

# Committee Meeting

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before

SENATE EDUCATION COMMITTEE

and

ASSEMBLY EDUCATION COMMITTEE

"The Quality Education Act of 1990"

LOCATION: Downs Hall  
Kean College  
Union, New Jersey

DATE: April 23, 1992  
3:00 p.m.

## MEMBERS OF SENATE COMMITTEE PRESENT:

Senator John H. Ewing, Chairman  
Senator Joseph M. Kyrillos

## MEMBERS OF ASSEMBLY COMMITTEE PRESENT:

Assemblyman Fredrick P. Nickles  
Assemblyman David W. Wolfe

## ALSO PRESENT:

Joyce W. Murray  
Office of Legislative Services  
Aide, Senate Education Committee



**Hearing Recorded and Transcribed by**

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Hearing Unit, 162 W. State St., CN 068, Trenton, New Jersey 08625-0068





John H. Ewing  
 Joseph A. Iuliano  
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 Matthew Feldman  
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New Jersey State Legislature  
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**N O T I C E**

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

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

**SUBJECT: JOINT COMMITTEE MEETINGS**

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

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

**The Quality Education Act of 1990 (QEA)**

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

**Monday, April 6, 1992  
 1 P.M.**

**Committee Room 8  
 Legislative Office Building  
 Trenton, N.J.**

**Thursday, April 23, 1992  
 3 P.M.**

**Alumni Lounge  
 Downs Hall  
 Kean College  
 Union, N.J.**

**Wednesday, May 6, 1992  
 3 P.M.**

**Town Hall  
 Mercer Street  
 Cherry Hill, N.J.**

Issue date 4/01/92  
 Revised 4/02/92



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**SENATOR JOHN H. EWING (Chairman):** I apologize for being late. I was hoping that somebody else would start the meeting until I got here.

As you all probably know, the Senate and Assembly Education Committee is having hearings -- three public hearings -- as well as a fairly substantial number of individual hearings or discussions with various groups such as the NJEA, the School Boards, the PTAs, the Superintendents from the transition aid district, the foundation aid districts, and the urban districts, as well as certain members of the Association of Business Administrators and Principals, because we're trying to get as much input as we can, and from this input we plan to develop legislation which -- and I can only speak for myself -- I feel, will probably go in two stages. The first stage would be for implementation in the '93-'94 school year, moving around of the general bill, and the major changes would come about in the '94-'95 school year. There really is not enough time, if we're going to do the job thoroughly and take a lot of consideration, work with all various people, even working with the administration, because everybody's got thoughts and ideas to try to come up with what's best for the children.

That is the main thing about education -- the child -- not about individuals' jobs, or anything like that, or people with contracts; it's the child to get them prepared for life. That's why we're taking our time, and we do not see where we can get it through in time -- the major changes for the '93-'94 school year.

We'll start. The first individual we have is my good friend, Jim Caulfield.

**JAMES M. CAULFIELD:** I have--

**SENATOR EWING:** Are you representing the Board of Education or yourself?

**MR. CAULFIELD:** Well, there's some confusion over that, actually. (laughter)

SENATOR EWING: Okay. I didn't know, because I see you at all different positions. (laughter)

MR. CAULFIELD: Yes, I play different roles.

Senators and Assemblypersons, I've got copies of my testimony that Joyce will pass out. I simply have a few brief remarks. I'll read them so as not to get off the point.

Senator Ewing, Senators, Assemblymen, thank you for the second opportunity to appear before you: Since my last appearance, several events have occurred. As you may recall, I last came before you to plead for cap relief or a cap exemption. While we spend less per pupil than 90 percent of the K-12 districts in the State, the 6.76 percent cap was forcing the district to reduce staff and programs in order to come in under cap.

I can report today, that subsequent to my appearance, I was notified that Union would again receive desegregation aid. Union desegregated in 1969 under both a State and Federal mandate, and has spent approximately \$1 million per year on its integration plan for the past 22 years. The allocation in the Governor's budget for 1992-93 is \$1,100,000, as it was in 1991-92.

I'm happy to report, that based on this additional desegregation aid, you and our other members of the board revised its budget and affirmed its intent to reappoint staff and preserve programs, if the budget passed.

I am delighted to inform you that for the first time in six years our budget was successful. The tax increase for education will only be \$50 on a typical home. We can rehire staff in May, and preserve our programs. As you are aware, we've operated prekindergarten and full day kindergarten for over 15 years. Our third graders achieve at the sixth grade level. In this working class suburb, with a per capita income of \$15,000, Union boasts a 1 percent dropout rate; 80 percent of our graduates continue their education, and we are the lowest spending district in Union County.

My plea to you is to affirm our aid, including our desegregation aid for 1992-93. This will make us whole. The desegregation aid, the other aids, and the board's own successful efforts to contain costs will allow us to remain intact.

I want to congratulate both Committees for your expressed desire to reformulate State school aid, balancing the various elements, and reconciling competing priorities. Please consider per capita income as a fundamental component of your formula. Do not abandon the cap concept, but make it realistic and have it apply only to those costs, salary, benefits, staffing, and such, over which a district has some discretion, and exempt from the cap those costs over which a district has no direct control, for example: insurances, compliances, State mandates, etc. In any event, I am convinced that the outcome of your study, and your desire to improve equity will in the long run improve opportunity for all our children.

Thank you.

SENATOR EWING: Thank you, Jim.

Any questions from the members present? (negative response).

When we're looking for a new Commissioner I think you ought to put your name in. (laughter) You could do that well.

MR. CAULFIELD: I have enough on my plate.

SENATOR EWING: I think it's so wonderful -- the kindergarten and prekindergarten that you do with the average income that exists in that community, and for the costs that you have. It certainly speaks highly of you.

Mary Lewis from Kean College.

M A R Y F. L E W I S, Ph.D.: Good afternoon, and thank you for giving me this opportunity to speak before you. My name is Mary Lewis and I'm a Professor in the history department at Kean College. Very recently I served as the Dean of Liberal Arts at this institution. I'm a citizen of Monroe, in the

southeastern corner of Middlesex County which is not one of the special needs districts.

I'd like to speak to you both as an educator, and as a citizen and taxpayer, in favor of continuation of -- and full funding of the Quality Education Act. As you can imagine, many of the students who come to Kean College are residents of the urban centers of central and northern New Jersey. My 20 years experience at the college reveals to me that there is tremendous differences between the educational opportunities of these students who come from the special needs districts, and those students who come from more suburban districts in our serving area. The great difference is in the preparation that these students have had; there's not, however, a great deal of difference in motivation. I think one of the things that we all remark about, and are so proud of, are students who come from Newark, Elizabeth, Irvington, from some of the cities in Hudson County, especially those who are not native speakers of English, because we have very fine programs for native speakers of Spanish, in particular-- What we're amazed at is their motivation and their determination to make up the differences in the education that they have had as children growing up in inner cities and the education that students from suburban districts had.

In my experience here I've only met two students who really were not intellectually capable of doing the work that we demand of them at the college, and remarkably, one of them, because of tremendous determination and motivation, graduated from the college. I've never seen such persistence from a young woman from Newark who despite some, I think, serious learning disabilities, managed with a great deal of support from this college to graduate.

But, I think, how sad it is that these students must at the ages of 18 through 22, when many of them have serious financial obligation, many of them are responsible for younger

children, many of them are serving as a parent in their families, that their education must be so difficult for them because they did not have the kind of both basic skills development and enrichment in their urban schools. Many of them come from families that are very poor, many of them come from families where there's only one parent, in some cases where there are no parents. We now have students here who are homeless, and all these personal problems on top of a very low level, truly unenriched curriculum that they have been exposed to in the urban schools, leads them to inordinate difficulties when they come to higher education, where the standards are much higher -- and our expectations are very high. Many of them drop out, not because of an inability to do the work -- because of their motivation being high -- usually they drop out because of personal problems. It's really so sad that it's at this point in their lives that they're being given opportunities to make up those deficiencies; the need is for those deficiencies to be made up when they're very young.

One of the things that is happening as the districts-- I'm familiar with several school districts. I live in Monroe, and I'm very familiar with that district, and I'm familiar with West Windsor-Plainsboro, and also with the Elizabeth schools. And as these schools -- in particular Elizabeth -- is beginning to explore some of the needs, some of the avenues that are available for really bringing students who enter the school system unprepared to learn, up to speed, they realize that what they've been doing, that what educators have suggested doing for decades, really doesn't work. And for the first time, I think we're beginning to see some promise that children who, at the age of five, are four months behind their peers, at the age of six -- the way we're doing things now -- they may be six months behind. At the age of eight or nine they've slipped to a full year behind, and when they get into middle schools and high schools, some of them are two and three

and four years behind. I think it's very important for us to begin to explore these avenues and to improve these schools. It's very important for us. It's certainly important for the students who come to this institution.

As a taxpayer, I'm certainly concerned about the future of this State, about the tremendous drain on our resources that is caused by a workforce that is simply not prepared to do the kind of work that our advanced economy will require in the future. It's becoming very difficult for one to go out into the workforce now with simply a high school education. More and more of the programs that vocational schools were offering their students are now tying up with two-year colleges, the so-called "tech prep" programs. Students who are interested in automotive repair really need now to have an understanding of computers, and so it's in the best interests of all of us that resources be put into the urban schools.

I don't know, I hope you all have a chance to visit some of those schools. They are old; many of them built in the 1910s, the 1920s. It always saddens me when I look at the schools in my own community and see-- Obviously they're crowded, but the degrees of crowdedness of a school in West Windsor, or a school in Monroe Township, and schools in Irvington and Elizabeth, is unbelievable. Schools that are bursting at the seams, gifted and talented programs that have 36, 37 students in science classes, the unavailability of science labs, the lack of foreign language, the absolute of being light years behind in terms of introducing computer applications, all of these have a tremendous impact on the economy of this State, and it is absolutely essential that we do something.

Change does not come easily in the public schools. I know that from personal experience in my own hometown, and this is a community with a largely college-educated population with

parents who are very interested in the schools -- sometimes too interested -- parents who are very interested in their children, who help their children with their homework, who are interested in change, especially when it means bringing new technologies into the district. But change in an urban district is an enormous problem. A district where teachers not only have to worry about teaching their children, they have to worry about the health of their children because very often schools, and the teacher, and other support staff in the schools become the primary health giver in urban districts. Teachers have to worry about children who have come out of neighborhoods where they're frightened; they're frightened to come to school; they're frightened to go home from school. In such an atmosphere, change does not come easily -- parents often are not there, parents who are working, in many instances the most sophisticated person in a family in terms of education is an eighth grader, because the family's educational level is so low, or families where English is not spoken at all. Change in such districts will come very, very slowly, but it's essential.

I'm certainly concerned about what is happening in terms of public relations, in terms of the Quality Education Act, and the districts that are attempting to introduce change into their programs. I'm very concerned with the press, and the assaults on the Department of Education, the assaults on the districts. I think that what the districts, the special needs districts, really need is the great support of the Legislature. I think it's important that you monitor what's going on, but I think it's also important that you learn the facts, and that you speak directly with the officials in the Department of Education and understand that change will not come as quickly in these schools as it will in middle-class suburban communities. Some people say we can't afford to do this, but I think the reality is that we can't afford not to do it.

So, as an educator at this level, and as a taxpayer, I certainly implore you to continue the support -- the full support -- for the Quality Education Act, and ensure that the districts have the funds that are needed to create structures, both physical structures and also learning environments that will allow these children to get the kind of equality in education, and therefore equality in opportunity that they truly need and deserve. Thank you.

SENATOR EWING: Thank you.

Any questions? (negative response) The only thing I'd like to say, is that I don't quite agree with your statement about the bashing of the Department of Education. I think they need a lot of picking up. I think they're very weak in many areas. So you might call it bashing, but we don't look at it that way.

PROFESSOR LEWIS: Uh-huh (affirmative response).

SENATOR EWING: I think there's a tremendous weakness down there. I think the Department is being run by the Governor, and I don't think it's good for education whatsoever.

PROFESSOR LEWIS: I think that it's certainly your responsibility to ensure that any reform that needs to be carried out there is carried out, but I think that many of the citizens of this State are really influenced by the press. And I was speaking of the press and not of the attitude of legislators.

SENATOR EWING: Yeah, but many times the press is right. I was just reading -- and I want to look into it because I just saw the headline today in The Trenton Times which is-- They have many different stories at times, but supposedly the Department of Education gave Merv Griffin-- Which is his casino?

PROFESSOR LEWIS: Resorts?

SENATOR EWING: Resorts, \$60,000 to teach the help there -- the employees -- to be able to speak English. Well, I

think we have greater need in our schools to have \$60,000, than to give it to a private enterprise system. Damn it, they should take their money and spend it, and get their people taught how to speak English if that's what they're looking for. But certainly I'm going to check into it. I'm not saying The Trenton Times is right, but we're going to see. And I'm certainly going to go after Ellis if they did give them \$60,000 for something like that.

PROFESSOR LEWIS: Well you certainly have both the responsibility and the authority to do just that, but I'm concerned about the general population who really do not have access to facts, and I think that they are seeing a perspective that is primarily political.

SENATOR EWING: Yeah, but they're looking at the results coming out of the education areas, what's happening to the students, the dropout rates, and things like that, which I couldn't agree more those special needs districts do need more money. We all recognize that. There's no question of it. But also we do not agree, necessarily, with the leveling down of education which has occurred because of Marilyn Morheuser.

UNIDENTIFIED SPEAKER IN AUDIENCE: Could you clarify that?

SENATOR EWING: What?

UNIDENTIFIED SPEAKER IN AUDIENCE: You said there was leveling down because of Marilyn Morheuser?

SENATOR EWING: Yeah, the court case.

UNIDENTIFIED SPEAKER IN AUDIENCE: Could you elaborate on that?

SENATOR EWING: No, I just made a statement.

SENATOR KYRILLOS: If you'd like to testify, you're welcome to do so.

SENATOR EWING: Diane Gruenberg.

D I A N E G R U E N B E R G: My name is Diane Gruenberg, and I'm a member of the Highland Park Board of Education. I'm a

newly elected member, so I have to admit I'm probably learning more than I-- As I go along, I'm really learning more right now. But I'm also a teacher. I've been a teacher for 23 years, and I'm a parent, and a taxpayer, so I have a real concern more broadly than just as a Board of Education member. I certainly support providing additional school funding to special needs districts. This is both, I think, a moral responsibility and a practical one. Children from all districts and all communities across the State, really deserve an adequate and equal education. They will be taxpayers and voters very soon in the future, so we need to prepare them for these roles now.

Currently, I work with college freshmen, many of whom come from special needs districts, and I would have to echo everything that Professor Lewis said. My students come to me, they have finished high school unprepared for college often, unprepared for work, unprepared really to do anything, and they really need a far better education.

I want, today, to talk about something that happens to school districts and the children they serve when State aid to education is fiddled with, or gradually reduced, or unequally distributed. As I'm sure all of you know, local districts have to make up out of property taxes the money to pay for programs they don't get State aid for, or we have to cut those programs. Residents often vote down budgets. Fortunately, this year that didn't happen in Highland Park, but it has happened across the State, and it has happened to us in the past. In part, one of the reasons that residents vote down the school budgets is because it seems to be one of the only chances that people have to voice their distress at politicians, taxes, and the things that they're unhappy about. What happens is, the children suffer -- in the middle. It doesn't really hurt anybody else as much as it hurts the children. And it seems to me that this is playing politics with the children's future.

Instead of doing that, I really want to say that we should establish a school funding system that stops using property taxes as a kind of base for making up what the Federal government and the State government don't provide, and that uses local property taxes as a way of determining quality of education. I think we need a funding plan that equally assesses us across the State, and then equally distributes the money across the State to the children. The particulars of that, I have to say, I don't yet know, and I would assume that legislators know far more about the particulars on actually how to do that. I haven't come to you with a full-blown plan, but I really think it's important to stabilize and balance equally across the State. And I think one of the things that we all need to do in this State is to start hitting the Feds harder, too, because a lot of the reason that our share, or the State's share to the local is reduced, is that the Federal share to the State has been reduced.

I think that's what I wanted to say. Thank you very much. I probably have lots more, but I think that's about it.

SENATOR EWING: Just a second. Any questions?

ASSEMBLYMAN NICKLES: No, sir.

SENATOR KYRILLOS: You can come back up if you think of anything. We'll let you do that. (laughter)

SENATOR EWING: Thank you very much.

Next is Bob Roth, Board of Education, Highland Park.

R O B E R T G. R O T H, Ed.D: Hi, I'm Bob Roth. Like Diane, I'm on the Board of Education in Highland Park. I've been on the board for about two years. I also am an English teacher at Middlesex County College.

First of all, I just want to say I'm relieved to hear, Senator Ewing, your early comments about going slow and cautiously with respect to changes in the Quality Education Act, and changes with regard to funding for public education in New Jersey. I guess some of us who have been involved in

boards of education and dealing with these kind of vagaries of all that's been going on, were concerned that there was going to be an intent to make sudden changes that could have unpredictable consequences. So I'm relieved to hear those comments.

For example, some of us who are still concerned about whether there's going to be any attempt to change the intent to add the \$341 million to education funding, and worried that if votes of the public were based on that assumption, whether if there were any changes made, that could have a disastrously destabilizing effect on both school quality and on public confidence in government. So I'm relieved to hear that is not what is intended.

I can't speak for everybody on the Board of Education in Highland Park on all matters, but on a couple of matters I can, because we have discussed it as a board and discussed it among ourselves both publicly and privately. We're a middle income district, and therefore, we might be seen as people who are concerned about additional funding going to urban aid districts, to the special needs districts. We are not. We support the movement of money, increased funding for special needs districts. We support the intent of decisions that have been made in Abbott v. Burke. We think there's a crying need for more equitable funding systems for education throughout the State, and the largest area is the needs of the urban. So we certainly would support all that Mary Lewis said with regard to that.

We do, as a middle income district, have one particular concern that resulted from the announcement before there was the announcement that there was \$341 million in additional funding available for schools. Without that money, we were informed that we were not going to get any foundation aid funding this year, before that was added. We were informed that even though last year we had received almost \$1 million in

foundation aid -- our total budget is in the range of about \$15 million if you include the pensions-- We were informed, and we had received the previous year almost \$1 million in foundation aid, it was going to be cut to zero. And we were informed at the same time, that the transition aid districts -- districts that are wealthier than we are -- were still guaranteed that transition aid, which meant that although they were going to gradually lose all their foundation, we were informed that they were going to keep 75 percent of it this year, and 50 percent next year as had been provided in QEA, yet because there was less funding than had been anticipated, we were going to get zero in foundation aid. That seemed to us inconsistent with the intent of QEA; inconsistent with equitable funding, and unconscionable.

So, luckily, that has not happened because it was found that there was another source of funding. But certainly we would want to have some assurance that in the future if there are changes made in QEA, one would certainly be to have some kind of a fail-safe system that would be triggered by a situation like that, where there was less funding than was anticipated and, therefore, if transition aid districts are still receiving some of their -- what's called transition aid but amounts to the same thing as the foundation aid -- that there shouldn't be an abrupt change in that system. Well, how can we endure an abrupt change when we have even less sources of income? We would think that there would be a change looked at in that regard.

There's another issue that all of us on the Highland Park School Board seem to agree about, and that has to do with the cap provisions of the QEA. We support the intent of the cap provisions, although they make our lives very difficult. We understand that there is a need to get some control over runaway increases in education costs. However, we think that when the cap provisions are reexamined, there has to be some

attention paid to those areas where there are mandated increases in cost that we don't have any control over, like special education, increases in special education that are mandated by the State -- and rightly mandated by the State. We're not arguing with that. But those increases are not under our control, and our large increases, well above the cap that we're allowed-- And then what that does to the rest of our budget is destroy it. We have to decrease radically our programs and other parts of our district program that would, in effect, destroy the quality of our program and hurt the kids. So we need to have, I guess, some kind of provision there for--

Now health benefits are an area that we also consider part of that, but I can imagine that there are different points of view about that. Nonetheless, we are contractually obligated to provide health benefits to our teachers. We can negotiate future changes in that, but right now we're contractually obligated to do that. And yet, there was a 24 percent increase in the cost of health benefits.

With regard to special education, we cannot negotiate that; we cannot have any control over that. Yet this past year, we found ourselves spending \$22,000 per pupil for out-of-district special education costs, \$8000 per pupil for in-district. We're certainly working on inclusive education in order to bring more of those students into district, but often you don't have any control over that. You're required to provide education for special needs students that cannot be provided in-district -- \$22,000 per pupil, and yet that comes under the cap, too? There was mention of 6 point something percent cap increase. Ours was about 5.8 percent, the cap. With those kind of radical increases in health benefits costs that are contractually mandated, and special education costs that are legally mandated by the State -- and we can't even negotiate how much we're going to pay for those, it might be

provided only by a particular school, and we have to send them to that school -- we need some kind of mechanism in there that would be triggered by large increases in those costs. Maybe they could come under the cap, but if they exceed a certain level, then there has to be some readjustment in the cap or something like that, otherwise, we're going to destroy the quality of our school programs.

The final point I want to speak about -- this is one that Diane and I agree on, and I think a number of members of this School Board also agree on; but we probably have shades of opinion about it on our school board -- has to do with the way that education is funded through property taxes, and where it becomes a kind of political football every year because of that. I know we all would like that to not happen, and there are certain things that none of us have that much control over, but we do feel that there has to be some concerted effort on the part of all of us, people from individual districts, legislators, educators, to start looking at alternative ways of funding public education. We think that part of that from the legislative end might be looking at ways by which we could equalize the tax rate for districts, so that if you want to have equality of funding but you tax people in very different ways -- and yet you're depending on those property taxes that are very unequal -- then there's a problem that has to be looked at. Either you have to take it out of the property tax area, or you have to find some way of equalizing the way property taxes are determined across the State.

We also think that we all need to cooperate together to get some support from beyond. We've begun to do that in Highland Park. When we were worried about our funding, we found ourselves communicating not only with many constituencies within Highland Park, but constituencies within Middlesex County and even beyond. We found ourselves forming an organization called the Coalition for Equity in School Funding,

and we handed out a lot of material, we communicated about different issues, and we felt we were effective in communicating our concerns and our needs. We plan to continue that effort to try to be influential with regard to changes in funding.

Ultimately, we think that, as Diane said, we do need to communicate more effectively with the Federal government. We have an "education President" who promises us support for education but says that that doesn't include the issue of increased funding and-- I don't know if he says it that way, but that's the result and we think that that clearly is harmful to what happens to kids.

I, myself, am involved in this Save our Cities, Save our Children. It's an effort that's part of the citizens' Federal budget campaign, and one part of it is the Mayors' March on Washington, which is planned for May 16. It's a bipartisan effort of Mayors across the country to try to get attention paid to the fact that on the Federal level, we have to reprioritize our concerns and that we have to bring back some of the money to municipalities -- and to the needs of municipalities -- to education, to housing, to health care, job training -- money that has really has been gradually decreasing over the past ten years. We have to somehow start bringing that money back, and we have an opportunity to do that since I didn't notice us feeling too threatened by the Soviet Union lately. We feel there could be some significant changes in the priorities of the Federal budget. We would hope that State legislators would help in that effort to encourage the Federal government to prioritize. One way to do that would be to support the March on Washington, May 16th.

Thank you for listening to me. Do you have questions for me?

ASSEMBLYMAN NICKLES: Well, I have more comments than questions.

SENATOR EWING: Assemblyman Nickles. He's an educator.

MR. ROTH: Okay. Good.

ASSEMBLYMAN NICKLES: I'm Superintendent of Schools in Egg Harbor Township, New Jersey; a K-12 district with about 4400 students, just so you'll know a little bit of my background.

MR. ROTH: What district?

ASSEMBLYMAN NICKLES: Egg Harbor Township in Atlantic County, outside of Atlantic City.

I'd like to give a little background just, maybe, to bring everyone up to speed, and also to address some of your concerns, Bob.

When we had our first joint meeting back in, I guess it was December or January; January, I presume -- one of the things that we found out when the Department of Education came before us and they were giving us the figures of the 611 districts in the State of New Jersey, they were telling us about 50 percent were winners and losers, as an illustration who was getting more State aid and less State aid. When you look at 50 percent of 600, that doesn't seem like a bad ratio. I asked the question, because I believe this Legislature will probably place the social security and pension back at the State's responsibility-- I asked them, if you subtracted the State pension and social security out of that, what is the ratio, winners versus losers? And we found out that 450 districts in the State of New Jersey were losing money this year, as opposed to the previous year, and this is the second year of QEA.

I think we all recognize the fact that the special 30 have special needs and they have to be funded, but what we recognize with the QEA formula is that once you take out the special 30's money, then you take out the categorical aid that is required to all the districts throughout the State, transportation costs, things of that nature. What is left,

then, is the amount of money that gets further down, as foundation aid.

MR. ROTH: And transition aid.

ASSEMBLYMAN NICKLES: And transition. Well, let's talk about the foundation aid. The foundation aid was decreased to such a level that 450 districts in next year's budget would be receiving less than they currently are under this budget.

Prior to our next meeting, the Governor came up with \$341 million new dollars which kind of brought everybody to a safe harmless level where you'd basically be receiving the same as last year -- the same next year as you are this current year. There are some funding experts which are looking at the QEA formula and are predicting that at the time when the special 30 school districts receive their appropriate level -- about five years, I believe, down the road -- there will be no foundation aid left for the rest of the State of New Jersey. So, our objective is not to work against the special 30, but to find a funding formula that's going to meet all the needs of the school districts of the State of New Jersey.

To pick up on a couple of your comments when we talked about the cap problems. I agree with you, and on the Assembly side, we've introduced legislation to try and address the caps for the next few years as short-term goals. What we have found through these testimonies in the series throughout the State of New Jersey, that school districts that are limited by a 5 percent or 6 percent cap, when you take away the mandated costs for transportation, for health, for insurance increases, utilities, for special education, the only areas that are being cut and affected are the areas such as programmatic areas. And we've had illustrated to us that the advancement placement, the honors courses in the high schools, are being cut back. Drivers education that is very important, and a savings as far as insurance costs are concerned, are being cut back, after

school activities are being cut. So the QEA is addressing -- through the Supreme Court decision -- one need, but on the other side you could say there's a watering down due to the lack of funding, and programs are being cut because of the cap situation.

So, what we have to do is try and look at all the facts, gain all the testimony that we can from people such as yourselves, today, and try to develop a formula or adjust the formula so that it's more equitable, meets the needs of the special 30, but at the same time meets the needs of the other districts that in the last two years seem to be cutting back on programs of excellence to the students.

I wanted to share that with you.

MR. ROTH: Yes, that's helpful, and I thank you for doing that. What the bottom line to me is, from what you say and from what I've said, is that unless we do find a way of getting more money -- more money into funding for public education -- we're going to find ourselves having to make choices that are impossible choices, that are choices of either neglecting needy students and districts that will just cause tremendous problems for our society and tremendous inequity, or decreasing the quality of education in many districts, good districts. I don't think either one of us wants to find ourselves in the situation where we have to make that kind of choice, and that's why I ended from what I had to say on the emphasis of how we have to start looking more broadly for sources of funding that are necessary and are appropriate.

See, that's where I think the public discourse is misleading on this issue. I think that for some reason we have managed to listen to people who are saying that we're throwing our money away on these kinds of things, and what has really been going on is we have been decreasing the support for public services in this country over the past 10 years because of the Federal policies. Unless we face up to that reality and are

heard on the Federal level, the result is that we are going to be forced to make that kind of choice that none of us are going to be happy with.

SENATOR EWING: But there's so many more problems out there today: the homeless, AIDS. And also the school districts are being given the total job. I think most parents say, "Thank God, Willie and Mary are out the door. They can toilet train them, discipline them, manners, everything." And the burden is coming onto the schools. We have to look at that, as well, to see if maybe some money should be shifted from Human Services and Health, and coordinate this type of thing, and get more counseling into the schools. But not out of the school budget. The problems are massive but, you know-- Also, if nothing is changed in the formula, you're going to see the caps going down. I think next year they're going to be what, 3 percent, the caps? And also, I don't know where the additional money for education is going to come from.

DR. ROTH: Well, I'm suggesting we ought to talk to George Bush about that. (laughter)

ASSEMBLYMAN NICKLES: We can talk to George, but that doesn't mean there's any money coming in.

DR. ROTH: We can talk loud. We could all go there on May 16th.

SENATOR EWING: But you mentioned it yourself, the escalating costs of education. Something has to be put, you know -- some sort of cap on that as well. We just can't be going astronomically up and up and up every year.

ASSEMBLYMAN NICKLES: We have a couple of concerns, Bob, and-- Well, I have a couple of concerns; I'll speak in the first person: 1) We can't be borrowing \$341 million each and every year to make up, you know, a deficit for say, hold harmless level.

The other thing that we, you know, that some politicians are looking at -- and those of us who live along

the Parkway and Turnpike and Atlantic City Expressway -- to do away with the tolls can run another half a million dollars that the State would have to pick up. So, we have to make some serious decisions. The \$400 million to buy the Turnpike portion, you know that was two years ago; this past year we're spending \$341 million out. We've got to stop the short-term gap solutions, look for long-term, and that's what we're trying to do, get information. We appreciate you and everyone else for giving us testimony.

MR. ROTH: Thank you.

SENATOR EWING: You know, talking about the income tax versus a property tax, you're right. The property taxes are very unfair to use because you take some older person who bought a house for \$30,000 years ago, it might be worth \$180,000 now. They're in no position to pay the taxes on it whatsoever. We're looking at the income tax thing and the data the State's been using comes, I think, from the Federal government, and it's based on, I think, around 1987 and 1988 data. They might not be doing that anymore I understand, so we checked with with Leslie Thompson who runs the tax division in Trenton there for us.

Last year on the State income tax we said, "Why can't we use the State income tax?" because that shows the gross income everybody has. So there's a box on there that you have to put down where you live, what town, not where you pay-- I mean it is where you pay your taxes. If I live in Bedminster, New Jersey, I've got four or five different post offices people use. You can't use the zip code, that's the other thing. The Federal government is done in the zip code. And last year in the returns, over 40 percent of the people did not fill in that box. So we're waiting to see this year where there's a bigger percentage actually filling in so you can start getting a handle on it, and maybe using the State income tax returns as a definite barometer of what's happening in what community. That's the big thing. To hell with your zip code.

ASSEMBLYMAN NICKLES: If I could, Senator, share another problem with QEA formula? They do it on per capita income. My district, Egg Harbor Township, is next to Pleasantville, one of the special 30. We take in 65 square miles and we have 8 different post offices which serves our municipality. It just so happens that about 50 percent of Pleasantville's zip is in our municipality, Egg Harbor Township. When I asked the Department of Education, "Can you share with me on a personal viewpoint how you came up with the per capita income?" they said, "Well, we surveyed about 19 percent of your community." And I said, "How do you do that?" They said, "Well, we did it by zip." And I said, "Which zip?" "Well, we probably used the zip from your municipality." I said, "Well, the zip where our local town municipal building is located is Linwood zip, and that's referred to as 'the Gold Coast, Linwood itself.'" And I said, "Pleasantville, so--" We had some real concerns. We lost \$1 million in State aid. Pleasantville received \$3.5 new million in State aid, and they really didn't have any way to bifurcate, you know, the division of the municipalities. So that's one of the areas and one of the problems that we found through these testimonies, and there are some serious problems with the QEA. So that's something else that has to be resolved.

MR. ROTH: I agree. Thank you.

SENATOR EWING: Thank you very much.

Are there some further individuals from the public who'd like to be heard? (affirmative response) Sure, come on. Give us your name.

ASSEMBLYMAN NICKLES: We need you on the PA system for the recorder, please.

T H O M A S J. M O S C H E L L O: I thought we were on the agenda, Senator, but--

Good afternoon, Senators and Assemblymen. My name is Tom Moschello, current President of the Bernards Township Board

of Education. With me is the Vice President of the Board of Education, Dr. Mohammad Ali Chaudry, and also with me is Mr. Joseph Petite who is the most recent past President of the Bernards Township Board of Education, of course a resident of the community. We'd like to take this opportunity and give you our perspective in terms of what the QEA is-- What impacts it will have on our school district. I'd like to, with your permission, share the podium with these two gentlemen this afternoon, each of us to share some information that might help you to understand how we have been trying to deal with this.

I'd like to just tell you, I guess, a little bit of background. Several years ago, we established in our school district a long-range planning committee. This, in fact, was prior to the QEA. Our intent was to actually be able to begin to plan and address the type of issues that are affecting our community. Amongst those, of course, is always the issue of finances and, of course, we were experiencing -- and we still continue to experience, tremendous growth in the enrollment of our students, and we began to recognize that we weren't going to be able to -- without careful planning -- manage all of these things in a realistic way.

A couple of things that have come out of that long-range planning committee that I think we'd like to share with you as well, is we developed a financial model which permits us to do financial planning out through, at least five years, based on enrollment projections, again, which is a rather sophisticated model that we have developed. And it was Dr. Chaudry and Mr. Petite who, indeed, developed that model. I could add a couple of comments. That model is probably second to none that I have seen in industry. So, I think that we have, indeed, a tool which we feel very comfortable is a very realistic predictor of what we see coming. Well, along came the QEA, and of course these tools happened to be in our hands and we could begin to see what the impact of QEA might have on us from a financial standpoint.

I think you've probably already mentioned, and I want to bring that point to your attention again, is the leveling or the watering down, and, in fact, that's a reality. We can talk to that because we can talk specifics at this point in time in terms of what has taken place and what we see coming realistically in terms of finances and impact on programs. I'll ask Dr. Chaudry and Mr. Petite to speak to the particulars on those.

What I see at this point is a leveling of the academic programs, or a lowering of the academic programs in our district. And I think I'd like to address the whole issue and the concept of QEA first. I don't think there's any question that our school district, like many people in the State, believed that there's a definite need for us to raise the standards and the quality of education in many areas of this State. But by no means can we afford to do that by sacrificing anything in those districts where we think we do have some good educational programs. We see this as a realistic outcome of this program.

Also from the standpoint that I am an employee of one of the State's high tech companies, and in my role over the last 10 years in certain leading edge technologies, I can honestly state that we have seen a substantial closing of the technological gap nationwide, internationally. If we truly are going to be able to compete in the global economy, which no question this country is going to have to deal with, we're going to require every resource trained to the highest level that we can possibly muster. So, it's not a question of raising standards only in certain areas to a functional level, but maintaining and raising of standards at every level so that we can be successful. I frankly think if we're not successful by raising the overall standards, we're going to have bigger problems than just dealing with the effects of QEA and the special needs districts. That's my personal view.

Let me just tell you some of the things that we have already seen as a result of our long-range planning and also how we, in dealing with our projections and modeling have already started to take action in particular areas. First off, we have already begun the process of increasing of class sizes. We already hit 21 students per class and we foresee going to 24, and that is primarily limited by the facilities that we currently have. Now that's driven by a couple of factors: One is that we have an increased enrollment, as I said. I can tell you right off, we have not been successful in the passage of a facilities bond issue, primarily because of the inability for people to see themselves being able to support added tax burdens of bonding on top of the increases that we're already placing with the QEA. But there's definitely no question that with an increase in enrollment, we're going to have to address the added need for facilities.

We've already eliminated grouping in our school district. We've already eliminated courtesy busing, something which without a doubt you've heard about any number of times. We're considering reverting to a half-day kindergarten program from what we currently have which is an extended day kindergarten program. Now that's quite contrary to most of the literature which is talking about having preschool needs as well as to have full day kindergartens. We're considering reversing that. We're already looking at the elimination of some foreign languages. We're looking at the business of reducing extra curricular activities. And, again, all of these tie into -- as you'll hear in a minute -- how the QEA impacts the tax rate, and what are we going to be able to do to successfully pass budgets.

We put a freeze on lots of supplies in our school district: computers, something that obviously we should not be doing. One of the things that was mentioned just a few minutes ago, I think Assemblyman Nickles made that point-- As

Superintendent, I think you probably recognized that we have put a cap or limitation on our advanced placement, honors, and special courses, and we can no longer provide those courses with student enrollments of less than 10. This is not unusual that you're going to see low enrollment in those type of courses, but we've already now begun the process of eliminating. In fact, we did eliminate advanced placement physics last year, for just that reason -- inability to afford to support those things.

I just shared with you some of the things that are already in place, and some of the things we're realistically looking at. Just let me contrast that with some of the things we realize. We understand that some of the special needs are saying in terms of what they can accomplish, and this comes from an article in The New York Times which talks about the Trenton School District. One of the things QEA is designed to do, and of course funding, is to help reduce class sizes, hopefully from 24 to 20; obviously in the opposite direction of the way we're going. They're proposing all day kindergarten programs. I just talked about us going back to half-day. They're looking for additional guidance counselors. Certainly we agree with that. We see the need. We don't see ourselves being able to add anything to our staff in that area. The need for renovation and addition of facilities, we see that need because of our enrollment increases, but yet we've been unsuccessful. We're hopeful that we will be successful, but the fact is that the tax impacts are going to make that increasingly difficult. Added equipment purchases, we see that as an area that obviously we're going to have to curtail. My point here is we've obviously taken certain steps. We've already started the process and have been forced to eliminate certain things, and yet we see on the other side the same districts that have special needs, talking about making these additions. Again, we do not in any way feel as though there is

not a need for us to help raise the standards of those districts, but we definitely appeal to you, please, you cannot do it at the expense of any districts that are, indeed, trying to provide the higher quality of education.

Could I just ask Dr. Chaudry to give you some feel for some of the financial implication of the QEA, as we see them, using our financial model? I'd like to ask Mr. Petite to also make some comments, as well.

M. A L I C H A U D R Y, Ph.D.: Thank you very much. Since Mr. Moschello has covered the general perspective, I'll limit my remarks to the financial implications of what we've been looking at. The model is rather complex, and I will not go into that. In fact, I've given you a handout, and I would simply like to highlight a few of the points.

The assumptions that we have made, I believe, are fairly reasonable in terms of what is happening to transition aid. We are only a transitional district and we've assumed it's going away at 25 percent a year. We have basically created two scenarios. The base case says that if we only got transition aid, which is going to disappear in three years, and no pension and FICA, what the implications are in terms of what will happen to State aid, and really getting down to the bottom line of what is the implication of that loss on these tax rates, which is what eventually happens to local districts.

I'd like to then mention a couple of comparisons and point out the concern that we have in terms of the direction that the QEA is taking, and unless legislation is passed to change it, we would, in fact, have a severe loss in terms of our ability to offer the quality programs to raise the level of competence of all students that we all believe we have to have.

Since everybody else doesn't have a handout, let me just mention that in terms of the State aid itself, in the base case, if we assume only the transition aid being given, in our district we have about -- in '92-'93 -- \$3.5 million in State

aid, by '97-'98, it will go down to \$1.9 million, that is about a 12 percent year drop over the next five years in State aid. Now if we put the pension and FICA back in, let's bring this over to the assumption as to what will happen to those costs: that will bring our aid back from \$1.9 million to about \$4.4, keep it at that level. And that would mean about a 4 percent increase per year in State aid.

Now, looking at the tax rate in the base case -- which is what we've assumed will happen if we don't get the pension and FICA -- our tax rate goes up from about eighty-six cents in '92-'93 to about \$1.29 in five years. That's about an 8.4 percent annual increase in the tax rate, and that's a burden that we do not believe our residents are in the position to, or are willing to, undertake. If, however, you put the pension and FICA back, that will reduce the tax rate in '97-'98 to about \$1.17 which is still about a 6.5 increase, but it's better than the 4 percent increase.

And we have seen. As Mr. Moschello has mentioned, we have tried to pass a bond referendum so that we could add facilities, because the enrollment growth is a very real issue. We've been looking at it for the last -- at least three or four years -- and we know that the students that we expect to get in the next three to four years are already there, and they're probably going to need the facilities very quickly.

The tax implications are very, very critical, and people are very concerned. When you look at the facts in terms of what's happening to people's ability to pay taxes and ability to, in fact, pay other costs, when you consider that personal income is rising at about less than half the rate of inflation in the State of New Jersey, which was a fact just cited today in the paper -- and in our own area we find that personal incomes are not rising as fast, even to keep up with inflation -- that is a very real concern.

I would like to point out that the-- To put that in perspective, I'd like to compare our district briefly with two of the special needs districts. Tom had mentioned Trenton before, and I'd like to also talk about Newark, briefly. The tax burden, in terms of the funding that we have for our total budget, Bernards Townships now raises about 80 percent of its funds from local taxes, the State paying the other 20. Newark is about 17 percent local taxes with the State paying about 74. By '97-'98, based on our assumptions in the model, and what we know about the QEA and what it will do, our funding level would rise to 94 percent of our total needs and only 6 percent coming from the State, whereas Newark would have only about 5 to 10 percent to cover with local taxes, with 90 or 95 percent coming from State sources.

Now why do we mention these comparisons? Well, one would say these are very, very different districts. Well, when you really come down to it, and you make comparisons of the kinds of things that educators look at -- and people who are concerned about setting policy and trying to find funding for the education programs have to look at -- are those kinds of things in terms of student costs -- cost per student, teacher/student ratios, or student/teacher ratios, and the average salaries that we pay. Well, on that scale, if you were to look at the student cost, our cost on a comparable basis -- the number I have in the handout is different because with that we're looking at the total piece -- looking at the cost of education index comparisons, on that basis: Bernards Township is 8500, Newark is about 9100 and Trenton is 8200. So we're not that dramatically different. The student/teacher ratios: we are about 12.2, Newark is 13.4, and Trenton is 13.5. Again, not a very dramatic difference -- big difference.

What about our cost structure? About 80 percent of our costs are teachers' salaries, instructional costs. Looking at teachers, our cost of teachers' salaries averages about

\$36,000, Newark is about \$39,000 or \$39,800, and Trenton is about \$35,000.

So, I think in terms of looking at where the funding should go, I strongly support the fact that we do need to put more resources at the disposal of those special needs districts. As Mr. Moschello pointed out, we should not do that at the expense of quality in the rest of the State. We should not let the quality of overall education in the State and the ability and the competence level of our students suffer, either by design through faulty legislation or by default, by not doing anything. So, if there's one message in this particular context, I'd like to urge the Committee to make sure that the pensions and FICA are picked up by the State on an ongoing basis. And, of course, there will be other aspects of the Education Act and other legislation that you'll be looking at. I believe Mr. Petite is going to make some additional comments and he will probably also make some recommendations that we believe are worth your consideration. Thank you very much.

ASSEMBLYMAN NICKLES: Thank you.

J O S E P H R. P E T I T E: Good afternoon. I'm Joseph Petite. I'm past President of the Bernards Township Board of Education. And as was pointed out, we've been wrestling with this problem since the enactment of the QEA back in 1990. As a point of reference, we even invited Senator Ewing to our town meeting in October 1990, to explain to the community the impact of the QEA on our district.

Basically, what our taxpayers are facing is: 1) a significant loss in State aid, increased income taxes, an increased sales tax unless it is reverted, and an increase in property taxes while we're leveling down the educational system in Bernards Township. As was pointed out, our costs are not that much different than some of the costs in the special needs areas and we've put a lot of emphasis on trying to reign in those costs, not only as it relates to the salary and benefits, but some of the program activities that were alluded to before.

I would just like to reiterate the position of our school board and myself; that we are in favor of the Quality Education Act in its emphasis to try to improve the education of the special needs districts, but not at the expense of the suburban schools. And we agree wholeheartedly with what Professor Lewis -- I see she's not here -- had to say in that regard.

There are several recommendations that we think you should consider. Although we are not a foundation aid district -- but, who knows, the way things are going and the recession, maybe one of these days we could be -- in that the foundation aid uses a statewide formula for calculating the minimum aid to each district, we think there are discernible differences between the cost of living in the northern part of the State and the southern part of the State, and consequently we should look at those districts because, clearly, in Somerset County or in Bergen County, the cost of real estate and the cost of local taxes is considerably more than the cost in the southern part of the State.

Secondly, on pension and FICA: 1) We agree that the pension and FICA should be included in the budgets of each of the school districts because that's the only way we know what it's actually costing us to educate our children. If we go back in time, we have a falacious number of maybe \$8000 a year to educate our children when you get the pension and FICA in, that's like another \$1000 per student. So, as far as budgetary reform is concerned, it should be included in there.

Now, how about pension and FICA aid? We feel very strongly that that should be retained by the State, but there's been some concerns on the part of other districts that there's inequality in the pension and FICA in that the special needs districts where they may have higher class sizes and lower salaries; that their proportion of the pension and FICA on a per student basis is less than what we have in districts such

as Bernards Township. It's clear that if you divide the pension and FICA aid, which is over \$900 million by the 1,100,000 students in the State of New Jersey, that it comes to around \$900 a student. Therefore, if you use that as your starting point and say that we're going to have revenue sharing for the increased income taxes that you're imposing upon the individuals, that some of that money is going to come back into the district -- and if you start with \$900 per student, or whatever it is, and increase it by the amount that we see -- increases in personal disposable income in the future-- So there is a tie-in. But also people feel that if they're paying additional taxes, something is going to come back to them.

We also feel that we have to look at the expansion of the categorical aid in the State mandated programs. I forget which-- I think this gentleman here pointed out the significant increases that we have. He mentioned \$22,000 per student. It costs us on the average of \$25,000 per student and that includes the special aid transportation which sometimes is in excess of the tuition, so it depends where that child is going. And there is no limit on some of those costs that are incurred. So, you know, we've talked about the caps. We see that we have problems in the special ed area where we think that the State should take a closer look at it, as well as, of course, some of the State mandated programs.

We agree with Mr. Caulfield about the cap formula. We think the cap formulas are needed to pose some limits, but that we should look at some of the waivers that occur that would impact the caps. And as Senator Ewing just mentioned a few minutes ago, we got a cold chill up our spine when he talked about caps next year being 3 percent when, you know, we're still having problems in negotiating with the teachers' union and we're looking for still 8 and 9 percent increases. So, we think it's very important that you look at that area. We also think you should look at the revisions and the criteria for at risk students, and the definitions of that.

So, all in all, you know, we are not against some of the provisions of the Quality of Education Act, but we think that there should be an element of fairness in there; that we should not level down the quality of education in some of our better school districts, but we should try to raise up the quality of education in the special needs districts and all of the other districts. Thank you very much.

ASSEMBLYMAN NICKLES: Thank you. One question. I just want to understand your document. Basically, on your assumptions -- and whoever would like to answer that, correct me if I'm wrong-- The assumptions you've laid out here for the next five years, just to keep everything at a status quo, in Bernards Township you're looking at 8.5 penny increase to the tax rate each and every year?

MR. PETITE: That's right.

ASSEMBLYMAN NICKLES: Okay.

Senator, another speaker-- Or did you have something to add, sir?

MR. ROTH: (speaking from audience) Something that's suggested by both your comment and-- (inaudible)

ASSEMBLYMAN NICKLES: Well, if you have something quick, go ahead and say it from there. If not, we have someone else who would like to speak.

MR. ROTH: The point was made--(inaudible)

ASSEMBLYMAN NICKLES: Sir, we're going to have to ask you to come up to the mike, then. We need it on the tape. I'm sorry. I didn't want to take away from someone else that hasn't spoken yet.

MR. ROTH: The point was made that their tax rate was going to go up from 86 cents to \$1.29 over how many years?

UNIDENTIFIED MEMBER OF AUDIENCE: Five years.

MR. ROTH: Five years. Remember I mentioned earlier the need to equalize tax rates for districts around New Jersey? Presently, the tax rate in Highland Park, my middle

income district, is \$1.85 per \$100,000 worth of assessed value. The average in the State, I understand, is approximately \$1.25 per \$100,000, so when I heard their figure, what that sounded like to me was that they were concerned that in five years their tax rate was now going to reach the level of the average district.

I want to put that in context. I don't want to suggest that I don't have understanding and sympathy for the very difficult political and economic problem created in a town like Bernards for that kind of rapid increase, nor do I misunderstand that since the assessed values in Bernards are larger, that you're talking about a larger total amount. Nonetheless, I think that underscores the inequity in the way tax rates are determined statewide and that's why I'm saying that's part of what has to be understood better and worked.

ASSEMBLYMAN NICKLES: There's one other criteria that has to be added: Every municipality may not be at 100 percent tax evaluation, so their \$1.86 may be at 78 percent while your dollar something could be at 98 or 100 percent. So, that's something else. That's the equalization factor--

ASSEMBLYMAN WOLFE: Before you-- I just want to say one thing before we get any further along. I think that the role that we have as legislators in these hearings is to get the input from individual communities. That's obviously why we're here. Each of us sitting up here -- or those that are left -- comes from a town in New Jersey, or a community. We represent, each of us, 200,000 people. Each district economically, demographically, is totally different.

But really, what I think what we're trying to do is-- Your last testimony pointed up the dichotomy and I could see the reaction -- the facial reaction -- of a lot of you from some of the testimony previous to this. You have a community that is thinking of eliminating programs that other communities don't even have the benefit of enjoying. I think one of the

things that we are concerned about is being able to provide a fair and equal opportunity for all of the children in the schools, especially, I think, our concern is with those 30 special needs districts. However, the other area is what you've talked about, and you just point up with the tax situation. Certainly we're aware of the various reasons why some areas have not been revaluated; that is not for us as individual legislators to deal with. I think the important thing is that certainly your community is your concern, and your community is your concern, and this gentleman's community is his concern. We're concerned with the entire State. We're trying to come up with something that's going to be fair and equitable to everybody. I think that's something we have to bear in mind. That's why we're getting as much testimony from all over the State.

I've basically been listening, and I thank you for your input. I'm very impressed by the concerns you have for the other areas in your localities. That to me is very, very important and I just want to thank you. Thanks.

DR. CHAUDRY: (speaking from audience) May I just clarify one thing that Assemblyman just said? The percentage increase that we have, 8.4 percent is from the base of 86 cents. The average annual increase, if you were to look at the five-year span of the total of 33 cents, you can average that to about, you know, about 6.5--(inaudible)

ASSEMBLYMAN NICKLES: Thank you for your information and your documentation. All will be entered into the record.

Sir, when you arrive at the mike, please give us your name and address for the record, please.

M I C H A E L P. C A L L E O: That's Michael Calleo, 348 Mead Terrace. I'm a member of the Board of Education here in Union Township. As you've all heard, Dr. Caulfield has given an excellent presentation as usual, and I do not want to try to compete with that. I just want to make a couple of brief

comments with regard to our first budget that's been passed in six years. We, the Board of Education, as well as community members have convinced the taxpaying, voting public that we will do our best if the budget was passed intact to keep our costs down and provide all the programs that our students need. Now the voters have completed their part of the bargain; they've approved the budget. We're doing our part also to keep costs down, both in small and large areas. It's imperative that your Committee convinces the rest of the Legislature to retain that earmarked money that we have included in our budget. I was pleased to hear your comments that your projection is that that may become a reality, and that's going to let us all breathe much easier from time on.

Another area I wanted to touch on briefly is that I'm also a student here at Kean, and very definitely interested in the education of our students that are going on to college as well as those to other careers. One of the things that I find alarming here -- and I would think that this is an atypical college -- is the enlarging numbers of students that have to take developmental classes in order to proceed with their education. Now, I see this as a failure in the high schools to prepare these students accordingly, and I'm hoping that through the retention of our programs and the introduction of new programs, we can do our part to minimize the amount of students that will be involved in those programs. And I'm hoping that you would address this in your proceedings as well. Thank you.

ASSEMBLYMAN NICKLES: Thank you, Michael. Any questions?

SENATOR EWING: You know, talking about the pension, I have legislation in -- or it's about to go in -- using a \$900 figure. The State would pay that per pupil, so if a district's average pension was \$850, they would not get the extra \$50. It would stay in the pot. And if a district's average pension costs were \$1000, that district would pay the \$100 themselves

and this, we think, would also help out in a court case because the court did mention -- or Marilyn did -- about the inequality, which is perfectly true. So that is already being really seriously considered.

It's not in yet is it? (speaking to aide) It's my bill and I can't remember-- I haven't signed it and put it in yet, but we think we're going to do it very shortly because at least the court will see what we're doing in this present go-round that they're doing right now.

And also the other thing you've got to remember, the background difference between the children in Bernards Township and the children in Newark and Paterson is just--

MR. PETITE: (speaking from audience) Well, we recognize that completely. We're not saying anything about transition aid--(inaudible) But, you know, the costs of the categorical aid where we have very little control over it and they're escalating at rates much higher than inflation and much higher than the taxes--

SENATOR EWING: And the special ed part.

MR. PETITE: So we recognize the problems in the rest of the State, and we're wrestling with those problems ourselves by some of the things that we're doing, but we think we can manage those.

SENATOR EWING: Well, many of us -- or I'd say some of us -- feel that certainly districts should be allowed to tax themselves for additional things. If you want to give Russian and Chinese, there's no reason to say you shouldn't do it, but not because your costs are going up that way but then everybody else has to come up to those costs, as well.

MR. PETITE: That's true, we agree with that.

SENATOR EWING: And also, that the money that goes in to any district, regardless of whether it's special needs or what, is spent on the child. That's the main thing. And that's where I think there's a big perception out there, and I

know that Gene Campbell from Newark is very adamant about how well they spend it in Newark, you know; whether that is correct or not, I don't know. He feels that the major amount of money that they got in this last year, or this coming year, I guess, of what they're going to get, is going for the health benefits, a big percentage of it in their salaries, and very little will go into new programs.

But we've got Commissioner Ellis coming in this coming week, I believe, to the Senate Education Committee to discuss the so-called Braun article that brought out that the money was not being spent on programs and everything like that, and to try to get some factual data about it, that the report that the State put out appears that it could have some errors in it. We just want to ascertain whether that's correct or not correct. If that article is correct, we want to find out damn well why they flowered up the report to make it look as though the QEA was doing such a great job.

But I'm telling you all right here, now: If changes aren't made in the legislation for the '93-'94 year, hold onto your hat and your toupee, boy. There will be a riot, we feel, in New Jersey, because of the way the formula is driven. And even people within the administration recognize there are some major problems with it.

MR. PETITE: Well especially when you mentioned the 3 percent cap.

SENATOR EWING: Is there anybody else that would like to be heard? (no response) No? Well, thank you all. I certainly want to thank the Kean College for letting us use the facility. It's very nice of them.

(HEARING CONCLUDED)

**APPENDIX**



TESTIMONY  
JOINT EDUCATION COMMITTEE  
Kean College  
April 23, 1992

James M. Caulfield, Superintendent  
Union Township Schools  
Union, NJ

SENATOR EWING, ASSEMBLYMAN RUSSO, SENATORS, ASSEMBLYPERSONS - THANK YOU FOR THIS SECOND OPPORTUNITY TO APPEAR BEFORE YOU.

SINCE MY LAST APPEARANCE, SEVERAL EVENTS HAVE OCCURRED. AS YOU MAY RECALL, I LAST CAME BEFORE YOU TO PLEAD FOR CAP RELIEF OR A CAP EXEMPTION. WHILE WE SPEND LESS PER PUPIL THAN 90% OF K-12 DISTRICTS IN THE STATE, THE 6.76% CAP WAS FORCING THE DISTRICT TO REDUCE STAFF AND PROGRAMS IN ORDER TO COME IN AT CAP.

I CAN REPORT TODAY THAT SUBSEQUENT TO MY APPEARANCE, I WAS NOTIFIED THAT UNION WOULD AGAIN RECEIVE DESEGREGATION AID. UNION DESEGREGATED IN 1969 UNDER BOTH A STATE AND FEDERAL ORDER AND HAS SPENT APPROXIMATELY \$1,000,000 ON ITS INTEGRATION PLAN, ANNUALLY, FOR THE PAST 22 YEARS. THE ALLOCATION IN THE GOVERNOR'S BUDGET FOR 1992-93 IS \$1,100,000, AS IT WAS IN 1991-92.

I AM HAPPY TO REPORT THAT BASED ON THIS ADDITIONAL DESEGREGATION AID, YOU AND OTHER MEMBERS OF THE BOARD REVISED ITS BUDGET AND AFFIRMED ITS INTENT TO REAPPOINT STAFF AND PRESERVE PROGRAMS, IF THE BUDGET PASSED.

I AM DELIGHTED TO INFORM YOU THAT FOR THE FIRST TIME IN SIX YEARS, OUR BUDGET WAS SUCCESSFUL. THE TAX INCREASE FOR EDUCATION WILL BE ONLY \$50 ON THE TYPICAL HOME. WE CAN REHIRE STAFF IN MAY AND PRESERVE OUR PROGRAMS. AS YOU ARE AWARE, WE'VE OPERATED PREKINDERGARTEN AND FULL DAY KINDERGARTEN FOR OVER 15 YEARS. OUR THIRD GRADERS ACHIEVE AT THE SIXTH GRADE LEVEL. IN THIS WORKING CLASS SUBURB, WITH A PER CAPITA INCOME OF \$15,000, UNION BOASTS A 1% DROP-OUT RATE; 80% OF OUR GRADUATES CONTINUE THEIR EDUCATION AND WE ARE THE LOWEST SPENDING DISTRICT IN UNION COUNTY.

MY PLEA TO YOU IS TO CONFIRM OUR AID, INCLUDING OUR DESEGREGATION AID, FOR 1992-93. THIS WILL MAKE US WHOLE. THE DESEGREGATION AID, THE OTHER AID, AND THE BOARD'S OWN SUCCESSFUL EFFORTS TO CONTAIN COSTS WILL ALLOW US TO REMAIN INTACT.

I WANT TO CONGRATULATE BOTH COMMITTEES FOR YOUR EXPRESSED DESIRE TO REFORMULATE STATE SCHOOL AID, BALANCING THE VARIOUS ELEMENTS AND RECONCILING COMPETING PRIORITIES. PLEASE CONSIDER PER CAPITA INCOME AS A FUNDAMENTAL COMPONENT OF YOUR FORMULA. DO NOT ABANDON THE CAP CONCEPT, BUT MAKE IT REALISTIC AND HAVE IT APPLY ONLY TO THOSE COSTS, e.g., SALARY, BENEFITS, STAFFING AND SUCH, OVER WHICH A DISTRICT HAS SOME DISCRETION AND EXEMPT FROM THE CAP THOSE COSTS OVER WHICH A DISTRICT HAS NO DIRECT CONTROL, e.g., INSURANCES, COMPLIANCES, STATE MANDATES, ETC. IN ANY EVENT, I AM CONVINCED THAT THE OUTCOME OF YOUR STUDY AND YOUR DESIRE TO IMPROVE EQUITY WILL, IN THE LONG RUN, IMPROVE OPPORTUNITY FOR ALL OUR CHILDREN. THANK YOU.

PRESENTATION

by

Thomas Moschello  
President

Dr. M. Ali Chaudry  
Vice President

**BERNARDS TOWNSHIP  
BOARD OF EDUCATION**

BEFORE THE

JOINT LEGISLATIVE COMMITTEE ON EDUCATION

REGARDING  
IMPACT OF THE QUALITY EDUCATION ACT OF 1990  
ON SCHOOL DISTRICTS

APRIL 23, 1992

KEAN COLLEGE

# **BERNARDS TOWNSHIP BOARD OF EDUCATION FINANCIAL PLANNING MODEL**

## **ASSUMPTIONS**

- **STATE AID PER QUALITY EDUCATION ACT  
( CURRENT INTERPRETATION)**
  - STATE ASSUMPTION OF TEACHERS PENSION & FICA THROUGH 1992-93
  - TRANSITION AID TO BE PHASED OUT BY 1995-1996
  - CONTINUATION OF SPECIAL ED AND TRANSPORTATION AID
  
- **INFLATION RATE AT 5% A YEAR**
  
- **CURRENT EXPENSE**
  - CONTINUATION OF EXTENDED DAY KINDERGARTEN
  - INCREASED CLASS SIZE (K-5 FROM 21.5 TO 23.5)
  - ENROLLMENT GROWTH OF MORE THAN 1,000 STUDENTS

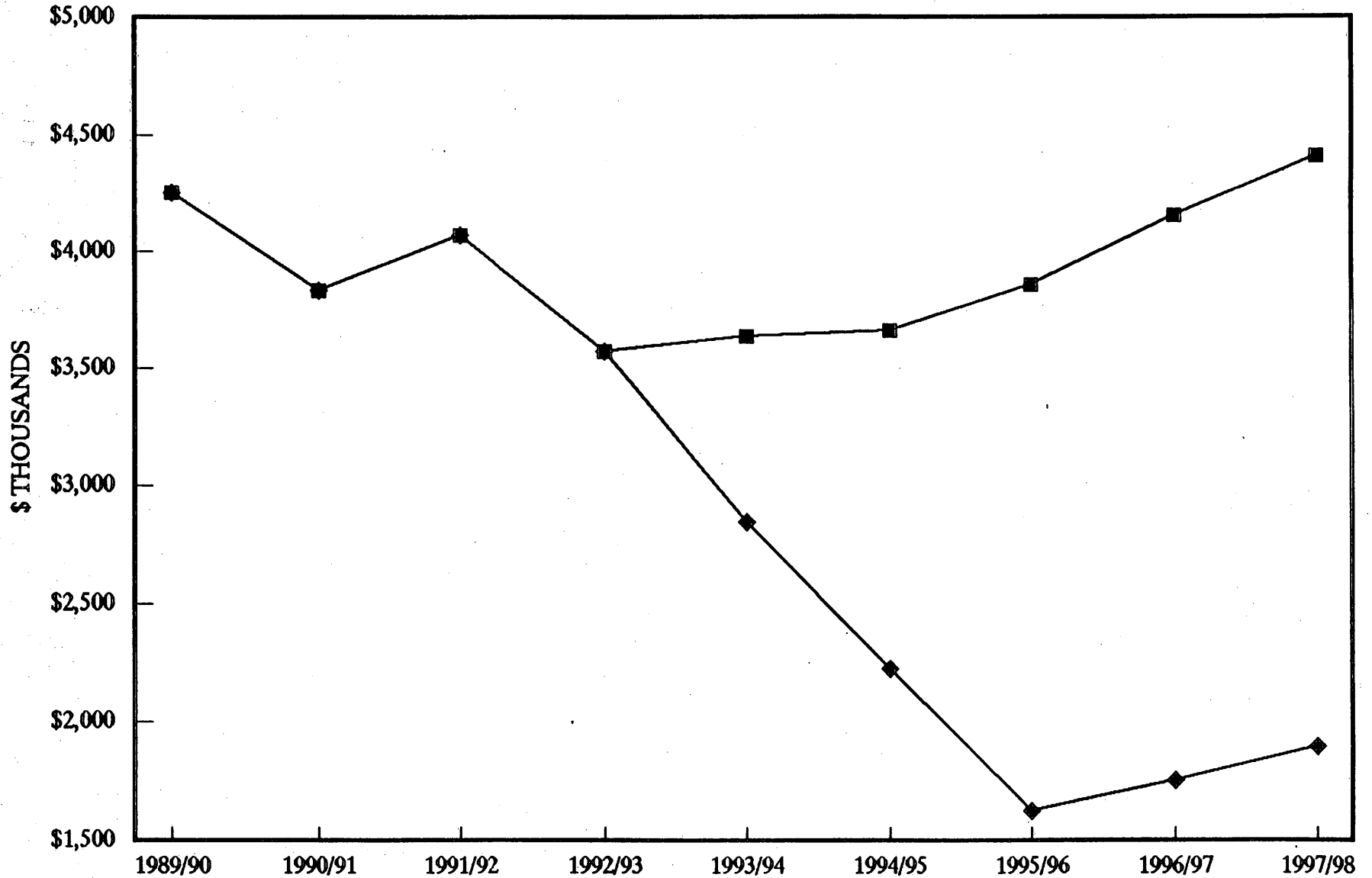
|         |       |
|---------|-------|
| 1992-93 | 2,276 |
| 1997-98 | 3,280 |

  - ENROLLMENT GROWTH WILL REQUIRE 37 ADDITIONAL TEACHING STAFF PLUS 3 SUPPORT STAFF
  - CHANGE IN GROUPING STRUCTURE
  - CONTINUATION OF ALL OTHER PROGRAMS
  
- **DEBT SERVICE INCLUDES \$2 MILLION  
FOR NEW FACILITIES TO ACCOMMODATE ENROLLMENT  
GROWTH**
  
- **REAL ASSESSED VALUATION GROWING AT 1% PER YEAR**

# DRAMATIC STATE AID LOSS

BERNARDS TOWNSHIP BOARD OF EDUCATION

47



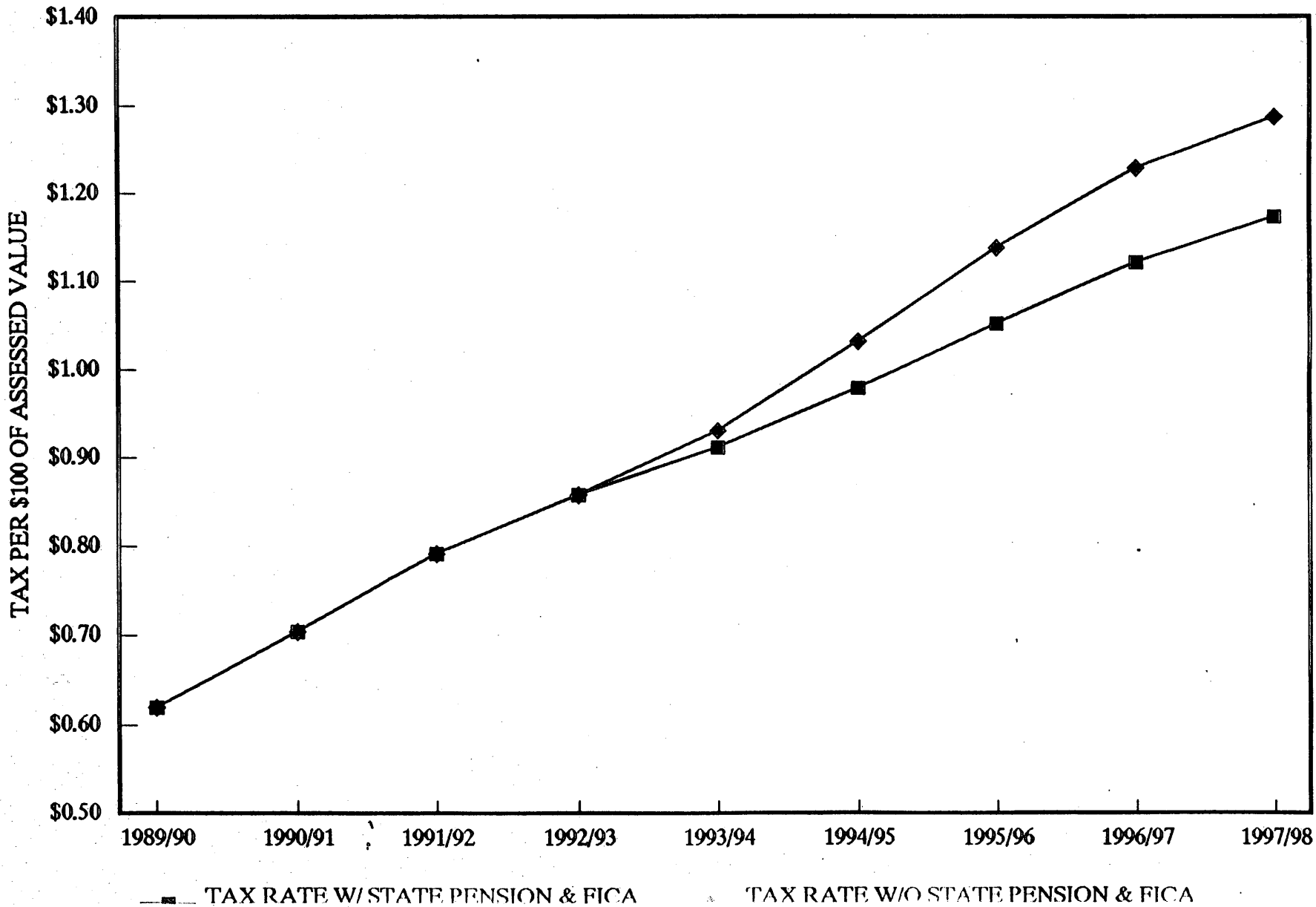
- AID W/ STATE PENSION & RICA

- AID W/O STATE PENSION & RICA

# TAX IMPACT OF STATE AID LOSS

BERNARDS TOWNSHIP BOARD OF EDUCATION

55



**BERNARDS TOWNSHIP BOARD OF EDUCATION  
FINANCIAL PLANNING MODEL**

X9

|                                  | BASE CASE |         | TOTAL<br>CHANGE<br>'92 - '97 | COMPOUND<br>ANNUAL<br>% CHANGE |
|----------------------------------|-----------|---------|------------------------------|--------------------------------|
|                                  | 1992/93   | 1997/98 |                              |                                |
|                                  | -----     | -----   | -----                        | -----                          |
| ASSESSED VALUATION (\$ MILLIONS) | \$2,061   | \$2,166 | \$105                        | 1.0%                           |
| ENROLLMENT (#)                   | 2,276     | 3,280   | 1,004                        | 7.6%                           |
| COST PER PUPIL (\$)              | \$9,271   | \$9,016 | (\$255)                      | -0.6%                          |
| TOTAL STATE AID (\$000)          | \$3,575   | \$1,895 | (\$1,680)                    | -11.9%                         |
| TAX RATE (\$ PER \$100)          | \$0.858   | \$1.287 | \$0.429                      | 8.4%                           |

7x

BERNARDS TOWNSHIP BOARD OF EDUCATION  
FINANCIAL PLANNING MODEL

(Pension & FICA Retained by State)

|                                      | 1992-93 | 1997-98 | TOTAL<br>CHANGE<br>'92 - '97 | COMPOUND<br>ANNUAL<br>% CHANGE |
|--------------------------------------|---------|---------|------------------------------|--------------------------------|
|                                      | -----   | -----   | -----                        | -----                          |
| ASSESSED VALUATION (\$ MILLIONS)     | \$2,061 | \$2,166 | \$105                        | 1.0%                           |
| ENROLLMENT (#)                       | 2,276   | 3,280   | 1,004                        | 7.6%                           |
| COST PER PUPIL (\$)                  | \$9,271 | \$9,016 | (\$255)                      | -0.6%                          |
| STATE AID INCL PENSION & FICA(\$000) | \$3,575 | \$4,411 | \$836                        | 4.3%                           |
| TAX RATE (\$ PER \$100)              | \$0.858 | \$1.173 | \$0.315                      | 6.5%                           |

1.08

