provided earlier were the projects -- for lack of a better way to describe them -- where shovels have actually dug into the ground and we've begun construction. South and Oliver -- again, each has their own separate life cycle. But one has a site which has, we anticipate -- will be significant environmental remediation issues. The other, we're presently completing demolition. And we suspect that there will also be some environmental remediation needed at the site, but not as much as the other site. So the reason why those weren't on the list is because they aren't actually in construction of the new building today.

SENATOR RUIZ: But they are ongoing projects?

MR. LARKINS: Yes, they are in the capital plan.

SENATOR RUIZ: Thank you.

SENATOR RICE: Is that it, Senator?

SENATOR RUIZ: That's it.

SENATOR RICE: Mr. Larkins, thank you very much -- you and your staff. Once again, it was a good presentation.

You're going to be, I can assure you -- on this Committee you will be talking to the members of this Committee probably individually as well as the Committee as a whole, and the subcommittees, regularly. You're a part of us, whether you like it or not. (laughter) And we're a part of you, whether we like it or not. (laughter)

And we may suggest that we take a look at visiting some of those capital projects. Rather than just having a discussion, we'll see exactly what's going on. Because even for someone who works in town, I think we went -- maybe in Paterson or Passaic, and there was a new school. I said, "Who did this school?" Because the unions always tell us what wonderful union people they were. And that was that big school. And we kept saying, "It's kind of (indiscernible)." Do you know what I'm talking about? And so we get a little leery sometimes. And then when we don't see women and minority participating as part of the process -- first we have a bum school that's in these types of cities, and there's no fairness or inclusion.

So your presentation was good. You'll be hearing from us again. We'll be calling you back and forth. Get used to it. (laughter)

Thank you very much.

Next we're going to ask the new Commissioner of Education, Bret Schundler, to come forward.

Marc, I do have a question for you while the Commissioner is coming up, because this bothered me for quite some time. I meant to save this question for the new Commissioner coming in here.

Commissioner, you can sit down.

The two of you are new to your various responsibilities, but you're not new to life. We mentioned "emergent projects" and how that's defined.

Commissioner, the problem that some of us have is that we think there are things that DOE should be doing and there are things you ought to just keep your hands off, period. We think there are things the SDA should be doing and things it can handle. But if the construction is an

area that has to be overseen by SDA, it seems to me they don't know what a bolt looks like. Somebody is supposed to know what it looks like. They know what an inspection should be. They know (indiscernible). So it seems to me that they should know, when they look in the ceiling, that something is not right. So if they declare a project an emergent, than unlike Commissioner Davy -- we had a big argument about this-- She could say, "I'm not putting it on the list, because to me it's not emergent." Particularly, for example, the project in Irvington. PEOSH was fining the school up to the tune of \$400,000. It had reached that level of fines. So we found a way to kind of slow them down with the penalties. And the emergent was only \$1.5 million. And I said, "That doesn't make any sense because (indiscernible)."

So I really hope the two of you will work on who is going to be declaring emergent. And I really believe that should be an SDA function and review, yes, but not stopped based on DOE. DOE, to me, are a bunch of educators. They're the people are supposed to look at regulations. They're the people who are supposed to make sure we get teachers. Construction is construction, and emergency comes with it.

So I just wanted to at least say that while you were here. And hopefully the next time we have communication with either both of you or one, you will let us know -- if it's done before, you can send it to us -- how you're going to address that, who is really going to handle that. I just don't think it should go from here to here, from here to here.

Thank you very much, Marc.

MR. LARKINS: Thank you, Chairman.

SENATOR RICE: Good morning, Commissioner.

COMMISSIONER BRET SCHUNDLER: Good morning, Senator.

SENATOR RICE: How are you?

COMMISSIONER SCHUNDLER: Good, thank you.

SENATOR RICE: Thanks for taking the time to come before us. We really appreciate it. We certainly expected nothing less. (laughter) But you've always been that way, even before you got here.

Commissioner, why don't you just kind of give us an update on your short tenure in the Department, where you see us going, where are we as it relates to education, but most specifically as it relates to the SDA districts? Tell us, maybe, what you're top three priorities are.

COMMISSIONER SCHUNDLER: I think that's working now, right? (referring to PA microphone) (affirmative responses)

Where we are with the SDA districts: The SDA districts, like all of our districts, lost a substantial amount of external aid given -- I should say *will lose* a substantial amount of external aid given that, with the loss of \$1.57 billion from ARRA, that money-- While we've taken all districts down an equal percent of budget -- it's tough for everybody, and it's tough for the SDA districts too. So they are definitely feeling, let's say, the financial challenges that all other districts are feeling.

I think we also have districts that, right now-- In these districts there's a disproportionate number of schools which are currently participating with us in the School Improvement Grant effort, where we have \$62 million of funds. And they are reviewing the four turn-around strategies that are proposed by the United States Department of Education. I don't believe that all of them will submit proposals connected with

particular schools that have been chronically underperforming. I believe that we will likely have approximately half -- maybe a little bit more -- submit proposals. I think it's very likely that we will probably fund, in the first go-round, perhaps about 12 of those. These are absolute estimates, and we'll have to see the proposals submitted before we can be more definite. But in short, I do think that the districts are thinking seriously about what they can do with the schools that are most chronically underperforming.

We have had a lot of charter applications, with a disproportionate number of those applications in the former SDA districts. So we'll also have-- This September we have 11 charter schools that are approved. I don't, off the top of my head, know the percentage of those in the SDA districts. I suspect it's, again, a significant percentage. And we have currently with us -- being evaluated for September 2011 opening -- I believe approximately 35 charter applications with, again, a significant percentage that would be in the SDA districts.

We are working with the superintendents, I think fairly constructively, in the biggest districts in particular. But we've had good conversations with the superintendents in a number of the smaller, former -- or I will say SDA districts as well. So as an example, we've had fairly frequent contact with Superintendent Janey in Newark, with Superintendent Epps in Jersey City, with Superintendent Evans in Paterson, and with Superintendent LeFra -- I'm blanking out -- in Camden.

SENATOR ALLEN: Superintendent LeFra Young.

COMMISSIONER SCHUNDLER: Yes, Superintendent Young.

Now, Assemblywoman Voss, we call each other Bret and LeFra, so sometimes I digress.

But we have fairly frequent interaction there. And I've also had an opportunity to speak on two occasions, for instance, with the Superintendent of Bridgeton, in Cumberland County, as an example. So I think we're getting pretty good feedback about what can be done at the State level to help.

A number of them have been very supportive of the proposals that we've made in general with regard to changes that we may support for public education in New Jersey. And with regard to those that we specifically talked about in connection with the Race to the Top Grant application, they have been supportive of the bulk of those recommendations.

So I think that if I were to characterize it, in summary, we've got a financial challenge that they're dealing with. But they also see that a number of the reforms that we're proposing would be constructive and assist them in using their dollars most effectively and efficiently. And I do think they are committed to improving schools that are not performing at the level that any of us would be satisfied with. I don't think they have a careless attitude in this regard at all. I think they appreciate that we need to improve those schools. And I do think many of them will avail themselves of the Student Improvement Grant dollars in connection with dramatic strategies to turn those schools around.

SENATOR RICE: Thank you, Commissioner.

Commissioner, when you mention charter schools, New Jersey gets real confused with those who are promulgators and promoters of

charter and voucher. There's a difference in their said relationships. And I don't want to get into the history of Milwaukee and how that poor lady who started charter schools got duped by the voucher people.

But the reality is that the media and the big money people who promote charter as an alternative don't give all truth. They give some truth, but not all. Every statistic we look at shows that the majority of charter schools throughout the country simply don't work -- are failing. About three or four months ago we had a New Jersey report that said most of our charters aren't making it. But we have success stories such as North Star, and maybe Robert Treat, and others that the-- There's always one or two that every governor refers to. That should tell you something right there. If they only refer to one or two, and keep going to the same one or two, there's a problem.

There has been legislation -- and I've been kind not to overly push it -- that I'm looking at -- a moratorium on charter schools until such time we can get a grip on the ones we have. Superintendents, from my understanding, in working with this Committee, don't get enough input in charter schools. They get an application. They get a notice, like we got the other day, saying, "I just want you to know that in East Orange, Newark, and Irvington, X number of charter schools are going to open." So now, from their mindset, they have X number of students prepared to come back in September. Then they get a notification that charter schools are going to start to open and be prepared, and they have to figure out what that means in terms of transitioning, in terms of locations. And that's why I was moving legislation -- probably will move it, whether the Governor signs it or not -- to do a moratorium.

Also, in the past -- and I need to get an update, and maybe you can provide one to us on the Democratic leadership. And I'm saying it that way for a reason, because they claim that for everything. I had suggested that we take a look at changing the system. Because -- and I will use my city so I don't embarrass some of the other cities that I'm aware of. Everybody in the world-- And some of these people I knew, once I saw the names, they could no more run a school or build a city than Carter had liver pills. But yet they were being approved for charter schools. They sent me letters asking for my support. I said, "They have to be crazy." That's what we were approving.

Then you find out many don't have a location. They were getting approved first -- just like some of the old Human Services programs. And then after the fact they would find a location. Then they couldn't get COs, but they're taking people's money and applications -- thinking kids are going to charter schools. Then they get-- I know at one time, in Newark -- as one example -- you have 300 kids supposed to be going to charter schools. Then they tell you on September 3 that they're coming back to your school because the charter school couldn't get the permits to do the changes. I mean, little things like that -- and you could think of probably any other kinds of scenarios to go with that.

And that's why we have to look at the process. The Governor made it clear that he's looking at choice, and charter schools seem to be something he's very interested in. And that's wonderful. Sometimes we're interested in the wrong things, sometimes we're interested in the right things. We have to make them better before we go buy one or work with one.

And so I just want to at least say that. How do you see charter schools, in terms of all these fast applications and willy-nilly stuff? There has got to be a process. I believe you should first of all know you're not going to get rich. That's what some of them think -- others do. You need to have some dollars that are identifiable, not just commitments. You need to have some tentative contracts that if *A* happens, *B* is going to happen. Those kinds of things were never put in place. And I'm not sure, since I raised that three or four years ago, if it ever was put the way it should be.

So I know that was kind of verbose, but if you can respond to that I'd appreciate it.

COMMISSIONER SCHUNDLER: Senator, I believe I have five parts of that question that I will try to address.

The first has to do with charter performance. I think the data suggests that if you're looking at the performance, with holding constant, if you will, for the socioeconomic status of the students; and also looking at schools which have been in existence for three or more years, so they've had a chance to get all of their systems working well, that charters do slightly outperform district schools, holding constant for those two factors.

But that's, in some measure, not-- I should say, in large measure that's not the important point. Because the issue shouldn't be: Are charter schools better? Are district schools better? When charters were created, the major focus was on allowing them to be laboratories of school innovation. And I would argue they performed wonderfully in that regard. They have highlighted some innovations that have not demonstrated to be educationally effective. They've also brought to our attention innovations that appear hugely effective.

If I were to provide an example: in Newark we have, for instance, the Harriet Tubman School, which is an excellent district school. If we were to look at the Harriet Tubman School, we would say it's an example of what we've always seen for decades now. Effective schools research has said that if you have a clear mission, and a great leader who is able to create a culture at a school surrounding that mission, where everyone is buying in, and who is able to help develop teachers' skill levels and help them develop, if you will, a culture of mutual responsibility, you can have enormous positive impacts on children despite socioeconomic circumstances from which those children are coming.

So we've always known it's possible for school to make incredible differences in a child's life. The challenge has been to figure out: Can we do that where it's not, if you will, a function of the unique charisma and intuition of a superstar school leader? Can you, in fact, create a system able to manufacture such schools, one after the next, where it's not that you got blessed with having someone walk through the door who had all it took with them -- but where you actually develop a system where the protocols are such that you can take average people like me and turn us into great leaders, and you can take average teachers and turn them into superstar teachers. That has been the challenge. And it has been something that within the district systems we have not succeeded at.

So, for instance, here in New Jersey we have many cities where we have individual schools that are great, but we don't see any of our cities where all of our schools are great. We have, however, seen a few charter operators where, in effect, all of their schools are great. And it's not because they have unusual luck with people who walk in the door consistently

having unique charisma, and intuition, and leadership capabilities. It's because they've developed system-wide protocols that allow them to take people with, if you will, a requisite dedication and passion for serving children; and then with that interest in being teachable, develop them into superstar leaders and teachers.

To provide an example of one such, I would point to Mastery, which is a charter operator in Philadelphia, which has a charter to open in Camden. But they're taking a planning year, because it is challenging for schools to get all of their, let's say, facilities questions solved, and what have you.

They operate four schools in Philadelphia. If you look at the performance of the children -- and the children are the same before and after. In this instance, what happened was, Philadelphia closed district schools which had consistently low performance, and, in effect, invited Mastery to run a charter school in the facility.

In the four schools that Mastery runs -- which serve some of the lowest-income children in Philadelphia -- you've seen test scores rise often from the 20 percentile rank on average to, in some instances, the 80 percentile rank. And you saw it happen with growth and percentile rank for the average student each year, which is remarkable. It means not only that they've closed 100 percent of the achievement gap between whites, African-Americans, Hispanics, and others, but it means they've actually gone -- very low-income children are scoring higher than white children in affluent suburbs. That is remarkable.

And what it says to us is that our dreams for our country are not misplaced. The aspiration we have for social justice, where every child,

regardless of the circumstance of their birth and their zip code, can fully develop their full potential to make -- not only be able to take care of their own family, but to make an amazing, positive contribution to the social welfare.

Now, we can realize that vision of social justice. And it's happened because we allowed people who had an idea of how things might be done better to get into the game and try. They didn't all succeed, as you pointed out, Senator. We've got plenty of examples of charter operators who did not succeed well. I closed a charter school. I signed the final closing papers yesterday. But we have others who have shown not only how you can run an individual school, but who have created a system where they seem capable of manufacturing one exceptional school after the next.

That is what we have to be most interested in. What are the protocols that allow them to manufacture that kind of excellence in school after school? How can we scale up those protocols on a State, system-wide basis? These are not things that are not easily answered, by the way. These are things where we'll have to continue to work at it to see if we can get it right, if we can learn the lessons right and figure out how you go from running-- Right now KIPP runs, I believe, about 60 or 70 schools in America. Maybe it's more. It's something in that order of magnitude. How can we have it so that every school, in every district--

And I should add that, ultimately, no one should imagine that what we're talking about is a silver bullet. Because what every one of these operators who have achieved that kind of consistently will tell you is that the core ingredient is, (a) dedication by people who bring that with them; and enormous hard work. So it's dedication, and it's fulfilling, if you will,

the hard work in every little action. It's about dotting *i*'s and crossing *t*'s, and not skipping anything.

But to establish a protocol where you consistently do that is vital. And the way to think about this, I think-- If I-- Yesterday I was driving home. I should say yesterday I was driving for a meeting. I was going to have dinner with a journalist in Newark. I was on my cell phone, and I forgot I was going to Newark. By habit I stayed on the Turnpike extension heading toward my house in Jersey City. I was a little bit late, as you might imagine.

Now, I can screw up doing something like that, and the only consequence was that I had to call the journalist and, embarrassed, apologize. But if you're doing heart surgery, you have to have protocols to make sure you don't screw up, because the consequences are somewhat more substantial. And when you're working with children, because they only have one childhood, you have to have protocols to make sure you dot the *i* every time, you cross the *t* every time, and you get it right every time.

So there's no silver bullet. There's enormous hard work. But there are ways to create systems with protocols that ensure that you hit the ball out of the park again, and again, and again. And that is what charters are really all about.

To the degree that we have charter operators that have evidenced that kind of success, we should welcome their creating more schools. They've got a track record that justifies our trust. And every child-- When you have that kind of success, every child who enters -- being benefited -- it's something we should feel good about. And to the degree that as they scale up, they help teach us lessons as to how you can scale up

such protocols, that is something that's as important as learning what the protocols are. They're two different questions. What are they? How do you scale them? So we need more experience, and they can help provide it.

So I do not think the moratorium is the solution. But I think it is a valid request that we exercise more discernment, vis-à-vis whom we give a charter to and whom we don't; that we ask for some clear evidence that the proposer will be able to be successful.

As far as the notice requirements, I appreciate that point. And we'll try to make sure that districts get the farthest advanced notice as possible. And I will add that the charters we're reviewing now are for September 2011. So there is a fair amount of notice in the procedures that we're following now.

As far as the challenges, once you're approved to get up and running -- the need to find a building and all of that -- I think there is more that we can do to help charters in that regard. So it's more quickly answered whether or not they'll be able to open. Most do open. It's hard. They'll tell you it's very hard. We can make it easier for those we approve. And by doing that, we can make it so the district knows for a fact that they will be opening when originally scheduled.

Finally, in terms of the process overall-- I guess I've kind of addressed that already with regard to our need to establish more clear standards that will govern our decision making, vis-à-vis opening a school, closing a school, when a school needs improvement, how we shall improve schools when they do need improvement. I appreciate that statement as well.

SENATOR RICE: Before I move to my colleagues -- on some points you made that never get debated and discussed enough. Everybody runs through them. And that's why people think that there's too much disagreement when there's probably more agreement than dis.

First of all, most people in New Jersey only know about charter schools based on what they are told by people here in New Jersey and big money folks who may want to promulgate. So you have legitimate people and you have other folks.

Those of us who know the history of how it started-- It started as you said, and I concur with that -- it started by an African-American woman out there in Milwaukee who basically said, "Let me see if I can do some things here." That's your laboratory that you spoke about. "And if, in fact, these things that I do differently are successful and they work, then we should put them into Harriet Tubman, we should put them into the public schools, etc."

What has happened is the opposite. What has happened is that everybody wants their "own" school. Nonprofits want to be government controlling "public" schools. Private people want to come in with money and control private schools. Now it's reaching the point where they're saying, "Not only fund us, we think we should get money for school construction." I told them before, "Don't even come that way. Don't even ask the new Commissioner or the Governor about that stuff." The fact is: If I'm going to build new schools, I'm going to build these schools that are a hundred years old -- take them down -- without enough money. So I can see where this is heading. And I just want you to know that you need to be cautious when those requests come, because if you tell me you want to do

something, these are the rules. Then you start to inch up on me, and inch up on me, and inch up, and then you're going to privatize the public education system. That's where these fights are coming from.

I also said *moratorium*, but there are about five pieces of legislation. One was moratorium. That was to give us a chance to look at what you're talking about. That's why I said let's not disagree with it there. The other with the moratorium was to say that once we look at the system, we should give priority to those we know function. And I even had that conversation about four years ago with Steve Aduvato's people over there. And me and Steve fight politically, but I give credit where it's due. His school works. And he agreed -- they're coming too fast. And that's why most of them are failing. You have the good people there. And then we're not all playing by all the same rules.

And that's why I said *moratorium* -- so that we can have a discussion and put things in the proper perspective, and then proceed with what we have. But the idea of these charters -- not to have one laboratory, another laboratory. The Governor said that 90 percent of the students in New Jersey attend public schools, and he was correct with his numbers, basically. He told (indiscernible) his commitment is to education -- that's 90 percent (indiscernible) and wants to help the others too. If that's the case, we should be talking about charter "laboratory" concepts inside the system that's already in place. That's why we see academies now. We went on a lot of vocational school visits. And we were amazed at how vocational schools are not the vocational schools that those of us who are older knew. They were those laboratories that you were talking about, without giving up the taxpayers' dollars on this quasi-public education system known as

charter. And then, in the meanwhile, we have vouchers trying to take that whole piece over and deal with other schools.

So we're not away from each other. We see differences in terms of what the real intent is, what it means, and why we should slow this process down and have discussions.

Assemblywoman.

I'm sorry, go ahead.

COMMISSIONER SCHUNDLER: Senator, I'd just like to say I couldn't agree with you more. Ultimately our goal should not be to simply create discrete schools that are excellent. It should be to graft successful protocols into our public education system so that all of our schools are excellent. So it is a good thing to create a discrete school that will help the children in it do well. But it is a great thing to learn how we can make all of our schools excellent and create the protocols that will drive them in that direction.

And I want to, in this particular instant, cite that I think President Obama is endeavoring to do precisely that with the Race to the Top initiative. It is an initiative whose very heart is driving continual learning and improvement in public education across the United States, creating processes which will result in learning -- what is educationally effective and what isn't -- so we can build on what's effective and move away from what isn't. And he does specifically encourage more charters. But, again, his goal is not the abandonment of the district schools. His goal is, (a) to facilitate expanded choices and opportunities for children, but, (b) to allow, again, more, if you will, visionaries to come into education and

work at innovating and initiating procedures and protocols which, when they're successful, we can extend throughout the system.

On the *achievement academies*, as I would call them, you will see in our Race to the Top application a section on achievement academies which would be, in effect, charter-like schools within the district system where educators who have a vision don't have to leave the district system. Because it would be so much easier to go to a board and say -- if you are an educator who has demonstrated effectiveness -- to go to a board and say, "I have an idea as to how we can help some children better than we're helping them today," and simply have the board say, "Take the fourth floor; try it. We want to support what you want. We want to support you and see if it will work. And if it does, we want to expand that." And that's what we're proposing with achievement academies. It is part of our Race to the Top application.

SENATOR RICE: All right.

Assemblywoman.

ASSEMBLYWOMAN VOSS: Commissioner, first of all I want to thank you so much for being so accessible to us. And I think you have met with many of the members of this Committee. And I really thank you, because that has not been the situation that we've been faced with in the past. And as you know, I'm very passionate about education.

And I have just a few concerns. Because you're talking about developing protocols. And I don't believe in a one-size-fits-all kind of education system. So I think that was one of the things behind the establishment of the charter schools. Kids don't all learn in the same way. And so we have to give them-- And so I'm kind of concerned when you say

develop protocols, because I wouldn't want all charter schools to be run in the same exact way.

One of the things that concerns me-- I've been to some excellent, excellent charter schools, and I've been to some very poor charter schools. But one of the things that concerns me at this point is that when I read there were 35 or 36 applications, some of them come from my district. And I'm concerned because they seem to be charter schools that are focusing on a particular ethnic group or a particular religious persuasion. And one of the things that is so important about the American public school system is that everybody learns to get along with everyone else. And my question to you about these charter applications is: If, for example, Serbians want to start a charter school in a particular place, or Bosnians, or whatever -- I'm using them as people who wouldn't do this -- but how are they ever going to-- I mean, are they going to be given a charter? And if they are, are they going to be speaking their language in the charter school as opposed to English? And when are they going to interact with other kids who are not from their particular ethnic group? That is a very big concern to me.

COMMISSIONER SCHUNDLER: Thank you, Assemblywoman.

On the first question: one-size-fits-all, I totally share your interest in not forcing a one-size-fits-all approach. The way that Race to the Top works -- and, again, I'm in 100 percent agreement with the President. And I might add, that shouldn't be surprising, because if you look at education research foundations that may have, 20 years ago, been in very different places, the educational evidence has been so substantial that has

been compiled over the last decades -- a very heavy Federal spending on education research -- that they're right together now. So you see this broad consensus. And it comes up with the very conclusions, if you will, the President comes up with, with regard to how you drive a system that's continually learning about what works and improving itself as a function of that data.

What it says is, at the end of the day, what you want to measure is: Are students learning? And if you develop a protocol that has success, you know it's available. And so those who are going to be held accountable know that that's a way that we can try to address a need. And it has enormous evidence behind it so it can succeed. But you don't say to them, "You can't try something new." You do say, "At the end-- If you try something new, and the evidence suggests it's an utter failure, we're going to stop doing that. If the evidence suggests that the new thing you try also works, we're going to be very happy. So we're not going to tell you that you have to do it one way. We are going to make sure you have good data on what works. We're going to create incentives for you to pursue what works, whether it's one thing or another, because there's more than one way to skin a cat. And we're going to have accountability that makes sure that, at the end of the day, when something is consistently failing, we stop doing it."

ASSEMBLYWOMAN VOSS: One of the things that bothers me is: How are we going to determine the success? Because I think we discussed the fact that people learn in different ways. And if we begin to assess the success of a school based on test scores, that's just going back to the same old, same old. And one of the things that concerns me in our

education system and some of the things that have been proposed is that everything is going to be determined by tests -- whether a school is successful or not. I mean, there have to be other ways of assessing kids than some of these standardized tests. And I'm sure you've looked at these standardized tests. I have certainly looked at them. I don't think they assess real knowledge. And so I think we have to have better instruments of -- or develop better instruments to see whether kids are learning. Because as we know, they all learn in different ways, as we've spoken about.

COMMISSIONER SCHUNDLER: One of the President's foci with Race to the Top is continuing to improve assessments so that they become the most accurate possible measure of student learning.

Now, one of the issues I think we can all agree on is that there is no single assessment that will be equally effective for all children. We will find that with a standard distribution of students as you might get in a classroom, that some assessments are more consistently effective in measuring student learning than others. And so what we want to do is, we want to, on the one hand, continually develop different ways of assessing, but we also want to take note when some mechanisms seem to be more effective.

As an example, even with our assessments today, which aren't perfect, if you take an entire classroom of students -- and let's say they were to test at the 100 percentile rank in English/language arts and math skills, it is exceedingly likely that those students will also test well in other assessments of English/language arts and math, that they will be able to get into their choice of colleges, that they will be able to go into the workplace and find themselves successfully competing and getting ahead. And if you

take another class of students who, even with our assessments as limited as they are today, has an average percentile rank of 20 percent, those students will, on other assessments, also typically not shine so well. The other assessments will also suggest that these students are having difficulty with reading and math. They will have a hard time on the standardized tests necessary to get into college. They will find it more challenging to get a job and succeed.

So these assessments aren't perfect. But as we keep working at them, they're getting better and better, and they will continue to get better. And they are meaningful, even if not perfect, particularly when we're dealing with a group as opposed to merely an individual. And so they, in short become-- When we then take the assessments and we begin to track how a student does over time -- so you can see if you change curriculum, how does that, as an independent variable, work on a group of students -- has it accelerated learning, or has it actually dramatically slowed it. If you change school size, does it accelerate learning or does it slow it. You can correlate any number of different, independent factors with a large group of students, measure the assessments of learning over time, and you can begin to get very useful information on how different factors impact on student learning. And that, in fact, is what the President is encouraging as the core of the Race to the Top enterprise -- allowing data to inform decision making not only by the educator in the classroom, but also by the school leader, and also, I might add, by us here in Trenton as we're developing policy.

ASSEMBLYWOMAN VOSS: Mila, did you want to speak?

ASSEMBLYWOMAN JASEY: Yes.

Good morning, and thank you for coming, Commissioner. And also I want to echo my appreciation for your availability.

I don't really have any specific questions for you, but I do want to express my appreciation for your comments about charter schools and the role of public schools in terms of creating social justice here in our country, because I believe in that very strongly. And I think that we have to change the conversation and talk about exactly what you were talking about, and that is looking at schools and programs that work, whether they're charter schools or regular public schools, and figuring out how we scale them up, how we replicate what they're doing, and how we can get all the stakeholders to the table to really participate in reform. Because we know that while some students are doing very well -- especially here in New Jersey -- and some schools are extremely successful, all are not. And unfortunately those that are doing well I think mask those that are not doing well. And we have to really drill down on the data and see where schools are not working for all kids. So I'm very excited about that work, discouraged by the funding situation, but optimistic that as we move through this recession, we will -- if we stay true to those values of public education -- that we will see the funding situation improve.

The other thing, that is just a comment: There is a perception out there that children with special needs are not served by charters. And I think I understand what's going on, but the public does not. I know that it's a lottery system. And I know that in a couple of schools in particular, in Newark, that I'm familiar with, their special ed population is actually about 20 percent currently in the fifth and sixth grade. And why is that? It's because parents who are not satisfied with what's happening with their kids

in the regular publics or being sent out of district are putting their names into the lottery. And by luck of the draw we're getting more kids. And it's interesting to me that those schools are responding to the needs of the special ed kids by employing more teachers with certification in those areas, taking on more social workers, this kind of thing, because they are able to respond to the needs of the kids. And that, to me, is one of the attractions, if you will, of a smaller school -- a charter school being able to respond and not being tied down by the bureaucracy.

So I'm looking forward to a partnership. I appreciate Senator Rice's concerns that charters are being authorized too quickly. But I think that we have a good application process in place. And what I would like to see more of are unsuccessful charters being closed more quickly. Because to me that's one of the main attractions. A school that's not working doesn't get 5 or 10 years to keep going and keep going. Because as you mentioned, children only get one chance at childhood and at that education.

So I'm very excited about the possibilities. I'm encouraged by the Race to the Top initiative and the direction in which its going. And I think we probably have to do a better job of having this conversation in our communities so that people really understand what we're talking about. Because as you pointed out, Harriet Tubman is a stellar regular public school. I've been there. Abington Avenue is also another one. And there are others throughout the state that are outstanding. But the question is: How do we create a system, how do we achieve an environment where all of our schools are outstanding? And I think that goes to recruitment, training, coaching, and retention of teachers; and also of leadership development among administrators. It doesn't just happen. It takes a lot of work. And I

think we're beginning to move in the right direction, although there's this blip with the funding issue.

So I appreciate your comments, and I look forward to working with you.

ASSEMBLYWOMAN VOSS: Ralph.

ASSEMBLYMAN CAPUTO: Commissioner, how are you today?

COMMISSIONER SCHUNDLER: Very well.

ASSEMBLYMAN CAPUTO: I noticed you've been through a tough few weeks. I commend you.

All of us that have been involved in education, government, whatever -- you in the positions that you have -- we've always struggled with these issues and how we can improve education.

One of the big fear factors now that is on the table is the test scores, the data. And that creates a lot of anxiety, because many of our teachers are working with kids who are underprivileged, they have deep social problems. And I think that has to be defined in terms of what progress really means. In other words, maybe in certain schools, moving up on a percentage-wise basis -- from one year to the next -- may not be 60, or 70, or 80 percentile, but it will be progress. And I think once that's actually explained and diagnosed, I think most people will understand and buy in, as you say, to the process of improving schools.

The other dilemma is that it's been going on for so long that identifying these practices that work and, as you say, trying to package them-- I mean, we have universities that have been involved, schools of education professors, charter school people, people who have written

tremendous papers on the subject. But it seems to be this difficult process of planting -- putting those practices somewhere, whether it be in the public school or the charter school. That bridge is what I'm interested in, and I haven't been able to solve it. But I know this is what all of us are working toward -- how do we bring those practices everywhere. And where they don't work we eliminate them and bring other practices that will.

The other ingredient that you say is so important is the leader of that particular school and the staff. But the other component is-- And the charter schools are benefits in this regard where parents want their kids to have a better education, are actually seeking to get entrance into those buildings, into those schools, because they want excellence for their kids. And they're disappointed when they don't get selected. And obviously all of us feel terrible about that.

But that phase, that behavior, that setting of standard by that parent is so important. Now, maybe at Harriet Tubman or Abington there was leadership there that created that culture that got parents involved.

Before even the building -- the facility is less important than the humans that are there. But the fact is: What is that leadership ability, that process that can project a persona to the parents that they care so much about those kids that the parents are almost embarrassed into -- like buying into the situation and pushing. Because all parents are not the same, just like all kids aren't. Those parents who are heading the charter schools are already light years ahead of the other parents, because they've already decided this is where their kids want to go. Maybe the other parents still want the same things, but they haven't developed the skills -- languagewise,

or culturally, or whatever -- to push their kids in that direction. And they have fragmented homes or whatever, so it becomes more difficult.

Those behaviors, I think, have to be studied on the educators' part, in terms of the fear factor; and also, what are the factors that push parents and kids to want it? Because somebody could want something and not have the ability, but they could still aspire and dream, and maybe they will land a little lower than what they actually dreamed of. We all go through that. We all know our limitations. But that's okay. The fact is to motivate, starting with the parents. When kids don't have books in the house, what charter school is going to fix that? When parents don't read to their children; when they don't have conversations at the table; and they don't listen to dialogue about government, or philosophy, or religion -- all those things many of us experienced that we take for granted. You know, you happen to have a professor in the family, or a grandfather who did this, or a mother who was an educator. That's a gift. So the challenge becomes even more incumbent upon the schools. As you know, the stress-- And maybe that's some of the reason why these schools aren't performing. Maybe there's just too much negative stuff going on.

But you're right. There has to be a shake up of some type. The mixed message is that we're cutting back on resources. And whatever those reasons are, we're all involved in that. But that, I think, is a problem in terms of selling your program as Commissioner. Because what we're doing is-- To some people it appears that we're attacking public education. And a lot of it is the result of a bad economy and maybe philosophies that have collided. But the idea is that on the ground, it may be interpreted the wrong way. And those people who are speaking in those schools, in those

communities -- because of this financial dilemma that we're in -- may not be so willing to do the things that have to be done to change things.

I don't want to go on and on. I love this conversation, although I really don't usually like to hear myself talk. But in responding to some of your ideas, these are the thoughts that come to mind. And it's challenging when you think about the total atmosphere that we're involved in.

SENATOR RICE: Assemblyman, we concur with you. And I think it's important of the first interaction with the Commissioner that he hear from us, and the members will be patient, and that we hear from him, etc.

The next speaker we have is going to be Senator Ruiz, then Assemblyman Dave Wolfe, and then Senator Diane Allen, in that order.

SENATOR RUIZ: Thank you, Co-Chairs.

Thank you, Commissioner, for joining us this afternoon. And I look forward, really, to working on this education blueprint through the Education Committees of both houses respectfully, if, in fact, any legislative plans will be needed.

My concern is that in the midst of all of this -- a lot of passion and excitement that's occurring -- that we don't rush, in a sense, where we don't have an opportunity to really understand what's being placed before us, and that we take our time. I think that because of the new administration and the budget process that we're undergoing now, there are a lot of things that are occurring. And we should all feel very comfortable as to what plans are before us before we engage in something that is so permanent, per se.

Senator Rice brought up something that was critically important. And you said that districts are aware of charters that are opening -- or that will be scheduled to open in 2011. I am a great proponent of charter schools, but I do understand that in this fiscal climate that we're in -- particularly this year -- while they were kept flat-funded and the school districts were cut money -- that that kind of created a negative impact to the local school district. So the more opportunity the local school district has to understand the financial component of it, so that they have enough time to prepare when they have to pay out that funding to the respective charter schools--

In the Race to the Top application there's a lot of mention of stakeholders. And I just want to make a comment that it becomes a more inclusive body -- that it's just not teachers, administrators, and members of DOE, but that it's parents, community members, and that we include our students in this process as well. This budget has impacted our students the most. And they certainly have been making their voices heard. And I think it's vitally important to make them part of this process. And if this Race to the Top application has that component in it -- that we include, in some way or form, as DOE sees fit, a member of the student body population, because we should hear from them. For too long I think we turn a deaf ear to our children when, in fact, they probably have the most clear vision of what's happening inside our schools and in our classrooms.

So those were the few things. And I know there's a lot to discuss.

Thank you, Chairman, for just giving me an opportunity to express my concerns.

SENATOR RICE: Thank you.

Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Commissioner, I just want to say I think-- Congratulations to you. I know the Assemblyman was concerned about your health. You've had a lot of things on your plate recently.

I think in a bipartisan way, I think there's a lot of support for the efforts that you've discussed publicly. And I think it's going to -- as the Senator just said -- is probably going to take time for all of this to fully sink in. I know there's a lot of organized resistance because it is something new. And I think you should know -- although we haven't taken a poll -- there is a lot of support from the legislators for what you're doing. Especially the charter schools: I've always been a proponent of that. I'm glad to see we're going to get maybe an infusion of new life for them, statewide.

But I just want to say just one thing about the merit evaluation, which we haven't discussed today, and also the role of parent. I was in Florida recently when the governor was about ready to veto the legislation that had to do with merit pay increases for the teachers -- the teacher evaluation. And I think there are pros and cons for both of those. But my concern is, you're asking the individual teacher to teach a heterogeneous -- homogenous, let's say -- what's the word here -- a mixture of children in a classroom with different skills and different backgrounds, some of who may require special attention, and some of them don't. They're going to be there for a year, and then they're going to be gone, and then they're going to go on to another teacher. I think-- I'm sure you're going to explain to us later on how that process is going to work out -- as the kids move forward,

how that's going to be assessed. You don't have to tell us now, but I think that's one of my concerns.

And the other thing-- I know from being on the Committee and working with different teachers and different districts-- Years ago the State had one of their fourth grade and eighth tests -- a writing sample. I think it was done in eighth grade. It had to be done by eighth graders. And the tests were sent to, I believe, North Carolina to be scored. Nobody from New Jersey was scoring them. But I met with some teachers from Toms River. Three of them taught special ed kids and three of them taught gifted and talented. Almost every one of the samples came back with a C. They were evaluated with a C. So regardless of the placement of the child, people outside of New Jersey were scoring these kids with a C. And the teachers were saying, "This can't be. I know this is an excellent student, but they're telling me he's a C student." So I think that -- how those evaluations are going to encourage -- very important. And also the fact that they mentioned to me -- I think it's very true -- that very often if it's a testing situation -- either the students may not care, or they may not like the teacher. And if they know the teacher is going to be evaluated based on how well they do, that may be a good way to get back at them.

And the last thing, I recall when Senator Ewing was still in the Senate, he organized a bus tour for the legislators in education. We went to Jersey City to a brand new middle school I think the State had taken over, and we talked to some folks. And then we went to Morristown, not Moorestown -- like a suburban school. And the last stop was an elementary school in Camden. I had never been in Camden. And I'll tell you -- I'm just saying this to the Committee -- I was so-- What I saw stayed with me

the rest of my life. I didn't see any buildings, I didn't see anything. All I saw was abandoned lots. And all of a sudden in the distance -- maybe some of my friends have heard me say this -- I saw a cyclone fence, and I saw cars parked inside the cyclone fence. I thought it was a junkyard. And that actually was the perimeter of the school. And the teachers were parking their cars inside this cyclone fence. And we were two hours late. It was like 4:30 in the afternoon. I think there were maybe 15 legislators. The bus pulled up. There had to be 300 parents in the school. It was an elementary school. They were waiting for us. They were so excited because the principal of that school had the parents involved in what was going on. Those kids were achieving. I don't remember the name of the school, but there was so much excitement

But I will never forget getting in the bus and driving away. I didn't see any houses. I don't know where those kids lived. But that school was like an oasis for them. And there were so many good things going on there. And I know there are a lot of places like that in New Jersey. And they don't, I think, get the credit they deserve.

So I'm really looking forward to the changes you're proposing. I know we're going to work with you on a lot of those things. And don't get discouraged.

Thank you for (indiscernible) my soliloquy. (laughter)

COMMISSIONER SCHUNDLER: I appreciate it.

I think a number of you have commented on something which I would like to address, because you've shared it effectively in comment: And that's, on the one hand, to make sure that we involve a lot of stakeholders in the development of the evaluation methodologies. And I want you to

know that that is a very important part of our Race to the Top application. Because you have data. And then the question becomes: How do you use that data to evaluate an educator? The data may be good data, but it can be used in a very poor way. And the example I've given at times is the example of a fifth grade teacher who has students come into the class reading at a first grade level. If, at the end of the year, the students are reading at a fourth grade level, that teacher will have advanced those students' reading by three years worth of skill, if you will, in one year's time. So we could say that teacher is a superstar. But the students will be at a fourth grade reading level when they're getting ready to go into sixth grade, and someone will say, "Well, they're not proficient at grade level. That teacher is a failure." So it is incredibly important that when we design our evaluation methodology, we ensure that we're using data in the right way. So we are putting together committees that will involve stakeholders, and we'll try to make sure that a student is on there, and that a parent at least is on there, along with the more traditional suspects, if you will. (laughter)

SENATOR RUIZ: Partners, partners. (laughter)

SENATOR RICE: It's also just as important that the data you get be given a proper interpretation. That's the one thing. Everybody talks about data, but most people do not understand research and methodology, and how to set those problems up, and how to make those determinations. So hopefully the people around you are sophisticated in their interpretation of data that is coming in and how to put it into proper, objective reading.

COMMISSIONER SCHUNDLER: That's exactly right. So along with having people involved and being very intentional about this

process, we'll try also to make sure that education scholars are there, and DOE staff, who can highlight some of the subtleties.

And it was also-- Assemblyman, you may have talked about the fact that students have different needs and starting points, and you might not evaluate every student exactly the same way. So if you have a special-needs child-- The problem with AYP is that we end up saying, "Even if you get a student with, let's say, significant special needs up to a high level of performance-- If they're not at the minimum threshold, you can end up having the whole school stigmatized as a failure." So I think these are very important, and these are part of what we're endeavoring to do right so that you, (a) make sure that you've got everyone involved who can ensure that you have a maximally informed evaluation methodology that may not be a one-size-fits-all approach for students, but allows you to judge the educational effectiveness.

And one thing I want to throw out is, when you use percentile rank as opposed to just absolute growth, that allows you to take a lot of factors into account. So, for instance, absolute growth -- a student learned 25 percent more than the average student in the course of a year. So you might presume, "Wow, what an incredible educator that student must have." But what if you found out that the student typically learns 50 percent more than the average student in a year?

Now, when you take something like percentile rank, and you say the classroom has an average percentile rank -- in other words, how they perform vis-à-vis their age cohort -- if the average percentile rank in a classroom is 20 -- which may reflect a lot of factors. It may reflect-- In a particular community you may have a lot of family dissolution. You may

have economic issues, which are huge. You may not have had the most effective teachers in that particular district. There are a lot of factors. But one way or another, those factors combine to children seriously underperforming their peers.

Now, if you have an educator who takes those students up to the 55 percentile rank at the end of the year, that tells you something. That tells you that against all other educators working with children who are at that percentile rank, this educator is doing something amazing. Because to go from 20 to 20 is normal. To go from 20 to 55 is utterly spectacular. So it allows you to identify when someone is really bringing value in a way that absolute growth measure would never be able to give insight into.

So we're going to, on the one hand, try to assemble, let's say, an education effectiveness evaluation committee that helps us think about all the different factors. Because it's not just student learning. When you're evaluating an educator -- and this goes to your point, Assemblyman. Let's say the students had an axe to grind. You want to also look at other things such as-- When you go and observe the educator in the classroom, are they pursuing strategies that correlate extremely highly with educational effectiveness? That should be the other 50 percent, if you will. You should be looking at all those different things. So you don't have the ability to so dramatically skew things just by, let's say, student learning as measured by whatever mix of absolute growth and percentile rank growth that the committee might think is optimal.

So I think these are extremely important questions. And I want you to know that we will try, on the one hand, to not make that on the

Department of Education itself. We will try to involve everyone. Because that will--

Assemblyman, I think you were exactly right. That will help increase buy-in, even at this time of fiscal challenge, which works against buy-in.

ASSEMBLYMAN CAPUTO: It's a tough challenge that has to be done.

COMMISSIONER SCHUNDLER: And I think if we do this right we'll have people say, "We really do have a good system here." We want our educators to look at our system and say it's legitimate, it's fair, it's properly sophisticated. And if we get that we'll be extremely happy, because we think we'll have a system that -- people will welcome the data from a system like that.

SENATOR RICE: The final speaker is Senator Allen.

SENATOR ALLEN: That being the case, I'll cut back from 25 to just 3 areas. (laughter)

We need to unencumber our teachers, and we need to let them know that innovation is not only something we want, but that it's possible. We have so many young teachers who leave the profession who are just stellar because they feel that they aren't able to accomplish what they know they should and could accomplish.

I don't pretend to know the answer to that. And you have given some ideas. I have some ideas as well. You mentioned going before the board and suggesting, "Here are some ideas." We have boards in some of my districts that can't even find their way to the building for a meeting. And I would like for us to reexamine how we do boards. Now, we did get in

that they have to learn something along the way after they're in. But maybe there's a group that could grade them before they run. And I'm just throwing this off the top of my head. But we have people running who hardly have an education themselves, don't know anything about running a business, know nothing about educational policy. And we aren't doing a good job. And that is a number one area that I think we need to deal with, particularly if we're going to look to them to say, "Yes, sure, innovation is great. Go ahead." So I'd be happy to work with you and anybody else on trying to figure out--

COMMISSIONER SCHUNDLER: Senator, you're absolutely right on that. And in our-- We have-- In the Department of Education, we are creating an office for development for that exact reason. We do have requirements that the Legislature has prudently implemented mandating a certain degree of training. We think a lot more work can be done to ensure that boards are as effective as they might be. And we should not just presume that they will be effective on their own.

SENATOR ALLEN: I appreciate that.

Another piece that I see in many of my districts is, again, the inability to get parents engaged, and many folks have discussed that. I have a former Abbott district school, where the teachers -- God bless them -- go to the parents' homes because the parents will not come to the school. And they have indicated to me that the parents will stay in probably through second grade, maybe third, and that's where it drops off. Now, this is just one school. And I don't know what it is across the board. And sadly, when you move into suburban districts, often -- I say *sadly* -- but the numbers are generally better for parents being involved. But in our inner-city areas, we

need to get the parents involved. And we've had meetings. The Superintendent has brought people together in my district. We've not found a way to make it work. And maybe this innovative idea -- if we bring the parents in. I don't know what the answer is. If anybody has found a wonderful way to get parents involved in the really tough areas, I'd love to know. And anything that you're doing in that I'd love to hear about.

COMMISSIONER SCHUNDLER: On that score -- and this goes to the Abington School -- it's not easy. And the principal at Abington actually said that was the one area where he didn't feel he had been as successful as he had hoped. He said he had achieved his success, but he thought he could have achieved more if they were able to successfully get parents more involved. And so I think we need to work hard at that. We need to be prepared for the fact that we might fail, and do the best we can even when parents don't get as involved as we would want.

Now, there is one example I can point to where I think they did a hugely good job. In East Harlem, when they moved toward a-- This is back actually, I think, in the early '90s. Carlos Medina was the Superintendent, and he allowed a schools of choice initiative totally within the district, where he, in effect, went to educators and said, "If you have a good idea, I'll let you do it. I'll give you the space, and you can just start it up." It's kind of like the achievement academies that we're talking about now.

A teacher by the name of Debbie Meier went to him and said, "Mr. Superintendent, I have an idea. I think parental involvement would make a huge difference in children's success. So give me some space. Allow me to create one unique, defining characteristic of an alternate program

that parents will have to come to school every three weeks. That will be it. I will take every student. But allow me to require that, 'If you want your child in my program, a parent has to come to school.'"

Now, you might imagine that if you do this, a lot of parents will say, "No, I'm not going to enroll my child in that program." And that's exactly what happened. A few parents did, and their kids did so much better -- I mean dramatically better -- than other parents who said no originally, in the second year, asked to enroll their child there. And then their child started doing better. And the school became so popular that they had to create a second one patterned on the same model.

Ultimately, other educators began to see the success of that model, and they said, "I think that's pretty good, but I think there's something else that can also make a difference. So I'm not going to do exactly the same thing. I'm going to try something different." And you began to have East Harlem become a full schools-of-choice system within the district. And they went from being the lowest scoring out of 32 school districts in New York City. East Harlem is primarily a low-income and English as a second language area. They went from being the lowest scoring out of 32 districts to the 15th best in a few years, with the same kids and the same money, by allowing educators the freedom to do creative things. The first of which, and the most important of which, appears to have been allowing the educator to say, "Parents need to be involved." And if you don't ask for anything, people aren't going to step up. You can't assume that everyone will step up, even if you do ask. You have to create options for everybody. You have to do what you can to compensate as they're

doing in Abington. But to allow an educator to try something like that had enormous positive impacts.

And you are absolutely right about the impact that working hard at ways that we can involve parents-- It is so valuable, and we have to keep struggling to do so.

SENATOR ALLEN: The final area I'm just going to touch on is violence in the schools.

COMMISSIONER SCHUNDLER: Right.

SENATOR ALLEN: This is, again, a huge problem in some of my schools. And I know in some of the inner-city schools, it's even beyond the pale.

We really-- Clearly it isn't something that can be solved just in the school. Again, it's partnerships that need to be dealt with. And I wonder if there are any particular plans that you have to attack this issue. Clearly the gang issue comes into this. And in my town of Willingboro, we have kids who are wearing the colors, and they're 10 years old. They pull them out, and they take them to the house, and then they find out that the parents are gang members; and there's nobody to put this child with. It really is an issue that's growing. It makes it very hard to be a teacher. I am just amazed at those folks who go into some of these schools every day, unarmed, when the students aren't necessarily in the same situation.

COMMISSIONER SCHUNDLER: One of the reasons why Race to the Top is a desirable program is that it allows you to test things and see what works. I don't want to suggest I'm going to give you the final answer here. This is an area where we have to explore and we have to see what works. But one thing that seems to be an independent variable that

has success with regard to this is shrinking the size of a school. And in some instances, you can have a lot of small schools in a single building. But in some instances, it actually helps to have separated buildings. Because it allows for, if you will, more direct, adult control of school culture.

An example is in Camden, where there is a school that students are sometimes assigned to by the court and sometimes they request to be there. It's relatively small and achieves very high levels of success. But many of the kids who are in there had behavioral issues before either the court assigned them there or they chose that option. And incidentally, sometimes they chose that option versus expulsion.

But it's small enough where, again, the adults are able to maintain order and establish a culture. And if you think about, let's say, what works so successfully to reduce crime in cities -- the broken-windows theory. The broken-windows theory -- they talk about zero tolerance. The way to properly think about the broken-windows theory is, it's about order maintenance. Because human beings internalize the environment they see around them. They see an environment that is filled with chaos, and they think that's normal. But if they see an environment that's orderly, they think that's normal. And they behave in a way that's reflective of what they're seeing about them. And if you have enough adults to maintain order, you begin to change the behavior of the students because they see this as being normal.

Now, I want to add one last bit to this, and I don't want this to sound squishy. But children are not computers that you can hook up to a computer and do a data-dump into. Learning is a cooperative process. They have to want to learn from you. And they need to know that you care

about them if they're going to trust you to have something of value to share with them. If they don't think you care about them, they don't want to hear what you have to say.

A small community allows you to show a child that you love them. It allows that child to be known by everyone -- to be part of a small community of maybe, let's say, a hundred students, where it's possible for every adult there to know every child. And through talking about the different needs that children have -- to be very familiar, even if that child is not in your direct classroom, so when you see that child, you can speak about something that you know is going on in their life. And when that child hears you say that, and when they are part of that community, they feel that they are part of a community where they're loved. And that makes an enormous difference.

SENATOR ALLEN: There was a committee -- commission -- Business Efficiency of the Public Schools, which Assemblyman Wolfe was on and perhaps others. It's been laid down at this point, I believe. But it did a number of things. And one thing it did was a very thorough study of exactly what you're saying: how many students in a school, and how do we put schools or halls within schools so that we have separate things and you never leave your one pod. Because the number they came up with was that children would continue to -- would thrive best under 500. You get over 500 in a school and the kids become lost. This is looking at high school, I believe it was. They get lost. Obviously, a hundred would be better. I graduated from a public school that had 120 kids. And we did know each other. And all the teachers knew everybody. You really couldn't get away

with a lot, which was a good thing. So I totally agree with you and would love to see us move toward that.

Thank you.

SENATOR RICE: I want to thank everybody.

But before we end, I would just indicate that the gang thing is a specialty in itself. And every behavior is pretty much a learned behavior. You're a product of your environment. That's the one area-- There are some of us who live this life seven days a week, have an academic background in, have life experiences, but we never have the discussions. Because you're right, smaller class -- but there has to be meaningful programs. We can't say we're going to build a school -- and every time we say put up a playground or some outlets there, or some after-school types of scenarios for the kids -- then we say we're not going to fund them or, as Commissioner Ellis said years ago -- and I disagree with him -- we don't believe we should fund playgrounds. I said, "Why do you think they were building the schools?" But that was Imogen Kamer's (phonetic spelling) thing, it wasn't my thing.

And so then you look at those other areas of parental -- parents who can't give the support they want to give because they're too embarrassed. And we need to take another look at adult education. Because even in this budget, I understand that this budget is going to have an impact on adult education, where a parent who may have gone to the sixth grade decided they were going to go back to school because they want to have more meaning in their lives and help their kids -- we may wind up killing that.

And so there are a lot of variables and elements that have to be put into this gang thing. And it requires the Department of Labor as well. We spend too much time articulating to kids they need jobs. We always tell the kids, "You don't need a job. You need to stay in school and get an education." Now, after school, if there's something available, depending on the age group, that's-- "Your parents aren't even working. First of all, tell your mom or your daddy to go to Burger King." They're not paying that much, but let them know you will work -- let the kids know you will work. And we do the opposite. So there's a whole social and human services component of addressing and attacking the gang piece that goes beyond what you hear traditionally. But in order to fix that it's going to cost dollars. And the greatest piece of this -- the education piece -- and we can't get into the education piece because of those other things -- we can't get the focus, like you said. Kids will respond according to how you're responding to them -- making them feel good with the kinds of things that make sense, that are going to help mold them. And that's why kids can take a computer-- I don't. Everybody knows I still have a pager. (laughter) But the thing is, what was hard -- or is hard to me -- because they just throw them off the market like a toy. They're like toys to kids. They're all walking around doing this stuff. And I figure anytime you can do this stuff, something is going on up here. Because they're doing things we can't do, but to them it's like routine, because somebody gave them some new gadget they thought was fun.

And so I just want to say that we want to thank you for really taking the time to come down. There's going to be a lot of interaction off and on, as I told Marc Larkins from SDA, with members of this Committee,

individually, with subcommittees, and the Committee as a whole. We do have a good idea of the direction you're heading. There are things that members probably agree with you on, individually, as well as collectively; and there are things they probably disagree on.

But we need to have more discussion on charters. And I don't even like to talk about it. That's why I didn't bring it up. Because I think we're on the same page. But I think I'm being misunderstood as to why moratoriums, why accountability, who can best do the next school -- what kind of process we have, when do we quickly shut down failed schools if we're going to be successful? We can't build a building or fund every building for a charter school. I mean, if I have 566 districts but I have a hundred schools-- I don't need another school. I don't have any land for it. How do I make things work with what I have? Because it's all about economics.

So, once again, Commissioner, thank you very much.

COMMISSIONER SCHUNDLER: Thank you.

SENATOR RICE: This meeting is adjourned.

(MEETING CONCLUDED)