

# *Committee Meeting*

of

## JOINT COMMITTEE ON THE PUBLIC SCHOOLS

*“The Schools Development Authority has been invited to present its Biannual Report”*

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**LOCATION:** Committee Room 16  
State House Annex  
Trenton, New Jersey

**DATE:** December 17, 2014  
10:00 a.m.

### **MEMBERS OF COMMITTEE PRESENT:**

Assemblywoman Mila M. Jasey, Co-Chair  
Senator Linda R. Greenstein  
Assemblywoman Sheila Y. Oliver  
Assemblyman Benjie E. Wimberly  
Assemblywoman BettyLou DeCroce  
Assemblywoman Donna M. Simon



### **ALSO PRESENT:**

Amy Tibbetts  
*Executive Director*

Rebecca Sapp  
*Executive Assistant*

*Meeting Recorded and Transcribed by*  
The Office of Legislative Services, Public Information Office,  
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

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**SENATE**

Hon. Ronald L. Rice  
Co-Chair

Hon. Diane B. Allen  
Hon. Christopher "Kip" Bateman  
Hon. Linda R. Greenstein  
Hon. M. Teresa Ruiz  
Hon. Samuel D. Thompson

**ASSEMBLY**

Hon. Mila M. Jasey  
Co-Chair

Hon. Ralph R. Caputo  
Hon. Betty Lou DeCroce  
Hon. Sheila Y. Oliver  
Hon. Donna M. Simon  
Hon. Benjie E. Wimberly  
Hon. David W. Wolfe

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**MEETING NOTICE**

**TO: Members of the Joint Committee on the Public Schools**

**FROM: Senator Ronald L. Rice, Co-Chair**  
**Assemblywoman Mila M. Jasey, Co-Chair**

The Joint Committee on the Public Schools will hold a meeting on Wednesday, December 17, 2014 in Committee Room 16 on the Fourth Floor of the State House Annex, beginning at 10:00 a.m. The Schools Development Authority has been invited to present its Biannual Report.

**The public may address comments and questions to Amy Tibbetts, Executive Director, at 609-847-3365, or by email at [Atibbetts@njleg.org](mailto:Atibbetts@njleg.org)**

Issued December 2, 2014

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**ASSEMBLYWOMAN MILA M. JASEY (Co-Chair):** Good morning.

Well, first of all, I want to thank everyone for coming at this time of the year. But this is a really important topic for -- certainly for our children.

And I apologize that some of my colleagues are not here yet, but I would like to start and respect everyone's time.

This morning Senator Rice will not be able to join us; so I'm Assemblywoman Jasey from the 27th District, and as Co-Chair of the Joint Committee I'll be chairing the meeting this morning.

Our goal is to hear from everyone, allow time for Q and A, and be on our way out of here by 12:15; and I think we can do that.

This morning we're going to hear first from Charles McKenna, Chief Executive Officer of Schools Development Authority. And he is going to give us -- welcome, Assemblywoman, come on up -- he's going to give us the Biannual Report, and my colleagues have copies in their folders of the report. After he finishes the report and his comments, we're going to open up for Q and A from the legislators.

And he'll be followed Dr. Rocco Tomazic -- I hope I pronounced that correctly -- the Superintendent of Freehold Borough; David Sciarra, from the Ed Law Center; Deborah Cornavaca, from Working Families and speaking on behalf of Healthy Schools; and Sean Spiller, Secretary and Treasurer of NJEA.

So I think we have a nice mix of presenters this morning. And the goal here is to understand where we are currently with school construction and facilities, expenditures, what is the need, what are the

priorities, how are we going to move forward; and what do we, as the Legislature, need to do next to support all of our school districts throughout the state.

So with that, I'm going to turn this over to Mr. McKenna.

**C H A R L E S    B.    M c K E N N A,    Esq.:** Thank you, Assemblywoman, and good morning, everyone.

It's my pleasure, really, to be here this morning to have the opportunity to discuss the progress of the State's school construction program.

I'd like to take a moment to introduce the two people who are here with me today: Andrew Yosha is on my left; he is the Executive Vice President in Program Operations and Management in my office; Jason Ballard, on my right, is the Chief of Staff; and Kristen MacClean, our Legislative Liaison -- among other things -- is here in the room as well.

ASSEMBLYWOMAN JASEY: I apologize. You just reminded me -- I did not give my colleagues a moment to just introduce themselves and say a few words, if they would like to -- my apologies.

Assemblywoman Simon.

ASSEMBLYWOMAN SIMON: Thank you, Chair,

Well, I am happy to be here. I very much am looking forward to learning more and how we can be of assistance. And especially, at the end of the day, it's supposed to be about the children so we want to make sure that we're here to be as instrumental as possible.

Happy Holidays, Happy Hanukah, Merry Christmas and Happy New Year to everybody.

Thank you.

ASSEMBLYWOMAN DeCROCE: Thank you, Chairwoman.

I'm happy to be here today. I tend to know each one of you, and look forward to hearing your testimony.

Since I arrived in the Legislature, I've served on Education; I have been on the Joint Committee since I arrived here as well. And I have deep convictions pertaining to children in school, and my beliefs in trying to work with the departments within the State and the school districts to do what's best for our communities, and to capitalize on the best way we need to spend the money so that it reaches the children directly.

So I look forward to working with you. I do have some questions for you, but I'm going to hear your testimony. And some things that I had been working on that I needed some information from you -- so this is an opportune time for that.

So I look forward to testimony today, and I look forward to working with you.

Thank you.

MR. McKENNA: Great. Thank you, Assemblywoman.

ASSEMBLYWOMAN JASEY: That was Assemblywoman DeCrocce.

Assemblyman Wimberly.

ASSEMBLYMAN WIMBERLY: Thank you, Madam Chair.

Good morning. It is definitely a topic that is near and dear to me. You guys have been in my district a lot lately and I haven't been able to catch up with you, but as long as you're here -- and that's a good thing.

I know I have heard great reviews from Garfield; they are very excited. The Councilman texted me this morning and said he rides by the

site every day just to make sure things are moving. And they are very excited, after 20 years, to have a new school going up in their city. And that's what it's about

And, as you know, I also represent Paterson. And you've heard my song and dance, for over the last three years, what a major concern -- with 19 school buildings over 100 years old. And some of the things-- I know when -- reaching out in reference to some of the issues we had at Don Bosco Tech and International High School, that you have been very attentive to it.

I'm looking forward to hearing your report today, and I'm sure I will have many questions. And I look forward to continuing to work with you for what's best for our children and to create a good learning environment -- not a *good* learning environment, but a *great* learning environment for them and for their communities.

Thank you.

ASSEMBLYWOMAN JASEY: Thank you very much.

And now, back to you, Mr. McKenna.

MR. McKENNA: Great, thank you.

So I've been on the job for almost a year now, and what I can tell you is that the reforms and the policies that were implemented under Governor Christie and my predecessor, Marc Larkins, really are paying off. We are building schools on time, we are building schools on budget, and we are getting Certificates of Occupancy for the schools that we build at the time those buildings open -- which are things that were not necessarily the norm in the past.



As I said in the Biannual Report, the last six months have been marked, really, by a flurry of activity. We opened the Long Branch Catrambone Elementary School; and in New Brunswick, we turned over to the district the Redshaw Elementary School which will accept students in January.

This summer, in something that was pretty unprecedented, we relocated the entire student body of Trenton Central High School to temporary swing space in three separate buildings. That involved renovations in each of these three buildings, and that again was done on time -- because we could not be late for September -- and on budget. This will permit us to build a new Trenton Central High School on the same footprint as the existing building, which is something that the community wanted.

Construction work has started on projects in Bridgeton, Paterson, Newark, Passaic, and Elizabeth -- amongst others. We currently have 12 projects in active construction across the state.

Of the 41 projects that have been approved as part of the SDA's capital portfolio, 3 have been completed now and more than half have already initiated construction or design-build contract activities.

We are continuing our effort to complete all of the site work prior to the construction phase in order to ensure that construction moves forward unimpeded. One example of this effort is in Newark at the South Street Elementary site. The effort to remediate this site is extraordinary, frankly. To date, more than 40,000 tons of replacement stone and backfill have been put in place, and 7.2 million gallons of contaminated water have been treated -- all to ensure that once we start to build on that site we know

we will be building on something that is safe, and that is clean, and is going to be protected for our students.

Another ongoing effort that I'm sure you've all heard about is Trenton Central High School, which I alluded to before. I'm pleased to say that we're moving forward with plans to build an entirely new school there. We will begin asbestos remediation in the spring, and we will actually start to demolish the building in September. We've had an incredibly productive partnership with the School District and the community, and that really has been vital to advancing this project to the point where it's at today.

You may have also heard the Governor's announcement recently that we are going to spend \$50 million to rehabilitate Camden High School. This is a significant project, and we are looking to advertise for the procurement of a design consultant before the end of the year -- so in a few weeks -- so we can get someone on board to help us develop a complete scope for this project in order to make sure that we provide the serious upgrades that are needed at the Camden High School.

As I'm sure you're also aware, the SDA is responsible for emergent repairs in the State's 31 SDA districts. It is important to remember, however, that we are not responsible, nor are we permitted, to deal with emergency or maintenance issues -- that is the responsibility of each of the districts.

But under the Christie Administration, the SDA has completed 52 managed emergent projects; we currently have 4 in construction, and 7 projects in design, and 1 in design procurement. Local school districts are also working on another 36 projects that were previously delegated to them for management.

And there's been some press recently -- up in the Paterson area, Assemblyman -- about there being no money available for emergent projects. That is incorrect. If a condition meets the emergent designation and approval from the DOE, we will undertake that project. That being said, our resources are not infinite. At some point, money will be a problem.

We are, however, taking a look at this issue of emergent projects, and I believe we need to get a complete inventory of the conditions in all our buildings throughout the state. We need to be more proactive about learning our buildings' conditions and what needs to be addressed in the coming year so we can plan accordingly.

On the Regular Operating District grant programs we've also seen a great amount of activity this year. Our grant staff has really worked diligently to expedite the execution of hundreds of grants -- and this was especially true in the late spring, as many school districts looked to be able to start work over the summer months.

During this reporting period alone, the SDA has executed 710 grants in 188 school districts, representing a State investment of \$168.6 million. At this point, all of the money that has been allocated by the Legislature to the ROD grant program has been committed to approved grant programs; therefore, in order to approve future grant projects, additional funding for the program may be required.

I believe that the SDA processes that are now in place are producing great results. The Long Branch Catrambone project was the first one to undergo our enhanced constructability review process, and I think that it really proved beneficial. That project did not see the large types of

change orders that had been the norm in the past. So we are using this process on other projects as well, with similar results. While the review takes additional time at the start of the project, we are seeing that once construction begins it is moving along more efficiently and more effectively. And following successful completion of the review, the costs and timeframes have proven more predictable for us.

We are also happy with the result of the design-build process that we're using in certain schools. The Redshaw School in New Brunswick, for instance, was completed using this approach. As a result of the hard work of the contractor and our ability to basically overlap elements of the construction, this school was completed months in advance of our original estimates. So it's rare that you have the SDA sitting before you saying things like *completed*, *in advance*, and *on budget*, (laughter) but I can report that.

I'd like to update you on some of our efforts to collaborate with the community to provide information and to be more transparent to everyone. We've made some major changes to our website to provide more up-to-date information. So if you go to our home page now you can actually access certain webcams which give you up-to-the-date video of what it is we're doing on the job sites. And you can access project information and status updates for all of our capital portfolio projects.

And now many of these changes were put in place in response to the meetings we've had with community leaders who wanted this information. They were right to want it, and we want to make sure that we provide what they need. And we will continue to have ongoing

conversations with them to make sure that we're attentive to the needs of the community.

ASSEMBLYWOMAN JASEY: Can you give us that website?

MR. McKENNA: It's [www.njsda.gov](http://www.njsda.gov), I believe.

ASSEMBLYWOMAN JASEY: Perfect.

MR. McKENNA: And if you go to the right side, there's a red (*sic*) button; and if you click on it, you'll get these time lapse-- They are especially nice in PS 16 up in Paterson, to see how -- and Elliott Street in Newark.

ASSEMBLYWOMAN JASEY: Thank you.

MR. McKENNA: You're welcome.

And we have been out in the community, as we should be. We regularly attend meetings with the community on the Trenton High School project; I've had community meetings in Newark related to the South Street project; and I've attended meetings in Orange and Perth Amboy, amongst others. We know that in order to be responsive to the community that we need to be out in the community.

Our Board of Directors has begun to hold some of its meetings around the state so that we can be more accessible to the communities we service. We've held Board meetings in Paterson and Union City, and we expect to hold other Board meetings around the state in 2015.

We continue to meet with various stakeholder groups. We've participated in regular meetings with Healthy Schools Now coalition, and I know that Deborah Cornavaca is going to speak. And I'm sure that she's going to tell you about schools that need to have work done on them -- and we understand that, and we intend to work with her. What I hope she will

tell you is that she has good relations with our agency so that she feels that she has a place to come when she has problems.

We've also had SDA representatives attend meetings and seminars with the Alliance for Action, the New Jersey Association of School Administrators, the African American Chamber of Commerce, the Associated Construction Contractors of New Jersey, and many, many more.

We are committed to increasing the participation in the State school construction program. It benefits both the SDA and New Jersey businesses to be able to take part in our processes. While our small business enterprise statistics consistently show that we are either meeting or exceedingly the 25 percent goal, we always feel that there is more that can be done to engage New Jersey's small, minority, and women-owned businesses.

To that end, we have continued with our small, minority, and women-owned business enterprises' Contractor Training Program. In 2014, we had 21 contracting firms graduate from the program, and we are gearing up for our 2015 program, which will begin in February. Also, in advance of the Trenton Central High School project, we are pairing with the Mayor's Office in Trenton to assist small and minority-owned businesses in getting the approvals necessary to do business with the SDA in order to permit them to compete for the work.

In closing, while I don't think we have it all perfect, I do think that we're getting a lot of things right. We are making a difference, and we are seeing results.

So I want to thank everybody here, and I will answer any questions you all may have.

Thank you.

ASSEMBLYWOMAN JASEY: Thank you.

I'm trying to remember the last time we had the head of the SDA speak to us. It's been a few years, I believe.

MR. McKENNA: It was before my tenure, so--

ASSEMBLYWOMAN JASEY: Yes, yes -- I know that.

And I want to say, at least at the outset, it's good to hear about projects that are not only underway, but that have been completed. Because one of the questions, certainly, in my mind, continues to be: What exactly was going on for all those years after the money had been committed? And basically things weren't happening. And, at that time, I still represented, for example, Orange. And we thought that the Cleveland Street School was going to be, if not replaced, certainly renovated.

So this is good news, and I'm really happy to hear it, and I'm certainly going to spend some time on that website. And I look forward to understanding better, not only what's been going on, but what's planned for the future and what you see as challenges, and priorities, and the role of the Legislature.

But before we go further, I want to welcome my colleague, Assemblywoman Sheila Oliver.

Speaker, would you like to say a few words?

ASSEMBLYWOMAN OLIVER: No; I just certainly want to welcome Mr. McKenna here today.

You know, the Joint Committee is really seeking to work, in a bipartisan fashion, to examine issues that are affecting our public schools. And, you know, construction and the school construction area -- we've been

down a long and arduous road. And in some of the districts that we represent, we are still queried by leaders of some of the school districts who anticipated that they would get emergent relief for health and safety issues that exist in some of their schools. And as Assemblywoman Jasey pointed out, some did things internally in their districts to close schools, move students, realign them -- and they're wondering what's going on.

I know that I was visited by a member of the East Orange Board of Education several weeks ago, because a school that is known as the Sojourner Truth School had gotten a commitment in writing that a new school would be built there. And it's the 5th Ward of East Orange, so in anticipation of a school being built, the District closed the school and is busing students to schools within the District. And it seems like they can't find out if, in fact, that school is going to be replaced. So many of us, as legislators, haven't been able to get answers to things like that.

MR. McKENNA: I can answer that. You know, we've been on the phone with East Orange, and I think that's the George Washington Carver School--

ASSEMBLYWOMAN OLIVER: Correct.

MR. McKENNA: --that we've been talking about. And I can tell you where that is now. There apparently is, I guess, a question between the DOE and the District as to whether or not there really is a need for the school. Certainly we have the funding ready to go, but the DOE has to see a need for the school. And if the need is there, then we'll begin on that project.

ASSEMBLYWOMAN OLIVER: Okay. The other thing that I would like to ask you about -- and I am being very parochial right now -- we



had some fabulous schools built with the State support. And as a result of that, we do have vacant properties. And I know that it has been difficult for the charter schools to negotiate in good faith with the District, in terms of the use of those facilities. Is my understanding correct that once you have dedicated money to construct a new school, and depopulate a school-- When that school remains vacant and unused, who owns that -- the State of New Jersey or the district?

MR. McKENNA: That depends, actually, on how the school was built. So if the SDA acquired the land upon which the new building is built, then we have the right of first refusal if the district wants to sell that. If we have not purchased the land upon which the new school is built -- so if it was given to us, or if it was school property -- then it's up to the district to dispose of that school. What I don't know is whether or not the State of New Jersey or the Department of Education can lay claim to some of those funds. That's an answer that I just don't know because it's beyond the realm of what it is we do.

ASSEMBLYWOMAN OLIVER: Because what my concern gets to be is the annual maintenance, upkeep, and security for those properties.

MR. McKENNA: And as someone whose agency owns a lot of property -- property that's not necessarily the greatest property in the world -- I understand that fully, because we pay a lot of money to shovel the snow, to make sure that fences are up, to make sure that there's no hazards for children who may wander onto that. And it can be a very costly endeavor to do that. So I understand that. But I would love to help them work through that if they want.

ASSEMBLYWOMAN OLIVER: Okay, thank you. I will relay that message.

MR. McKENNA: Thank you.

ASSEMBLYWOMAN JASEY: Assemblywoman DeCroce.

ASSEMBLYWOMAN DeCROCE: Yes, on the subject of the properties that Assemblywoman Oliver just spoke about. I recall my days at DCA and being up in Irvington; and that was a concern. There were vacant properties that were put into place to build schools, and then the schools were not going to be built. So you had the property there. I took a tour -- it was all fenced in, as you discussed. And the school district no longer wanted it. So my understanding was that in order for a district to let go of the property, they have to give a letter to the Department of Education and to the SDA saying that they no longer need the property.

Now, my concern was this: If you have vacant property -- and I don't know if an inventory has ever been done on how many vacant properties have been purchased by the State to build a school, where a school is not going to be built, and the property is sitting there as-- It's a detriment to you, as well as the community, because they are the areas that drug dealers and everybody else are hanging around and being a part of, and the responsibility of the municipalities and the State lies there with whatever may happen.

So looking at that -- and my understanding, and correct me if I'm wrong -- in how you plan to handle it, moving forward; in order-- Once the step is taken that the district does not want the property, they can -- the municipality-- My thought was let the municipality take the property, and let the municipality auction it off, do whatever they need to do. Because in

Irvington, the middle school that they are not going to build is right in the middle of a neighborhood. So you have a new development around it -- there were newer homes built -- and this vacant property in the middle.

What I found out in my research was that the problem was the bonding -- that there were bonds still owed on the properties. So in order to even turn the property back over to the municipality, and the municipality to auction it off, there is still the debt on the property that the State spent to purchase it from homeowners at the time. And there wasn't really an idea or a plan as to how to overcome that, because of the bonding.

So here you have this property in Irvington, still sitting there as of today. And that was, like, four years ago. And there isn't anything anybody can do with it, because of the bond on the property to purchase it for a middle school that's not going to be there. And the Board of Ed has chosen not -- they have said, "We don't need it, we don't want it." And I think you may recall the meetings that we did have on that.

So that's a problem in Irvington; but I think it's all across the state there are properties that have been purchased for potential schools -- over many, many, many years -- that are not happening; the properties are sitting there. And how do we dispose of them to get them back on the tax rolls for the municipalities involved, than to have vacant land sitting there that the State has responsibility to maintain, it's costing the State money, the municipality is not receiving any revenue in a tax-wise -- property tax-wise, and it's not helping anybody.

So I don't know how you overcome that. I do know that policy, at one point, was going to take a look at that. I think it's something that would benefit everybody involved. And since then, I was in the North

Ward in Newark, in the Dayton Street School. I believe the Dayton Street School is now closed, isn't it?

ASSEMBLYWOMAN OLIVER: East Ward.

ASSEMBLYWOMAN DeCROCE: Or, the-- Okay. The Dayton Street in the East Ward; okay. That school -- I took a tour of in the project. So the project wasn't rebuilt, so the school had a charter school in it; the charter school was closed. Now the school is closed itself. There's another piece of property that's just sitting there dormant -- a school.

Those are the things that I think need to be taken care of, because that's not only hurting the municipalities, it's hurting the State. So I think the first step is do an inventory of all the properties and what properties aren't going to be utilized. And then taking a look at that to get them back to the municipalities; and start being proactive in some of the problems of revenue coming into the municipalities, and the cost burden on the State to maintain these empty properties that no one is ever going to do anything with.

MR. McKENNA: Yes, I think that is a vexing problem. But we have to differentiate between SDA-owned properties, and properties that belong to the school districts. We don't have any control over the school district properties. On the SDA properties, we do have a full inventory of them, and we're working with various agencies to deal with that. So for instance, in Trenton we are negotiating with the Mayor's Office to deal with a large parcel of land that they want to put to use. In Jersey City, I've had meetings with the Mayor there about a particular parcel of property that they want to look to for development. And the same is true in Newark, because I met with Mayor Baraka about that. We have two properties in

particular in Newark that people-- So what I ask each of them, when I meet with them, is do they have developers who might be willing to develop that property and incorporate into the development pre-K, K-12 schools so we can get some sort of a public-private partnership together.

So as to the SDA schools -- we are dealing with those properties; we are looking to appropriately deal with the properties. The bond situation that we have is, we have certain bonding covenants that basically say -- and this is right; the people bought the bonds with the idea that we were going to build schools. So we buy the property and now we're not going to build schools with them, so we have to make sure that if we do take that property and dispose of it, we have to dispose of it in a way that is consistent with the bond covenants. So we have to deal with -- it should go for the best and highest use, and it needs to be auctioned at the highest price.

So in the first instance, I want to make sure that we're never going to build a school there -- because the last thing I want to do is sell the property and then somebody says, "Now I need a school." So we look at that, and then we look at ways that we can use these properties -- not just to sell them to get the money back, but use them in a way to leverage the communities and the economic development in the communities so that we can really be a force multiplier for the towns. That would be great in both Jersey City and Newark -- and Trenton -- to be able to team with a housing developer and have houses built, but have a school incorporated into that so we actually get something for that -- and the developer gets something for it, quite frankly -- and the city gets ratables.

So that is something that we're looking at very closely, with an eye towards trying to make some of those deals go. And they'll be something that's unprecedented for the SDA to do, so there will be a lot of hurdles, and a lot of fighting, and a lot of arm twisting. But I think we can get there, because I think that ultimately it will help the cities and the children. And that's kind of the beauty of what I do -- is we get to work, and help kids; which is why, Assemblywoman Oliver, you're absolutely right -- Speaker -- that when you come together and you talk about kids, it really does get bipartisan and people do really do leave their political affiliations at the door.

ASSEMBLYWOMAN DeCROCE: Thank you. And I hope there aren't many obstacles so -- there really shouldn't be. Everybody should try to work together to accomplish what you just talked about, because that's going to benefit all. And most importantly--

MR. McKENNA: Whenever you put two lawyers in a room, you have obstacles -- but we'll get over that. (laughter)

ASSEMBLYWOMAN OLIVER: I keep saying that in the chambers.

ASSEMBLYWOMAN DeCROCE: Yes, right. I think it's so important.

I just have two other questions, if that's okay. When you talked about emergency projects, and you said -- if I'm correct; correct me if I'm wrong -- that some projects do not qualify, and some do.

MR. McKENNA: Correct.

ASSEMBLYWOMAN DeCROCE: Okay. Could you give me an example, on both sides, when you say that?

MR. McKENNA: Yes. Emergent projects are major undertakings. So when we put new roofs on, when we do building envelopes, or we put new windows in, we put new boilers in -- those are the types of emergent projects.

ASSEMBLYWOMAN DeCROCE: Okay.

MR. McKENNA: Sometimes there are situations where -- like, bathrooms get destroyed, or the front stairs fall in -- that's more of an emergency project, and that's more of a facilities project.

ASSEMBLYWOMAN DeCROCE: I see.

MR. McKENNA: Part of the problem is that there is a grey area there -- as in, when does it reach the level of being an emergent project such that we take it over. The DOE acts as a buffer between the school districts and us, so the way it works is the school districts will apply to the DOE and say we think we have an emergent project here. The DOE then decides whether that is an emergent project, and then they'll turn it over to us if they deem it such. It seems like we always get the blame for that, but that's just the nature of the beast. But I think what we need to do, and one of the things that I've tried to do by really opening up the dialogue with Healthy Schools Now, is they're on the ground in a lot of places and they see this. So they can meet with us periodically and bring the complaints and the problems to us, and we can try to sort that out. And also, by getting out into the community and hearing what the community has to say, we're trying to basically explain what it is that's emergent, and what's not. And also, I think by us trying to get a handle on-- Normally, in the past, the way it's worked is we've gone to the school districts -- or the DOE has, and said, "Tell us what your problems are." I think we need to be more

proactive in going out and finding out what the problems are, because we have some of the experts: we have the engineers, we have the architects, and we should be out there saying, "This is what these schools need," and being able to triage them, from our perspective, so that it's not necessarily the squeaky hinge that gets the oil -- it's the kids who need it the most who get the fix.

ASSEMBLYWOMAN DeCROCE: Okay. I have--

ASSEMBLYWOMAN JASEY: Sure; you want to finish?

ASSEMBLYWOMAN DeCROCE: Yes.

On the projects-- And you said you're on budget with most of your projects. When you say that, are there change orders in the projects? Is this-- Overall, when the specs go out, are the projects built according to the specs without change orders, or is there a percentage -- maybe 20 percent -- that you allow for change orders that you're talking about being on budget? Could you explain that?

MR. McKENNA: Yes. Whenever we do a budget for a project, we always build in a reserve fund -- because we know that there will always be change orders, because you never know what you're getting into.

However, the question is what's the magnitude of these change orders, right? So when you get change orders that are 10 percent of the overall cost, that's a very high number, and it's a number that, unfortunately, we've seen in the past. What we're seeing with our design-builds -- and we haven't done a lot of them -- but we're seeing that that number is coming down into a single digit, and maybe 1 or 2 percent. Because the way design-build works is, we go out and we say, "This is the kind of school that we want you to build," and then the contractor has to



partner with an architect and they come to us with the ultimate design of the building and say, "We will build this for you for  $X$  dollars." They can't, then, go back and say, "You know, we didn't realize that this was a problem in the design," because they designed it. So when we do design-build, what it does is it puts a lot more responsibility on the contractors to make sure they have it right.

In the old way of doing things, when we would hire an architect to design the building and then a separate contractor to build the building, they would always be able to say, "Well, we didn't realize this was in the plans," or, "This was unclear." Now, even when we do those types of buildings we have what's called a *constructability review*. So we give the contractor the plans, we say, "Look through all of these plans and tell us where there's a problem." And what they'll do, is they'll come to us and say, "Well, here are the problems with this plan." And we can deal with those sorts of change order things upfront, and we can build them into the ultimate -- build it into the budget for the building so we get the budget right in the first instance.

And then what happens is, down the road, where normally we would have change orders and we would stop work, and we would fight over the change order, that doesn't happen. So we can linearly build the buildings. And this is something that we found in Paterson, where I will tell you that we never had a lot of credibility with the community because we made promises in the past that we didn't keep. And we're building two schools there now, PS 16 and Marshall, and I deal with PEOC -- the local community -- and I say, "We're going to build these buildings; we're going to start these buildings on  $X$  day; we're going to put the steel up; and we're

going to finish those buildings with the steel on Y day.” And they said, “Great; we don’t believe a word you say.” And I said, “That’s fine; I understand that.” But we did start the building when we said we would. The footings and foundations were put in when we said they would be. The steel is up when we said it would be. And these schools are going to be completed when we say they will be. And I will slowly begin to make believers out of the people in Paterson. But that’s all part of the processes that we’ve put in place.

And on that, I just -- I know that my predecessor, Marc Larkins, would come here and get a fair amount of grief. But Marc put a lot of these in place that I’m sort of the beneficiary of timing. You know, Marc put the missile on the launch pad, and all I had to do really was come in and press the ignition button. So we’re getting a lot of things done, based upon the work that -- the Governor’s processes are put in, but that Marc, really, instituted.

ASSEMBLYWOMAN DeCROCE: Okay. I only have one last question, and this was my question of the day for you.

MR. McKENNA: Uh oh. (laughter)

ASSEMBLYWOMAN DeCROCE: Because I have this-- I believe in full-day kindergarten, and my colleagues know that that’s a big thing to me. And recently I had a hearing -- I held a hearing in Morris County, in my hometown of Parsippany. And I had 19 Superintendents from across the state that came in. And the DOE did do a presentation.

The numbers are 88 percent (*sic*) of the state has full-day kindergarten; 22 percent do not. Am I right in the numbers there?

ASSEMBLYWOMAN JASEY: Yes.

ASSEMBLYWOMAN DeCROCE: Okay. I knew you would know.

So one thing that we came across that was a problem was the funding source, of course, for some of these districts -- the districts that are left are the districts that are struggling because of the 2 percent cap -- which is something we have to deal with -- and some other issues. But we also found that most of these districts are -- because of expansion, they do not have the room to expand. My understanding was there weren't monies available for that expansion for the full-day kindergarten. So my thought was, under School Choice, if a school was designated a School Choice -- to be able to bring the full-day kindergarten in, could we be able to get additional monies to help the program; and where was the SDA on helping to facilitate the growth of bringing full-day kindergarten in by expanding in another building, or adding on to a building. And actually, my office had given me this: It said, "Regarding the possibility of using SDA monies for full-day kindergarten -- the DOE does not have any control over the process" So the DOE doesn't, but you do. So what is your position with regards to helping -- helping along the districts, that do not have the room, with SDA monies to have that happen?

MR. McKENNA: Well, I think we have to limit the way we work. We build in the 31 SDA districts, and then we administer the ROD grant program for all of the other school districts in the state. So if, for instance, a non-SDA district wanted to expand a school for all-day kindergarten, they would apply for a ROD grant--

ASSEMBLYWOMAN DeCROCE: A ROD grant?

MR. McKENNA: Regular Operating District grant.

ASSEMBLYWOMAN DeCROCE: Okay.

MR. McKENNA: So basically when we came to-- As I understand it, when we came to the Legislature and said we needed *X* amount of dollars -- billions of dollars -- to build schools in the SDA districts, the non-SDA legislators said, "Wait a second. We understand that need, but we also have a need." So what they did was, they came up with our ROD grants and those are grants that non-SDA districts can apply for, and it's usually a 60-40 split. They have to come up with 60 percent of the money and we have to come up -- we provide 40 percent of the money. And they can then use that grant money to do with it what they want. And I think we've administered \$4 billion through that, and they apply for those ROD grants through the Department of Education.

ASSEMBLYWOMAN DeCROCE: And that's on a yearly--

MR. McKENNA: They do it-- Yes. But, as I said in my opening statement, the ROD grant money has been exhausted. So all of the ROD grant money has been applied to grant-- Now, all of the work for the ROD grant money is not done; that's going to take years to do. But all of that money has been exhausted. I think it was about \$4.2 billion in ROD grants.

ASSEMBLYWOMAN DeCROCE: When you say *exhausted*, you mean--

MR. McKENNA: Committed to projects.

ASSEMBLYWOMAN DeCROCE: Committed to projects, so there really is no money, then, for them to apply for full-day kindergarten.

MR. McKENNA: If they are a non-SDA district, and they have not already done that and been given the okay for the grant -- then the answer is no.

ASSEMBLYWOMAN DeCROCE: Well, that's the problem. So you know--

MR. McKENNA: I'm not going to come up here and--

ASSEMBLYWOMAN DeCROCE: No, and I mean--

MR. McKENNA: It is what it is.

ASSEMBLYWOMAN DeCROCE: I want the honesty and that, but I think that this is something that has to be looked at. And I'm sure the Joint Committee, I'm sure the Education Committee -- it's imperative. I think it's extremely important that our children -- with the world of technology and everything that is today, and the way they're educating our children today -- they need to start at a younger age. So, I mean, that's something that I'm going to work very hard with my colleagues -- on both sides of the aisle -- to accomplish. But, you know, maybe that's something you can take a look at in the overall program of the SDA to come up with something. I mean, I used School Choice as trying to come up with an idea of how to qualify monies in a different way to give a different tool to them.

So I'm sure we're all going to work together, moving forward on this, and try to accomplish what's best for the students. So I'd appreciate -- I'm sure we all would -- anything you could look at to help, along with the Department of Education.

MR. McKENNA: Sure. And the one thing that you said -- that the Department of Education said that they had no part in that. I just want

to clear that up: We work with the Department of Education. They are the ones that set the educational priorities; we're sort of like Bob the Builder. So they'll come to us and say, "This is our need. We need you to build a school of this size to accommodate this student population," and then we build it. So we don't set educational policy at the SDA; we're a construction company, in essence. But we do work with the Department of Education. But they set the educational needs.

ASSEMBLYWOMAN JASEY: I think that's an excellent segue, because-- I can call you *Charlie the Builder* now?

MR. McKENNA: You can. (laughter)

ASSEMBLYWOMAN JASEY: No, because one of the questions I had for you -- and then I want to turn it over to my colleagues. And we were talking about this a little bit before the meeting started -- and that is, how do we prioritize the limited funding that we have for the ROD districts, the Regular Operating Districts.

MR. McKENNA: Operating Districts.

ASSEMBLYWOMAN JASEY: It's hard to say. The ROD districts.

MR. McKENNA: I agree; that's why we say *ROD*.

ASSEMBLYWOMAN JASEY: ROD -- right. How do we make those priorities? Because as we were talking about before, there are districts -- and I think we're going to hear from one of those districts following your testimony -- where they need some of the basics, the bare minimum; and there are other districts -- because they got in quickly and got their plans in quickly, and their approvals -- they're building state-of-the-art whatever. And so we have a growing disparity, I think, in the state in terms of

facilities. And that's not right. And I think it's a policy issue and, therefore, would come under the purview of the Legislature to address, and then ask SDA and the Department how they can implement those policies.

MR. McKENNA: And I think the short answer to your question, Assemblywoman, is that the ROD priorities are set at the DOE, so they make their application to the Department of Education, and the Department of Education prioritizes it and says, "These are the ROD grants that you will give out."

In particular, I think you may have been referring to Freehold. There were a couple of ROD grants that they were offered, but were never advanced. Now, I don't know why that was, but sometimes it is that we make the districts show us that they have the matching funds; and sometimes they have go out to the voters for matching funds, and sometimes the voters turn that down. And then they can't get the matching funds so they don't get the grant.

So I don't know what the reason was in Freehold, but I do know that-- It's interesting that you're either in the SDA club or you're out, right? So you are, what would be formerly, an Abbot District or you're not. And if you're not an Abbott District -- if you're Freehold, or if you're North Bergen -- you're treated exactly the same way, for the most part, that Millburn is, or Mountain Lakes, or some of the more well-heeled school districts. That's a problem ultimately, I think, that the Legislature is going to have to wrestle with.

ASSEMBLYWOMAN JASEY: I think that's very well said, and I would totally agree with you on that. And I think that's something that we need to wrestle with.

Assemblywoman Simon.

ASSEMBLYWOMAN SIMON: Yes, thank you.

Just for information -- as I'm going through some of the projects that--

ASSEMBLYWOMAN JASEY: Is your mike on?

ASSEMBLYWOMAN SIMON: Thank you.

Just for information basis -- going through some of the projects that were worked on, statewide -- I noticed there's a pretty large variation in cost. If you look at some of them -- just pulling out a few -- for one of the projects, there was a \$23.3 million project for 160 seats -- which, if you break down, it's about \$143,000 a seat. If you go to the next project, it's \$39 million for 475 seats, which breaks down to about \$82,000 per seat. And there's another one, \$73 million for 600 seats -- \$121,000. So you have \$121,000 per seat, \$58,000, \$82,000, \$143,000. Why the variation in the cost?

MR. McKENNA: I think for a couple of reasons on that. Some of that is when, in the smaller-- When we added 160 seats, we were probably doing an addition to that school. But that addition would also have included a large upgrade into other parts of the school. So we may have redone the auditorium, we may have redone some of the lab work, we may have redone the libraries, and the like. So even though we're only adding 160 seats, we are doing a large rehabilitation of the entire school.

In other areas, sometimes it's the cost of acquisition of the land that is far more-- When we get into densely populated areas and we have to go in and we have to take land by eminent domain, as we've done in the past -- which I'm sort of loathe to do now -- it can be a very costly endeavor.



And then, when we're building in some of the older, more industrial cities like Newark, a lot of the times the environmental cleanup is very expensive. So for instance, when we went into South Street to build a school in Newark, the environmental cleanup there is going to cost us north of \$10 million -- just to do the environmental cleanup. But we have to make sure that when we build these schools that it's clean. So from school to school, from place to place, the cost per school is going to (indiscernible). But our construction costs are basically the same across the board. So it's about \$287 per square foot for us to do new construction.

ASSEMBLYWOMAN SIMON: Okay. And then how do you make a decision whether to acquire new property or use a school that's vacant?

MR. McKENNA: We have to go in and decide what's more cost-effective. So we try to build on vacant schools, but we have a problem of swing space. So, for instance, Assemblyman Wimberly brought up Don Bosco Prep (*sic*) -- which I don't know what they call it in Paterson, but we just know it, colloquially, as Don Bosco Prep. And we have students in that school, and that school is crumbling and, frankly, needs to be rebuilt. Because Paterson is so densely populated, and because we don't really have a place to put those students at the moment, we're in a bit of a bind for Don Bosco Prep. So the question becomes, for us, do we put some money into this crumbling school to keep it open for a period of time, or do we just bite the bullet and find a place for these kids to go to so that we can do it right and knock Don Bosco down? And we're working, as we speak, on a solution to that. And it's a bit of a dicey solution, but I think that, in a couple of weeks, we're going to have a solution to the Don Bosco situation.

But that's always a problem -- that was our problem when we said we were going to knock Trenton Central High School down and rebuild it. Then we sat around and we said, "What are we going to do with 1,200 kids in the next four months to get them out of that school so we can rebuild it?" And luckily the local Diocese had some buildings that were available, but we had to send approximately \$3 million over the summer to rehab those properties to get them ready for the students.

So it's always a bit of a mix -- as to whether you go out and look for new property or not. Perth Amboy is a place where the high school-- We have a site that we think we can build on. Perth Amboy is a district that has terrible overcrowding, and they really are in need of a new high school. But there's only one place that we've found that we can build on. The School Board is not necessarily happy with that site, because it's not the best site that you think of. And so we have to be careful not to let the perfect be the enemy of the good. I can look for a new site, and maybe one will come available in 10 years. But what do I say to those high school students who are going to miss out on a state-of-the-art facility for the 10 years that we look?

I think it's better to build on the property that we think we can build on; but I have a meeting with the School Board on January 7 where I'll try to cajole them into doing that. But at the end of the day, I have to get the School Board on board.

The same thing is true in Trenton. We had a lot of conversations with the community over what we would do with Trenton Central High School. And this is a school that's been standing for 84 years; people have incredible memories in that school, they're tied to that school.

It's a central place in Trenton. And when you tell them you want to knock it down, it doesn't always go over that well.

ASSEMBLYWOMAN SIMON: Sure.

MR. McKENNA: But, you know, through conversations, and talks, and engineering reports, we always get to where, I think, we need to be -- but sometimes, it's a process that takes longer than I'd like it to at times.

ASSEMBLYWOMAN SIMON: Okay. And then the other thing is on -- speaking to the ROD grants. And you have winners and -- for lack of a better term, *winners* and *losers*, where some of the schools have an incredible need, but then other schools-- However the triage process is done, whether it's first come, first served or -- working on new criteria to try to triage in a more effective and fair way. Certainly we will work on that, on the legislative side, but we would appreciate some input from you on how that could be best executed.

MR. McKENNA: Yes, I have my folks working on-- Like, what I want to do is put together a 5-year plan so we have accountability.

ASSEMBLYWOMAN JASEY: Yes, I like that.

MR. McKENNA: And so in doing that, that's one of the things that we're going to be looking at.

The other thing is, how do you deal with maintenance of the schools? Because we are turning over schools, to districts, that are far more sophisticated than they were in the past. You know, heating, ventilating, and air conditioning systems are all computerized now, and oftentimes the school folks don't really know how to deal with them. And they come back

to us in a year and say, "The thing's broken; it doesn't work." And we find out it's more of a computer problem than it is a mechanical problem.

And then also, frankly, some districts are a lot better at maintaining their schools than others are. And so I was in the Cleveland School last week, I think, and I can tell you architecturally it's magnificent. And we're going to do a major renovation of that school, but it's over 110 years old. And I've gone in to other schools that are much younger than that, that I just can't rehab because -- they have to be knocked down because they haven't been maintained as well as schools like the Cleveland School have been maintained.

And I always tell people, when they tell me that we have a lot of schools that are over 100 years old -- I tell them that Princeton University has a lot of buildings that are over 100 years old, too, and people seem to want to go there. (laughter)

ASSEMBLYMAN WIMBERLY: Hopefully with heat; that might be the difference. (laughter)

MR. McKENNA: And so it's really a question of maintenance, and maybe tuition. But we have to look at the maintenance problem as well.

ASSEMBLYWOMAN SIMON: Is there something that we can do to sort of require that somebody be responsible for that maintenance? Is it the local school district, is it on a State level -- DOE. Who would be ultimately responsible for that?

MR. McKENNA: I think it may be a bit of all of the players, and I think we really have to get together and come up with a system that will work to ensure that that's the case.

ASSEMBLYWOMAN SIMON: Thank you.

ASSEMBLYWOMAN JASEY: Thank you, Assemblywoman.

I'm really happy that you mentioned the 5-year plan, because I would love to -- oh, welcome, Senator -- I would really welcome that.

And when you talk about some districts doing a better job of maintaining their facilities -- it's a lot. Having served on a school board, I can recall-- It's mind-boggling when you think about all the responsibilities that districts have. And so perhaps in your thinking about this plan you might make those recommendations in terms of, perhaps we need -- perhaps this is something better done on a county level, or a more regional level, in the higher tech areas.

On the other hand, buildings like Cleveland Street, where I've been many times -- I mean, it is very clean and well maintained. It's just very old and it needs an upgrade desperately.

The one question I have for you -- and then I'll turn it back to my colleagues, and I'll welcome Senator Greenstein -- could you comment on the idea of delegating facilities renovation and construction projects, in their entirety, to the SDA districts so that there is more local control? And you talked about community input, and I very much appreciate your efforts, as described, to engage the community. Because if you don't have buy-in from the community and a sense of ownership, then many other problems arise.

Do you have any ideas about that, or any sense of that? Is this something that we might be moving towards?

MR. McKENNA: I think we-- On certain instances, with some of the emergent projects, we have delegated those projects to some of the

districts that we think are capable of handling the sophisticated type of work that they're going to be doing. And so we're monitoring that, and it's been spotty -- some of the districts are better than others in the way that they're able to take care of the construction and get it done.

My personal feeling is, on delegating entire schools -- you would need a big infrastructure to do that. I mean, we have people who are architects and engineers who go out and oversee these projects. They are extensive projects and you can't really get bogged down -- as we have, frankly -- in change orders and the like. So my feeling would be, as to entire school projects and new capital projects, I think they're better done out of the SDA.

But as to some of the emergent projects, if we can get those done more on the local level then we can expand our bandwidth, because the need certainly outgrows our ability. Because-- I always tell people that my job is a great job because we get to build school facilities for kids -- and there's fewer things that could be better for somebody to do.

On the other hand, the need is always greater than our ability to fill it. And if I were a parent of a student who went to a substandard school, I don't really care that Charlie McKenna has built 500 schools and fixed 400; my kid doesn't go to a good school, and I'm not happy with Charlie McKenna -- and they shouldn't be. And so that's the problem -- that the demand will always exceed our ability to fill it.

ASSEMBLYWOMAN JASEY: Thank you.

Senator, would you like to say hello and--

SENATOR GREENSTEIN: Hello. (laughter)

ASSEMBLYWOMAN JASEY: --welcome?

MR. McKENNA: Hello, Senator. How are you today?

ASSEMBLYWOMAN JASEY: And we're very happy that you were able to join us.

SENATOR GREENSTEIN: Thank you; thank you. And it's great, because I know for me -- I can't speak for anyone else -- this is one of the first opportunities I would have to learn about some of the things that you're doing right now. So it sounds like you're moving ahead well here, and I'm very interested in hearing about that.

MR. McKENNA: We appreciate that. And to the extent you have any questions as you go on, feel free to just contact my office--

SENATOR GREENSTEIN: Thank you.

MR. McKENNA: --and we'd better be attentive. (laughter)

ASSEMBLYWOMAN JASEY: Thank you.

SENATOR GREENSTEIN: Thank you.

ASSEMBLYWOMAN JASEY: Now, I know that we have three -- four other people to hear from so-- Right, so before I let you go, I do want to give my colleagues a chance to ask any final questions.

MR. McKENNA: I know that Assemblyman Wimberly is loading up over there. (laughter)

ASSEMBLYWOMAN JASEY: All right. We'll go to the Assemblyman, and then to the Speaker.

Thank you.

ASSEMBLYMAN WIMBERLY: Thank you, Madam Chairwoman.

Mr. McKenna, real quick -- emergent projects that you talked about. You also brought up Don Bosco Tech -- that's what it's called -- the project there.

MR. McKENNA: We did.

ASSEMBLYMAN WIMBERLY: And the status of Don Bosco Tech-- I mean, obviously we talked about this last year, I think, when you first came on, where when it rains, it's a major problem there. What's the status of Don Bosco Tech?

MR. McKENNA: I'm presently looking to find swing space for those students. And if I can find swing space and get those students out of there in September, Don Bosco Tech will be no more. But I don't know that I'm going to be able get that deal done; and if I don't I'm going to have to do some remedial work there -- which is really troublesome for me, because I'm going to have to spend a couple of million dollars on a building that I know I want to knock down. So we're right now -- its crunch time for us to try to find a facility where we can move those students into; and I think I have one, but it's going to take some negotiations with a lot of different parties to get there.

ASSEMBLYMAN WIMBERLY: Which leads into my next question. And I know you're a big fan, and we talked about this before. We have an outstanding facility in Paterson Catholic, which is in a great section of the City of Paterson. It has its own fields, it has a gym. I think their only issue was some roof issues that I think were minor; I think the building is around 35 years old -- 40 years old.

MR. McKENNA: It was built in 1966.



ASSEMBLYMAN WIMBERLY: 1966; okay. So you're on it -- which is great.

MR. McKENNA: I'm on it.

ASSEMBLYMAN WIMBERLY: And the issue is that I know at one point the charter school moved out and another charter school moved in through leasing. And now the charter school that moved in is -- they are only using a very small portion of the building which, in turn, when you're talking about *swing space*-- Not only swing space, but long-term facilities. I mean, you're familiar with our HARP Academy--

MR. McKENNA: I am.

ASSEMBLYMAN WIMBERLY: --which is in the center of downtown Paterson.

MR. McKENNA: In a strip mall; it's terrible.

ASSEMBLYMAN WIMBERLY: Which is the worst facility that a school could possibly be in, as you said. Everybody's not going to be happy with you, but in this circumstance, you can move one of these, obviously, academies or -- the issue that they have with facilities when it comes to athletics and stuff -- to Paterson Catholic. What is the status of your negotiations with the Diocese for Paterson Catholic?

MR. McKENNA: I'd rather not comment on it as this point. But I think that I'll have something to report in two weeks.

ASSEMBLYMAN WIMBERLY: So I'll be hearing from you--

MR. McKENNA: I'll give you a phone call directly.

ASSEMBLYMAN WIMBERLY: --in 13 days and 23 hours.  
(laughter)

MR. McKENNA: Hopefully, sooner than that, but I will tell you this. You will get a phone call directly from me if something works.

ASSEMBLYMAN WIMBERLY: Okay. Because, I mean, obviously, that's the ongoing issue -- Don Bosco Tech, as you know. It could be a good facility, but it's just old. It's one of those--

MR. McKENNA: It will only be a good facility when I knock it down and build a new one. (laughter)

ASSEMBLYMAN WIMBERLY: Yes, thank you. I'm glad.

Just keep my scoreboard; they finally did fix the scoreboard (indiscernible) (laughter)

The next issue is, I guess, there are 10-plus emergent projects. What's the status of the emergent projects in Paterson Public Schools?

MR. McKENNA: A number of those emergent projects have been delegated to the district, and we're looking after them. I think some of them are in design-build, some of them are working through it. So we're monitoring them, but I don't have exactly where every one is, but I certainly would be willing to--

ASSEMBLYMAN WIMBERLY: Through the Chairwoman, if it's possible -- if I could have a written update on the emergent projects. Obviously, this is ongoing. And, as you know, I -- full disclaimer -- work for the School District also in other positions, so every time I walk in the building for my regular job, everybody hits me upside the head with school construction questions.

So Don Bosco-- The last thing, obviously, is a concern; and that is International High School with the atrium and the Fire Marshal situation.

MR. McKENNA: That's all been cleared up. The Fire Marshal is not there anymore. We have a COO situation there on that school, and we're working through it, and I suspect that-- We need to do some brick work, is what it is. We met with the architect and we met with the International Brotherhood of Masons that we had come in and look at the building. And there needs to be some remedial work done there, and we're going to wait until the summertime when we don't have to disrupt the classrooms. And we're going to do that remedial work and then International will be done.

ASSEMBLYMAN WIMBERLY: Okay. And I do want to end on a positive note.

Once again, thank you for your work on Garfield. I mean, their Administration -- everybody is so happy. I mean, it's a big thing: 20-plus years without a building being done there and, as you know, just like Paterson, Garfield's population is busting at the seams also.

MR. McKENNA: Correct.

ASSEMBLYMAN WIMBERLY: And not a lot of space. So I thank you for your work, and I look forward to getting your report on the 10-plus emergent projects in Paterson.

Thank you.

MR. McKENNA: You're welcome.

ASSEMBLYMAN WIMBERLY: Thank you, Madam Chair.

ASSEMBLYWOMAN JASEY: Thank you, Assemblyman.

Speaker.

ASSEMBLYWOMAN OLIVER: Yes, Mr. McKenna. I recognize fully you've inherited a lot of sins of the past. (laughter)

MR. McKENNA: I benefit by it, so it's a two-way street.

ASSEMBLYWOMAN OLIVER: And I was glad we had the discussion that delineates -- some things are in the purview of the DOE, some things are -- you're their subcontractor. And I heard you say that you had two meetings with the Newark Administration around some land issues.

MR. McKENNA: Correct.

ASSEMBLYWOMAN OLIVER: And it brought to my mind how an entire neighborhood was decimated when they thought the Hawthorne Avenue School would be demolished, and there was a whole plan in that area. And people had to sell their homes; some of them felt they didn't get fair market value, etc. We now know that the district is going to, kind of, bring TEAM Charter Academy into that area; and there is an effort, maybe -- this is what the scuzz (*sic*) in the community is -- is that the State will enable TEAM Charter to have acquisition of that land and, perhaps, build something new. Is that something that's in the purview of SDA right now?

MR. McKENNA: Not that I'm aware of. I'm not sure that that's our land, or if that's the District's land.

ASSEMBLYWOMAN OLIVER: Okay.

MR. McKENNA: If it's our land, we just can't go to a particular buyer and say, "You can buy this from us."

ASSEMBLYWOMAN OLIVER: Okay.

MR. McKENNA: It would have to be done on an auction-type basis so everyone would have the ability to bid on it. I have not been made

aware of that particular piece of property, so I can't tell you if anything is going on in my shop with that.

ASSEMBLYWOMAN OLIVER: Okay. And we had a similar issue with two other properties -- one is the infamous 18th Avenue School -- Pink Pussycat. You know, this probably was not in your backyard; a lot of this was done at the District level. They own that property; it had been bequeathed to them by a philanthropist. But the way in which the deal evolved was very shrouded. And there was an-- EDA got involved; EDA provided a grant to an entity, which in turn flipped the grant to another entity. And, I mean, I hope that that's not the way we do things in the future.

Now, that might not have been on your back, because it's not SDA. The school did control that property. But I think that that was not an appropriate way for the District -- which is not your responsibility -- to go about doing that. There were a lot of conflicts of interest involved with the whole transaction and, under statute, the Superintendent of the District is supposed to get the approval of the Commissioner of Education before anything like that ensues. And, for the record, we saw no evidence that then-Commissioner -- I've forgotten; they all change up on me -- but the Commissioner--

UNIDENTIFIED MEMBER OF COMMITTEE: Cerf.

ASSEMBLYWOMAN OLIVER: Yes. And I just want to point that out -- that those are issues that are very disconcerting to members of the Legislature, disconcerting to local communities -- and that is why there is such mistrust in terms of the State and its leadership when it comes to

educational issues. But I know that that was not entirely on your watch, but I wanted to bring that up.

Also not on your watch -- the Schaefer Beer plant was purchased by your preceding corporation. It's down in the East Ward -- Ironbound. I think it was purchased for \$5 million back then. I don't know if you still control that property, or if that property is projected to have something educational built on it. But we all know that back in the day a lot of money was wasted, a lot of money was spent in the wrong way; it's money that we'll never recoup, and we have to move forward. But I just hope we don't repeat things like that, because I think that purchase of Schaefer Beer was all about helping whoever owned Schaefer Beer.

MR. McKENNA: I can't comment on those, because I'm not familiar with the project.

ASSEMBLYWOMAN OLIVER: Okay.

MR. McKENNA: I can tell you that that's not the way we do business now--

ASSEMBLYWOMAN OLIVER: I know; I listen.

MR. McKENNA: --if that's the way we did business then. And we hope to be much more transparent. Although occasionally we do buy schools, so I think behind the Cleveland Street School we're going to buy three properties because we want to expand it. They wanted us to put a big-- Right now, in Cleveland Street, the kids have lunch in the basement.

ASSEMBLYWOMAN JASEY: In the basement.

ASSEMBLYWOMAN OLIVER: Yes.

MR. McKENNA: And it is--

ASSEMBLYWOMAN JASEY: And when it rains, it's like a sewer down there.

MR. McKENNA: It is less than optimal -- we'll just say that. But that will not be the case.

ASSEMBLYWOMAN JASEY: Yes, it's horrible; because that's where the bathrooms are -- in the basement.

MR. McKENNA: We're going to push out the back of that into those three places, and we're going to build a big multi-purpose room so they will be able to eat lunch there. And we're also going to put bathrooms on every floor, and an elevator.

ASSEMBLYWOMAN OLIVER: All right. And I just have a couple of other things.

MR. McKENNA: Sure.

ASSEMBLYWOMAN OLIVER: One of the contentious issues in communities, of course, is when they see the State spending these massive amounts of money, they see trucks pull into communities from Florida and Maryland and Pennsylvania: the issue of providing access to employment for local businesses and local residents in those communities. And I know that you put the projects out to bid; you can't arm twist the people who get these contracts, but they should be encouraged to provide opportunities to small and medium businesses that are in those communities, and to the residents of those communities.

MR. McKENNA: I think you're absolutely right. And we do have a pretty good history of dealing with companies that do business in our state. So for instance, one of our big construction is -- Hall Construction, which is a New Jersey company; and the other companies.

And just the other day, in the Garfield School, I found out that the business that is knocking that school down is called Tricon, and it's owned by a woman. And a lot of people say, "Oh, a woman owns a construction company; she probably sits in the office and does the paperwork." I made her get up on the machine and knock the building down; because she runs all the machines for her company and, frankly, she runs them as well, if not better, than anybody in the company. And so she is sort of a beacon of light -- not only because she's a local business and a business owned by a woman, but it teaches every kid in the state -- or anywhere -- that as a woman you can do it all; you can do whatever you want. And so she didn't want to get on the machine; but I made her get up on the machine to do it.

And so we are cognizant of that, Speaker, and we want to be able to do that as best we can. We twist a few arms, but at the end of the day we don't have the ultimate control over it.

ASSEMBLYWOMAN OLIVER: I understand.

MR. McKENNA: But we do try to twist arms, and we run the small business courses every year so-- Like, last year we graduated 21, and this year we're going to start another course in February. And that brings in small, women-owned, minority-owned businesses and teaches them how to do business with the State.

ASSEMBLYWOMAN OLIVER: Yes.

MR. McKENNA: We know that Trenton Central High School is going to be a big project, and so we have paired with the Mayor's Office there. And we're going to do courses to get the local community people--

ASSEMBLYWOMAN OLIVER: Certified.



MR. McKENNA: --certified so that they can bid on the work. Now, ultimately, whether they get it or not is going to be up to the bidding processes, but we want them in the game.

ASSEMBLYWOMAN OLIVER: Right.

MR. McKENNA: And so we're working hard to do that.

ASSEMBLYWOMAN OLIVER: Okay. And I'm going to just quickly touch on two other things. One, you know there is a -- and I heard you talk about steel several times. And I don't want to put you on the spot, but we're looking at divergences and costs. And there is a bill that is weaving its way through the Legislature that public works projects have to use U.S.-made products. Steel, of course, is involved in this. Does this drive up the cost of our construction?

MR. McKENNA: I don't know that it drives up the cost of our construction now. A lot of our steel is fabricated in Pennsylvania. Now, I don't know where that steel comes from, but I know it's fabricated in Pennsylvania. And it may very well drive up the cost a little bit, but I think it's the Assembly that has to make that decision as to whether or not we're willing to drive up that cost to benefit United States companies. And that, frankly, is above my pay grade--

ASSEMBLYWOMAN OLIVER: I got you.

MR. McKENNA: --but it's for all yours-- (laughter)

ASSEMBLYWOMAN OLIVER: I got you.

And then my last thing is, at the end of the day this is all going to boil down to money. And let-- I always believe in being pragmatic, and we can talk *ad infinitum* about what needs to be done, ROD, etc. The real

deal is we don't have the money. And I don't know if there's an appetite in the State for additional bonding to occur to replenish these funds.

And so I want to raise the issue with you of whether or not we have examined options in financing the construction of schools and the rehabilitation of schools. I know that when I was on a School Board -- it was pre-Abbott decision -- we had to do something, and we began to work with the financial community and we implemented a Certificate of Participation initiative in our District -- which basically meant we sold bonds on Wall Street; we leveraged the assets of our District in order to back those bonds. And our financial advisor at that time told us if we wanted more bonds, he could have sold them. When the market opened up in the morning, by 11 a.m. they had been purchased.

So in the City of East Orange, that is how we built a school on the property of Upsala College; that is how we addressed emergent rehabilitation needs in over 13 or 14 schools.

Are we, as a State -- when you're talking about a 5-year plan -- are we having discussions around alternative ways of generating capital to build and renovate schools? Urban Hope was about that a little bit, because it opened up that opportunity for some communities. But I just, in being pragmatic, know we have to look at alternative ways to generate capital to build and fix schools in New Jersey.

MR. McKENNA: I think you're absolutely right. And we are -- that's one of the things that I'm trying to do with some of these lots in dealing with the developers -- to see if that, in return for the land, they give us back a school. Senator Ruiz and I have had some discussions on public-private partnerships for schools.

It all, as you say -- at the end of the day, it comes down to money, though. Like you can float a lot of bonds and people will buy our bonds because governments are good investment vehicles. But at the end of the day, somebody has got to pay for those bonds. So on the front end it always looks great because you get a lot of money in; but on the back end, somebody does have to pay. And public-private partnerships are similar, in that these private folks, and that, are in it to make money. So we just have to make sure that we look at all these vehicles closely and make sure that anything we do, vis-à-vis that, is advantageous to us. But you're right -- because we need to expand our bandwidth to be able to do more, hopefully, with less.

ASSEMBLYWOMAN OLIVER: Thank you.

ASSEMBLYWOMAN JASEY: Thank you very much.

And I think that's a--

ASSEMBLYWOMAN DeCROCE: (Indiscernible)

ASSEMBLYWOMAN JASEY: Very quickly--

ASSEMBLYWOMAN DeCROCE: Just real quick.

ASSEMBLYWOMAN JASEY: --because we do want to get to our others.

ASSEMBLYWOMAN DeCROCE: Yes, I know.

ASSEMBLYWOMAN JASEY: Okay.

ASSEMBLYWOMAN DeCROCE: And I think you may find this important too.

When you're talking about -- when you've been discussing expansion of schools, new schools, the new technology, how the schools run -- everything is high tech. So my question to you: If everything is high

tech, and you have maintenance personnel who have been taking care of the schools, and now you have high tech that they're going to have to deal with -- that's something strange to them, in a way -- how do they maintain it? Then you have to call outside service people; that's going to cost more money to be able to maintain the schools where they are at.

So my thought is, if the SDA and the DOE looks at a training program for maintenance staff while this stuff is going on, to bring them up and certify them to be able to handle the high tech schools, I think that would be advantageous and save money in the long run for all the districts that go into the high tech field.

MR. McKENNA: And that is what we do. Whenever we put a piece of equipment into a school, the manufacturer comes and trains the district people on that piece of equipment so that they know how to operate it. Part of the problem is that sometimes it's always the bosses who want to go to these training programs and not the people who actually do the work. And sometimes if they train people who do the work, they leave because now they've been given just an extra skill set that makes them that much more marketable to someone else.

And also the equipment is under warranty. And the cost of running these schools, when we give them to them new, is actually cheaper because they're more energy efficient, fuel efficient, and they are easier to maintain than some of the older buildings. So we're cognizant of that; we do train the local maintenance staffs on the equipment, and we have the manufacturer come in and do that.

ASSEMBLYWOMAN DeCROCE: Just one word on that -- and over my years in local government, when we would train individuals for

something, that was a concern -- that you would go to the expense and time of training them and then they would leave. But we always put a codicil in there: If you go through the training program, you're tied into *X* amount of years staying there before you could go off.

MR. McKENNA: And that's up to each district, as to how they want to operate that.

ASSEMBLYWOMAN DeCROCE: Right.

MR. McKENNA: We just provide the service.

ASSEMBLYWOMAN DeCROCE: Thank you.

ASSEMBLYWOMAN JASEY: Thank you.

I'm going to let that be the last question and the last word.

I want to thank you very, very much for your candor, and your obvious willingness to answer the questions and to engage. Again, going back to the community involvement piece, I appreciate that and I think all my colleagues do as well. So I'm looking forward to a partnership with you; an ongoing exchange of information. I'm certain that as questions arise as we work on the policy issues here, we will be in touch with you. And I am certainly looking forward to Cleveland Street, in particular, because I've had a long interest in that particular neighborhood and school.

So you're welcome to stay and listen to testimony of the speakers coming after you. But if that doesn't work for your schedule, we will provide you with a transcript of the meeting.

MR. McKENNA: Great. I'd like to stick around for a little bit of time. I want to thank you for the time you've afforded me today. Certainly any time anyone has a question they should be able to call my office, and I guarantee you will get a result from my office.

And I just want to take the time to wish everybody a very happy, healthy, and safe holiday season and new year.

ASSEMBLYWOMAN JASEY: Thank you very much. And were going to check out that website too.

MR. McKENNA: Please do.

ASSEMBLYWOMAN JASEY: I'd like to next call up Dr. Rocco Tomazic -- I hope I pronounced your name correctly -- Superintendent of Freehold Borough.

And do you need us to dim the lights for your presentation, or can we see it?

**S U P E R I N T E N D E N T R O C C O T O M A Z I C, Ed. D.:**  
If you can see it--

ASSEMBLYWOMAN JASEY: I can see that, yes.

DR. TOMAZIC: Okay.

ASSEMBLYWOMAN JASEY: Okay; thank you very much. And when you speak, turn on the mike; and the smaller mikes are there to record your testimony.

It's all yours; thank you.

DR. TOMAZIC: Thank you very much.

I'd like to say thank you, first, for having us before the Committee. I brought two gentlemen with me: Ronald Ianoale is our Counsel who helped us during the recent referendums that we had; and it's always good to bring a Board Member with you -- Paul Ceppi has come here. Later on when we ask questions, you may have questions of them as well as myself.

I also have, in the audience, a parent -- because the concern for Freehold Borough is so great that as soon as they knew that I was coming here, we had some people come forward as well.

ASSEMBLYWOMAN JASEY: And who are the parents? Just wave your hands.

DR. TOMAZIC: Jean Holtz.

ASSEMBLYWOMAN JASEY: Okay, thank you. Welcome.

DR. TOMAZIC: The best way to begin with Freehold Borough's situation is to start with the facts. We're a small K-8 District, but our enrollment has been growing. We have over 1,623 students, and I put forward the ethnic breakdown of those students because that possibly will become relevant when we talk about various issues when we get later into the presentation.

Also, our free and reduced lunches -- 76.9 percent. Sometimes when I have been making presentations, I sometimes hear gasps when they see that number. And I just want to say right off that we don't consider that a deficit; that's really more of who we are and what we have to deal with. So we just put that up because that becomes a relevant issue, later on, with facilities as well.

We have three schools; two of them are in one complex. We also are renting space in a surrounding school district -- Freehold Township. We have four kindergarten classes rented at excess space in West Freehold Elementary, and two over at Marshall Errickson.

The important number, I think, to focus on is, per a thorough and efficient education, how many seats do we have? We have 1,148 seats. And, of course, I said we had 1,623 students. So we currently have 475

unhoused students -- which, in many other districts, that would equal a school.

So as I said, we have six classrooms that take some of the students -- the pressure off; but the rest of them are kind of crammed into classrooms, crammed into what used to be libraries, administrative space, and sometimes even out in the hall.

This is a standard that the State regulation says, that for a school district of our poverty, we should have class sizes no larger than 21 for kindergarten through grade 3; 23 for 4 and 5; and 24 students for middle school.

Right underneath you'll see the actual status of our classrooms. So for example, I have 32 classrooms for kindergarten to 3 -- 23 are over that standard, so 72 percent of the classes are over; 85 percent for grades 4 and 5.

We're pretty good with the middle school, but that was a little bit like *Sophie's Choice*. I could have made the middle school much worse and helped the others; that was an administrative decision. But I think, taken collectively, you can see that there's just not enough room for the number of students that we have.

This impacts us very negatively across a whole range of areas. First off, of course, our classrooms are very, very high (*sic*). We have insufficient space to do 100 percent of special education pullout. Typically, if a student needs a replacement program, they're pulled out of, let's say, Language Arts. They have to have another room and another teacher to go to. We're currently only pulling out of our Reading block, not our Writing block; and only 50 percent of the Math block at the elementary level.



So we're also faced with what happens if we don't get more space. And this is the most horrendous concept, because if we do continue to grow -- I'll cover the demographics here in a second -- if we get to the point where we just don't have enough space, eventually we're going to have to go to our core business, which is 6-16 years old; and, obviously, we may even have to go back to a half-day kindergarten just to produce the classroom space -- which would be educational suicide; and if necessary, even go into split sessions for the lower grades. Maybe students come at 7 a.m. and go home at 12, and another group comes in at 12 and stays until 5 p.m. -- a very, very undesirable educational atmosphere.

Currently, we have our libraries being used as classrooms, and lunch starts at 10:30 a.m. So many times parents have told me that they show up to pick up their kids with food in the car because they know their students haven't eaten in four or five hours.

By comparison: I call our *regional partners* those surrounding districts; we all feed into the Freehold Regional High School District, an outstanding school district, or the Monmouth County Vo-Tech District. These are the other K-8 districts that feed into that system. You can see the amount per student that's spent. So a student in Colts Neck is over \$20,000 per student; we're at the bottom, at \$11,400. So our students go into 9th grade sitting side-by-side with students who come from these wealthier districts.

We did a demographic study; the short answer was that by 2017-2018 we would have 1,659 students -- and that's what we actually did our building referendums based on. This actually shows the actual number: On the left side you'll see the first projection; we just did another

projection. And in blue is the actual number of students. It's a little bit higher because I make a differentiation between how many students are *in district* versus *out of district*. This is the total number.

If we didn't have any-- Let me just go back a second. All of these projections are based on live-birth cohort reduction rate, which is a methodology of demographers. If in fact, at the middle school, we had no students leave; if every student who was currently in the elementary school stayed with us, this would be the increase at the middle school, going through 2020.

As I said, we have 1,148 seats; 475 unhoused students. And so we put forward an additions/renovation plan that would have brought 17 regular classrooms and increased our core facilities. And we placed this referendum before the voters on September 30. We knew that it would take three years to build and that we could open the doors by 2017-2018. It wasn't everything that we needed; if we had built the referendum plan that we had proposed we would have enough space for 1,581. But we would have improved from what is currently 70 percent of our needs to about 97 percent, depending on how many more came in.

The assumptions were pretty good. We didn't figure that anything would increase in value. Our average home price was \$255,600. We're qualified for debt service aid of 38 percent. The bonds were going to be for 30 years, and it was a pretty good rate of 4 percent.

Our average home yields \$6,175 in taxes, so this addition would have added \$278 on the average home.

The voting results were nearly identical both times we attempted this. In fact, we had fewer yes votes when we tried it on

December 9. Low turnout versus the overall part about who could have voted; but we were very mindful that we had to be informative. We didn't want to be accused of advocating, as you have certainly seen in the media other districts were. This last time we had the vote, the nor'easter came through.

Voters asked us a lot of questions; they said, "Well, why don't you merge with Freehold Township?" Of course, we've pointed out that has to be a common, agreed vote. If we did merge, then the Township would be immediately overcrowded because, as I said, we need about 17, 18, 19 classrooms; they only had 6 that they could lend us.

Very common: people would say, "Why should I pay for children of undocumented immigrants?" That seemed to be a big issue with many. Other questions were that, "Why don't you just listen to the voters?" Of course, our answer to that was that ultimately the town isn't the end of the educational aspect. The New Jersey Constitution guarantees a thorough and efficient education, and that if we don't have enough space then, obviously, we might move beyond the voters.

There is a question -- many of the voters in town know that we're \$7 million underadequate with State aid. And their question was, "Well, if the State's not paying their share, why should I take on more debt to build facilities?" And then there were some people who said, "Just keep renting, finding room wherever you can find it."

So the meat of my presentation this morning is: What can the State do? Obviously, if the SFRA were fully funded, we would be in a much better position. We wouldn't be \$7 million short of money from State aid;

if necessary, I could take that operating money and get modulars and sit and wait for the day that we could do the building.

There was a plan that Senator Beck had advocated, where she would take those districts that were most severely underfunded and over a 5-year period they would be brought back to just 10 percent underadequate. Now, the first year of that we did receive \$435,000, but this last year that stopped -- everything was kept the way it was the year before. And so we basically had a budget proposed that we had to then take out \$435,000. And that's not guaranteed, year-to-year.

And that really put us in a kind of a predicament. For example, some of the wealthy districts that I mentioned early -- if, let's say their mix between tax levy and State aid was 95 percent tax levy and 5 percent State aid, if you tell a District like that that State aid is going to be the same, they still have 95 percent of their budget that they can raise 2 percent. In our case, of course we should be much higher in State aid; we should be about 60 or 70 percent. But right now, we're 48 percent State aid, 52 percent levy. So we can raise 2 percent on the 52 percent; whereas the more wealthy districts could raise 2 percent on 95 percent. We got worse. So whereas, on the face of it, it looks like it's equal and fair if you hold State aid constant, then it just allows the wealthier, at their option, to take more money from their wealth; and we're kind of struggling. And, of course, that's not even accounting for the fact that we're getting more students all the time. That's if everything was equal.

I think securing some ROD grant funds-- I thought it was excellent testimony here before, where it seems like you're either a former Abbott or you're everybody else. I would point out that that seems to be an

administrative decision. Right now, the types of building that we needed would have been called a *Level 2 ROD grant*, and I don't believe that that was funded. It was health and safety, which limited the types of things you could do. So even if we wanted to take that \$32 million plan that we had and apply for a ROD grant, it would not have been eligible. We could have taken pieces of it and applied for it. But I don't believe that there's anything stopping the Department -- unless there's a law that I don't know -- that they could-- Let's say there's a pot of money that would go to the ROD, that some of it could be set aside for districts of low wealth, documented enrollment growth, and then we could have competed with that and had a much more favorable situation.

And then lastly, I think the things that the Legislature could do is to support the Commissioner if, in fact, he has to override the local electorate to get these buildings to go through. We have a unique situation in Freehold Borough; ever since I arrived as Superintendent in April 2013 there's been a suggestion that there might be a Civil Rights lawsuit filed against us on the Board, and against the State. Because the contention is, is that the reason that this situation is left the way it is, is because the students are Hispanic. And as I told the Commissioner -- I said, "I could say it's not true, and the Commissioner could say it's not true. But if you end up in Federal Court, and you're before the bar line, and the Federal Judge says, 'Well, okay, then why is it that way?' what are we going to say?"

And so I think that one of the things that we've been very mindful of is to be very forward, to explain our situation. And I think that not a lot of money-- We're not, you know -- in the big scheme of things, this is a pretty small District. There's kind of a perfect storm brewing here

where the -- we're in the top 15 percent of people who are underadequate; our pay scales are the bottom third -- not the bottom third, but the third-lowest in the state; we know we have more students coming; we've tried twice to get the electorate to agree but, for whatever reasons, we're not successful. If we then go to the Commissioner and say, "Well, really, something needs to be done," I think that if nothing gets done, I just fear that there may be people who might litigate. The Borough already had a situation some years ago where they went to Federal Court and were successful about the muster zone and some -- looking in properties and things like that.

So I don't want to eliminate that as an issue in the overall scheme.

What can the District do? We can try again -- although we don't really have any indication that a third try would be successful. We could try something different. We keep looking around for other locations; Colt's Neck, for example -- we've been there. We talked to Howell, we continue to talk to Freehold Township, because the census in Monmouth County -- everybody's losing population except us. We could appeal to the Commissioner and kind of put it all on his desk and say, "Well, listen. This isn't thorough and efficient. We've tried this; we need some relief." He would have some options, going forward.

Or we could do nothing. But I think that nothing is really -- maybe we're beyond that point. We're really at a point, I think, as the Board and the Administration, that we really have to take a stand here and say that this is not right.

And I just had to end with a couple of pictures to show why *nothing* is really not working. This is our boys' soccer team; they almost won the championship. You see, we have white kids, and black kids, and Hispanic kids and, you know, they work together. And I think it would have been pretty good if the Borough could have worked together in this regard as well.

We have the students doing STEM; again, we're embracing all of the things that we need to embrace, that every other school district does. We have the Hour of Code this last week, where I just took that picture. And we're taking the initiative; we started school uniform standards of dress in the school. Parents have been great about it; it's worked out very well. And we're moving to parity. We had also added some sports. We didn't like the idea that our students went up to the high school, and maybe some other wealthier K-8 district-- Their students were playing sports for three years, and then when it comes time to get on the varsity at high school, our students don't know anything, and somebody else is the Captain of the team -- and who gets, then, off into college because they've had the opportunities.

So this is our newly reconstituted wrestling team that we just started this year.

So I want to thank you again for hearing our brief story. Possibly I've raised some questions that you might want to ask myself, or our lawyer, or our Board member. And I just thank you for this opportunity to put our story forward.

ASSEMBLYWOMAN JASEY: Well, I thank you for your testimony -- and the pictures certainly are worth more than a thousand words.

I could sit here and have a conversation with you for the next couple of hours because you raised so many issues that-- I'm not going to do that, but many of the issues that you raised really go to some of the, I think, fundamental questions that we have yet to answer on a State level -- and that is, how do we fund our schools so that there is parity? Because clearly you're not the only school district, but you certainly are the poster child of a school district surrounded by wealth. And the children in your District are suffering because of their zip code.

So that's the only comment I'm going to make; then I'm sure my colleagues would like to either make comments or ask some questions. And I think this is a great opportunity for us to reopen that discussion and debate about how do we fund our schools so that all children have access to an excellent education -- all children.

Yes, Assemblyman Wimberly.

ASSEMBLYMAN WIMBERLY: Thank you, Madam Chair.

Just a comment. I commend you for this report. I thought it was outstanding. And the reality is, is that, like probably many others, I had no idea that Freehold was this diverse; and particularly with Hispanic population in the 70 percent-- The reality is, is that if you're facing this issue, there are other districts in the State of New Jersey -- because of undocumented workers, and students who are coming here in this situation through building in the area, or whatever it may be that attracts them to this area -- that this is something that has to be addressed. I would love the



opportunity to visit and be on board to do whatever we have to do to assist you. I know this is definitely going to probably become a legal matter, and I'm sure I know that the Educational Law Center is here today. This is something I'm sure they would love to champion and that I would love to be a part of.

But I just feel that if I didn't know that Freehold was this diverse, I'm sure a majority of the State of New Jersey has no clue. And what I'm sitting here thinking is that, outside of Freehold, there are so many other districts throughout the state, in every county, every district that are probably facing something similar to what you're facing.

So I commend you for an outstanding report, and it is something that I would definitely love to work with you and champion with others to bring light to this situation and get the proper funding in your District.

Thank you.

DR. TOMAZIC: Thank you.

ASSEMBLYWOMAN JASEY: Assemblywoman Oliver.

ASSEMBLYWOMAN OLIVER: Yes, I would want to echo the remarks that were made by Assemblyman Wimberly. And one of the things to bear in mind -- you definitely have some facility issues. And when you look at a 77 percent free-and-reduced-lunch population, we also can interpret that to mean that there are attendant support services issues in your District.

And because of your classification, I also know that that means you are not obtaining additional resources that are needed for you to establish the kind of support system that you need in the District. Looking

at the demographics, I can just imagine some of the things that come into the schools that you don't have adequate staff and support staff to deal with. I believe that if we turned the clock back 25 years ago -- before the Supreme Court ruled -- given the profile of your District, you certainly, I believe, would have qualified to be what we call a *former Abbott*.

I don't have the answer, but this is certainly a problem. The overcrowding in your District is essential. And I think when I was raising the issue with Mr. McKenna -- that we know the bottom line problem is the money. And the taxpayers in Freehold Borough-- You know, when you look at the per capita earnings of the households, you can't go down a road. You do have a 2 percent cap. But I think that the problem solving, that has to happen in this building, is coming up with a way to generate resources to support our schools. And taxation isn't going to solve it for us.

I don't have the answer today, but you are certainly deserving of getting some relief in Freehold Borough. And I join with Assemblyman Wimberly and the members of this Joint Committee -- we certainly want to work with you, and to work with the Administration, to work with the Commissioner to see what we could do.

For instance, tell me how you have struggled through even setting an educational and academic structure in place adequately with the English as a Second Language demands that are on your District. How are you dealing with that?

DR. TOMAZIC: Well, obviously, we want to meet the State standards. They set AMAO goals. They want each individual student to achieve a certain growth during the year. They want students to not be in the program longer than a certain amount of time. And probably the most

difficult measure is they want English language learner students to perform sufficiently on the State tests. So those are the three measures that we look at.

So obviously, a complex part of this is that we have students who are born in America, but they are speaking Spanish at home and they come into the pre-K or kindergarten and they're bilingual students. Every student shouldn't be in bilingual for long, but every student who is learning English has to be an ESL student -- so even a bilingual student is getting ESL services simultaneously.

The issue is, space comes right away. Because if I pull out a student to do ESL, they have to have a spot. And you saw in the plan that there were small group instruction spots that were part of the plan.

Speaking about the more money -- I thought a lot about that. I understand that there's not a lot of extra money in the State. But we do have some money. There are a number of billions that are spent on education, and I think that the thing that might help is, that if what money is available were distributed per the SRFA formula, we would get more money. Somebody else has the money, but if the stricture is to say, "Nobody is going to get a reduction, because that's bad," the problem is, I think that the people who might not be as cooperative or insiders -- they're going to say, "Well, listen. We do have some money. Why would you let this be so abnormal? Why don't you just do -- make it fair? Why should, if it's okay for me to have classes of 28, why shouldn't the wealthy districts have classes of 28? Why should they have so much more?" And I think that, ultimately, that's the responsibility that goes back to the State as well.

So it's not just finding more money -- although that would be lovely -- but there is some responsibility for how the money is divided up.

ASSEMBLYWOMAN OLIVER: Thank you.

ASSEMBLYWOMAN JASEY: All right.

Senator, and then Assemblywoman DeCroce.

And I do want to remind my colleagues -- we have two more speakers to come, and we don't want to--

SENATOR GREENSTEIN: I wanted to ask you a little bit about this option, moving forward, that says "appeal to the Commissioner of Education to override, which is rarely done." What are some of the options that you understand to be available to the Education Commissioner as an approach here?

DR. TOMAZIC: I'm a layman. Obviously, our Counsel here has been thoroughly involved in that.

But to my understanding, he could basically override the voters and authorize that project. He could, as I understand it, assign it to an Administrative Law Judge who would have hearings, and we might be forced to divide it between health and safety, or show impact -- adverse impact for not having the space; or any number of other things that may be in the books.

Obviously, it's very rarely done. But since our backs are kind of up against the wall -- and I don't want to go back to the parents and say, "I have to go back to half-day kindergarten" -- we're probably in a position to do that. So--

SENATOR GREENSTEIN: No, I feel strongly that-- Because I've tried to work this for a couple of my towns and haven't gotten

anywhere with it. It's been towns that are big problems -- different from the ones you have, but they are still pretty bad.

I just find that because of the 2 percent cap and policies, it's been very difficult to get any exceptions made at all, even when people are in dire circumstances. And it may be that you are; I don't know all the details there. But it does seem to me that there ought to be more opportunities for the Education Commissioner to get involved. I don't know if lawsuits are always the solution, but to try to help. And I've had many of my towns say, "If only SFRA -- the school funding was implemented, we would get more funds." There are so many different ways that we can approach it, and I know that I've tried hard for a couple of my towns. And there's just been an unwillingness to move in that direction.

One other question I have, and I hope it's not an ignorant one, but I'm just not sure. I see you have a very large Hispanic population. Do you have any sense, first of all, how many are undocumented? Or is that not something you look at?

DR. TOMAZIC: Well, I'm not allowed to ask.

SENATOR GREENSTEIN: Okay.

DR. TOMAZIC: But I do have some sideways ways of figuring this out. I've read documentation that over 90 percent of the Hispanic children in America are actually born here. So I mean, there's a-- We have-- In New Jersey, if I go to work and I present -- I fill out the I-9 form, they hire me and I get insurance -- my children-- If I have some type of regular insurance, that means Dad or Mom has presented proper credentials on hiring. If you're in New Jersey FamilyCare -- which is the authorized

medical for poverty students -- there too, they have to be either a citizen or a resident alien.

So the most amount of students that I could possibly have that would be potentially undocumented would be those who did not have any type of health insurance -- and that figure is very low.

SENATOR GREENSTEIN: Okay. And I guess the reason I ask that is to try to figure out, would your situation be any different if none of the students were undocumented? It sounds like it would be the same -- the same problem, essentially. The issue is not the number of undocumented; it's just--

DR. TOMAZIC: Well, I don't-- I'll subscribe to the answers that I heard, with the caveat that I don't agree with them at all. But what people have said, "I'm not voting for this because, in fact, the Borough is overcrowded and because if I vote for this school referendum I'm enabling more overcrowding in the town." So it's convoluted logic; I mean--

SENATOR GREENSTEIN: Sounds like it.

DR. TOMAZIC: --it's the same thing to say, "Well, you've done so well with so little for so long, that now they think you can do everything forever with nothing." I mean, that's the logic string that that goes to.

SENATOR GREENSTEIN: Yes.

DR. TOMAZIC: But that's the thinking, yes.

SENATOR GREENSTEIN: Well, you definitely have a problem that I hope we'll be able to address.

Thanks.

ASSEMBLYWOMAN JASEY: Assemblywoman DeCroke.

ASSEMBLYWOMAN DeCROCE: Just a few things.

You referred to the DOE Commissioner having the ability to override the voters?

DR. TOMAZIC: Correct.

ASSEMBLYWOMAN DeCROCE: You know, I'm not familiar with that law, or--

**R O N A L D J. I A N O A L E, Esq.:** I can address that.

ASSEMBLYWOMAN JASEY: Is your mike on?

SENATOR GREENSTEIN: Push the red button. If it shows red, you're good.

MR. IANOALE: The Educational Facilities Construction Financing Act, which was adopted July 2000, eliminated -- what Speaker Oliver was saying -- the ability of school districts to go out for long-term leases in excess of 5 years; they issue Certificates of Participation, because that was avoiding the voters' approval.

So when the Educational Facilities Construction Financing Act was adopted, they took that option away and gave the Commissioner of Education the ability to overturn voters who reject referendums, and had him or her have the ability to authorize the debt. That's only been done, I believe, two times since July 2000. The one situation I was involved in was in Clark, and I think there was another school district, more recently, in Hunterdon.

So there would be a formal petition filed with the Commissioner outlining the reasons why this school district needs these facilities for both health and safety reasons, as well as for thorough and efficient educational purposes. He has the ability then to assign an

Administrative Law Judge to what would be hearings conducted with community members, with the professional staff; and also determine the ability to pay on the part of the taxpayers of Freehold, if he were to award an amount of bonds. It doesn't necessarily mean we get everything we want, but there's a chance that we would.

If he authorizes that debt, that whole project then moves over to the Schools Development Authority, and then they do an assessment of those permits and determine the amount of money that the school district is entitled to. This is a long, drawn-out, and expensive process. It will probably take a couple of years. That's why we were hoping the voters would approve this at the numbers we were suggesting.

I notice Senator Greenstein was mentioning some of her school district -- which I'm familiar with, because I work in the Mercer County area -- probably the reason why school districts don't go down this road is because of the expense. It's probably going to take several months for the Commissioner to come up with a decision, and then the whole project gets renewed again by the SDA -- which will take another several months. And then they have to hire professionals, architects, and construction managers to undertake the project.

So there is a provision; there is a vehicle for us to have the voters' wishes overturned by the Commissioner.

ASSEMBLYWOMAN DeCROCE: So basically, the Commissioner would make the decision to appoint a hearing officer.

MR. IANOALE: Yes, if there's--

ASSEMBLYWOMAN DeCROCE: Please. So that the Commissioner himself or herself is not making the decision to overturn it,



they are making the decision to put a hearing officer in place to hear the testimony of the argument?

MR. IANOALE: No, the Commissioner will ultimately make the decision. The Administrative Law Judge will make a recommendation to the Commissioner.

ASSEMBLYWOMAN DeCROCE: Okay. So he has to go through the process.

What I would like, Chairwoman, is if we could have that sent to all the members to take a look at that -- to see the process. So if there is a step in the process that needs to be looked at legislatively, to kind of take any grey area out or make it a faster process in doing it -- that may be something we could look at legislatively.

ASSEMBLYWOMAN JASEY: We can do that.

ASSEMBLYWOMAN DeCROCE: Okay.

ASSEMBLYWOMAN JASEY: Okay.

ASSEMBLYWOMAN DeCROCE: One other question that I had, too, is of course the funding formula -- Assemblyman Oliver discussed that. And the Supreme Court is part of the big problem there in changing the formula. If you were -- you would fall in the category of an Abbott District, but we are where we are with that.

You did talk about kindergarten. Now, you heard me say earlier about what I feel about kindergarten. How many kindergarten classes do you have in your District? How many classrooms do you use?

DR. TOMAZIC: We use eight.

ASSEMBLYWOMAN DeCROCE: Okay, you use eight. So that would give you only four more classrooms if you went to part-time.

DR. TOMAZIC: Correct.

ASSEMBLYWOMAN DeCROCE: Okay. So, you know, I have an issue with that, because I think there are probably other things you can do other than that. So, you know, I'm going to give my feelings on that right here -- so you're hearing that.

And then you did talk about you have 28 children per class, plus.

DR. TOMAZIC: In some cases, yes.

ASSEMBLYWOMAN DeCROCE: Okay. I can tell you that I have done statistics across the state, in my District Office, of the size of classrooms. And I represent parts of Morris, Essex, and Passaic counties. And I can tell you -- and they are not Abbott Districts, not all of them -- most of them are not, I should say -- have classrooms that size or larger. So I don't know if you have done the stats on that to take a look, but they're there. I mean, you can call my District Office and we'd be willing to share that with you.

So I just want to make that clear -- that across the state there are a lot of problems with all the districts, and it's up to us, as a Committee here, to take a look at your problem and the problem that-- Assemblywoman Jasey is right next to me, and she knows up in our area we have the same problem going on. So it's a broad problem; it's just not an issue with you with the size of the classes -- it's predominantly across the state. So I just felt that I needed to put that on the record.

ASSEMBLYWOMAN JASEY: Well, I think as I mentioned, I think that unfortunately the picture that you painted for us is one that does happen across the state. And that's why we, as a legislative body, need to

take up this discussion of, how do we fund our schools so that all children have access to an excellent education? And that there's equity not based on zip code, but rather on us fulfilling our obligations.

But that is, obviously, a discussion for another day.

I want to thank you very much for coming today, and for putting a face to some of these issues for us. I think that's very helpful for all of us as legislators to see and hear.

MR. IANOALE: Thank you.

ASSEMBLYWOMAN JASEY: Thank you very much.

DR. TOMAZIC: Thank you.

ASSEMBLYWOMAN JASEY: Next, I'd like to call up David Sciarra, from the Education Law Center.

And my goal is to finish by 12:30, so we're going to ask that--

ASSEMBLYWOMAN OLIVER: I don't know about that.  
(laughter)

ASSEMBLYWOMAN JASEY: Well, we're going to try, we're going to try.

And he will be followed by Deborah Cornavaca and Sean Spiller.

Thank you. Welcome, David.

**D A V I D   S C I A R R A,   Esq.:** Thank you, Assemblywoman Jasey. It's nice to see you all, and it's nice to be here to talk about my favorite subject -- school construction. (laughter) Again -- yet again.

We've been involved in this, as you know, from the beginning in terms of securing the court ruling in *Abbott vs. Burke* way back in 1998; getting the construction law passed in 2000. And then all through the -- to

the 2000 period -- all the difficulties we went through leading up to the 2008 decision by the Legislature to increase bonding authority for the SDA for both the ROD districts and the SDA districts under Governor Corzine and Director Weiner.

It was good-- I appreciated the Superintendent's testimony. It was excellent, and it illustrated, I think, the problems in the ROD districts that I want to talk about in very vivid ways.

It was also good to hear Director McKenna's discussion about the SDA project, and finally moving along. You know, there was a period of about three-and-a-half years, when Governor Christie came in, when the program was essentially stalled out. A lot of the projects that he's talking about, I should remind this Committee, have been on the books for a long time. And a lot of them were shovel-ready and then just didn't go forward. It's good to hear that some urgently needed, long, long overdue projects are finally getting -- moving forward.

I want to, first, talk about the SDA side of the program, and then I want to talk about the ROD program.

On the SDA side, the big issue that I want to raise here is what I think -- I was listening to Mr. McKenna very carefully -- alluded to: the fact that they are basically running out of money. The \$2.9 billion that was-- I was here in these rooms when that \$2.9 billion increase was authorized by you. You demanded of Director Weiner, at the time, that you would not appropriate additional bonding or authorize the ceiling for bonding authority to be raised without a capital plan. Those of you who were around -- I know Speaker Oliver was -- Director Weiner came forward with a capital plan; a detailed capital plan for the use of that \$2.9 billion. I

think it was 52 projects across the state that he identified, that would be funded through that \$2.9 billion.

That capital plan now I think is around 39 or 40 projects. And it's our understanding, based on what we can tell from SDA information, that essentially that \$2.9 billion has been allocated or committed. That doesn't mean it's all been spent -- let me make that clear -- because as he indicated, a lot of these projects are either in construction or still in the planning phase. So for example, Camden High School -- the renovation of Camden High School -- which is long overdue. It's been on the books for a long time. The \$50 million capital maintenance project is still in the planning phases. The money has been set aside, but it's -- I was told it was around two years away from construction.

So we have a series of projects; I think it's about 39 in which there is either construction going on -- and a lot of those projects were mentioned, and it's good to hear SDA is moving on those projects in Newark and Paterson, so forth and so on. There are a number of other projects where money has been set aside to essentially utilize that.

And so what I want to ask you all to do today -- which would be very helpful -- is to ask the SDA to provide a full and thorough accounting of that \$2.9 billion allocation from 2008, on how it relates to the current capital plan. So what's been committed, what's been spent to date and, more importantly, what's allocated out there and what's the bottom line number.

Because I think, as Assemblyman Wimberly knows, there was an article up -- it caught my attention a couple of weeks ago -- where the SDA said that, "We're basically out of funds," on the SDA side. Then there

was an article that quickly, sort of, said, “Well, we might have some -- a couple of hundred million left.” We need to get to the bottom of that; you need to get to the bottom of that today.

And one of the reasons is because, remember, as has been mentioned, under the Facilities law the SDA districts have to utilize the SDA for financing not just new construction, or additions, or things like that, but also capital maintenance projects; so if a boiler has to be replaced, or a roof has to be replaced -- things like that -- capital maintenance -- and also emergent projects. And I’m not going to get into debates over what’s emergent or what’s not. The point is, is that there needs-- This is not just about projects that we’d like to have or we need, in terms of new classrooms or science labs -- things like that. But this really goes to even the issue of making sure that buildings are -- that they are appropriately -- capital maintenance projects that need to be done on systems and so forth and so on. So that’s the first thing I would ask you to do.

The second thing I would ask you, and the other part of that -- I just want a little addendum to that request -- that I’d ask you to make to the SDA: We put out an analysis, about a year-and-a-half ago, about the administrative overhead spent by the SDA. I think you all may have seen that; it was really eye-opening. They were spending a tremendous amount of money on administrative overhead and not getting much done. Now they’re getting some things done, which is good. But I think we need to also ask for that piece. It’s important for you to understand, if you’re going to be asked to appropriate additional funds for this agency, to know not just what’s been -- where we are, in terms of what’s left in the till on the construction side, but also what’s been the administrative cost here.

And that report showed that there was about a \$40 million annual expenditure for central office and administrative overhead at the SDA, which was a lot of money, according to experts -- way above typical administrative costs. We need to get at the bottom of that. Right after that report came out they changed what they called *administrative* -- so it's hard to get a handle on that now. They took some things out of *administrative* and put it into *projects*. But you need to get a real handle on what the administrative overhead is, what is the cost of the staff programs and services at the SDA to operate from year to year; and get some longitudinal analysis of that. That would be very helpful to know, to inform the conversations about -- for you -- about what to do, going forward.

ASSEMBLYWOMAN JASEY: And we will do that, because that was actually a question -- we asked that question once before, I believe--

MR. SCIARRA: Right.

ASSEMBLYWOMAN JASEY: --on this Committee several years ago. Because I know the Speaker and I both go back a ways on this Committee. But we will ask it again.

MR. SCIARRA: So the second thing you should ask the SDA for is not just a thorough accounting of where we are today and what's been allocated -- administrative projects, so forth and so on, what's left of that, where has that \$2.9 billion gone -- the second thing is to do what you did with Director Weiner, in terms of new money -- is to ask for a new capital plan. So beyond the projects that are in the capital plan now, to present you with a new capital plan of which projects are next in the queue. And

there are a lot of shovel-ready projects that are off the boards now, because there is no money. I know Newark has a number of them; a lot of districts do. So what's the next, sort of, tranche, if you will, of projects that, in the SDA's judgment, need to move forward. And here I'm talking about new construction, additions, major projects. And what's the cost of that? So that it can form the debate about how much new money we need to do this next, sort of, round of construction that we're going to have to do.

And also I would ask that he -- that the SDA also indicate what they would like to see in the way of, not just new money for new constructions, additions, and major projects, but also capital maintenance and emergent repairs. That's exactly what you demanded of Director Weiner when he was in, and he produced that. It would be very helpful to have that, and I think that's something that the SDA could do in fairly short order, although with one caveat that I want to mention to you. We had to go to court recently against the Department of Education over their failure to get the SDA districts to revise their 5-year long-range facilities plans. We shouldn't have had to do that, but we did. The law judge actually agreed with us and ordered that that be done. That decision is before the Commissioner.

In response to that decision, a lot of the districts did update their plans; but there are still a number that are outstanding. It would be helpful for this Committee to really press the Commissioner of Education to get those 5-year long-range plans updated for all 31 of these districts, because then-- And to do two things. To do another step further, which is to, under the Facilities law, with those plans -- those updated plans -- the Commissioner is supposed to do a needs assessment to rank the priority



needs in the SDA districts for projects. It would be helpful for you to have that, and that would inform the SDA's capital plan too.

So we need to really get SDA moving on what would a new capital plan look like, and get DOE to move on making sure that the facilities plans are up-to-date and they have a new ranking. So that's on the SDA side.

One thing I do want to mention is the issue of maintenance of the buildings. You know, I think that's a-- The problem in the SDA districts is that when SDA took over financing, and construction, and capital maintenance, and all of that, the districts sort of got rid a lot of their facilities people that they had. So they don't really have-- So there is a capacity issue there. It sort of gets to the school funding issue -- making sure that the funding formula is moving forward. Because there's a resource issue around being able to maintain the buildings -- and even the new buildings -- to make sure that the budgets are healthy enough to do that. I just want to mention that.

One thing I do want to mention-- So, bottom line is, you're going to have to start thinking about, over the next year or so, having to do another round of increasing the bonding authority on the SDA side. That's up to you; you're going to have to do that. I hope we don't have to go back to the court to force that issue as we had to do in 2008 or 2009.

But let's move forward; let's put that aside. So we'd like to work with you, over the next year, to get this information from the SDA -- really figure out, kind of, where the \$2.9 billion went, get a real good handle on what are the next round of projects that are needed, and what they're going to cost. And that can inform your deliberations of what do you do

about the bond limit, and increasing the bond limit as far as the SDA districts are concerned. And also, if you can get the administrative expenditure side of this down, we can start to talk about other ways of improving and making the SDA operations more effective and efficient. I have my own ideas about that; I'm not going to talk about that today. You raised one of them, Assemblyman; but we can't have that conversation unless it's data-informed. We have to get the SDA to come forward and present this information in detail.

On the ROD side, we're out of money; I mean, that's clear. I mean, the Director said that. All the \$1 billion that was approved -- the increase in 2008-- The increase in 2008, by the way, was both \$29 billion and \$1 billion for the ROD program. When the Governor stopped the SDA program -- SDA district program in 2010 until about 2013, roughly, the ROD grant program kept going. So they just -- that kept moving. That money is now gone, as was confirmed here today. So we're going to have to deal with that too. And I think the Superintendent -- the Freehold Borough situation illustrates that.

But I think this conversation today has been excellent around this issue. And I've had this conversation with Assemblywoman DeCroke and some of the representatives of the ROD districts about this. You're going to have to grapple with something you didn't grapple with in 2008 when you added the \$1 billion -- which is, coming up with some policies that create more clear priorities on that side.

ASSEMBLYWOMAN JASEY: Right.

MR. SCIARRA: Right? So, on the ROD grant side, we had a lot-- As was mentioned, a lot of ROD grants went out for things that-- I'm

not arguing they weren't needed, but some of them were really state-of-the-art additions, and even health and safety issues and things like that. Because districts-- More middle class and affluent districts were able to get their local match approved, so they could go in and get the money. Now, I'm not here to argue about any of that -- whether that was right or wrong. It's just that was the way it happened. We can't allow that to happen again. And one of the conversations I've been having with -- and I am so glad that she brought it up -- Assemblywoman DeCroce is about full-day kindergarten. It's an excellent point; she and I have talked about that. We have 23 percent of the districts in the state non-Abbott that don't have full-day kindergarten. There is a space problem; we've talked about this problem of getting the ROD-- If we're going to do another round of ROD grants, let's make sure that they go to educational priority needs, and not just go out the door to whoever gets their local bond passed and gets in the line first.

So I would prioritize projects for full-day kindergarten. So that money -- so that the Department of Education allocates the ROD grants; and there's going to be a limit, there, too. So if we did-- Let's say we did another \$500 million bond authority for ROD grants, for example. You know, that's a limited pot. So let's use it now, this time -- let's not go back to what we -- let's not continue what we've been doing. Let's make sure that the legislation sets clear priorities for the allocation of the ROD grants, and full-day kindergarten would be -- allowing districts that are at half-day to go to full-day would be at the top of my list.

And also dealing with what Superintendent Tomazic talked about -- which was the Level 2 -- some of these Level 2 issues, like districts

with severe overcrowding, like he has. I mean, there are ways of doing this. We actually have some prioritization on the Abbott side, or the SDA side. We need that on the ROD side. You're going to have to do that; the law is pretty silent on this. The DOE has some regulations, but they're really first come, first served. And we have to move past that. So that's an urgent issue. We need to have that conversation, so that when we get to the point where we're talking about legislation to increase the bonding authority -- both for the SDA districts and for the ROD side -- we're also talking about amendments that would prioritize the ROD grant money to try to direct it where it's needed the most, and address some of the problems that you've heard about today.

ASSEMBLYWOMAN JASEY: I think that's an excellent suggestion for us to follow up with, legislatively.

MR. SCIARRA: Right. And we'd be happy to work with the Committee on that.

ASSEMBLYWOMAN JASEY: Okay.

MR. SCIARRA: The last thing I do just want to mention is a reminder -- it's really a reminder -- that increasing the bonding authority for the SDA -- or for the school construction program does not require voter approval. I don't want to make a big deal about it, but in case there's any mis-- There was a court case some of you may remember -- the Lonigan case. And the Lonigan case went up to the Supreme Court. And the Supreme Court ruled that because the school construction bonds were there to fulfill another requirement in the State Constitution -- that relates to the fundamental rights of children to a thorough and efficient education -- that

trumps the voter -- debt service voter part of the Constitution. That's the long and short of the decision.

So this doesn't need to be held up by that, in case somebody says that to you. And if you want to talk to us about the legal details of that, we're happy to do that. And I would remind the Committee that when you all increased the bonding authority \$3.9 billion in 2008, for both RODs and the SDA districts, that went through without voter approval -- which was right. So you don't have to worry about that. I mean, you have to worry about doing this, and how do we do it; it's going to have to be done, how do you get the information you need that I've just laid out for you, what are some of the policy changes that we need to make to take advantage of the opportunity to do that, so forth and so on. We need to start working on this now -- not wait.

So I will stop there.

ASSEMBLYWOMAN JASEY: Thank you. And I would agree with you, because I think even though we may not have the money right now, now is the time to be planning and prioritizing for when we do, and get those things in place.

If any of my colleagues have a short question, I'll entertain them. Otherwise, I'd like to thank David--

MR. SCIARRA: Thank you very much.

ASSEMBLYWOMAN JASEY: --for his testimony, and call up Deborah Cornavaca and Sean Spiller from New Jersey Working Families, speaking on behalf of Healthy Schools Now, and the NJEA.

**D E B O R A H C O R N A V A C A, Ph. D.:** With your indulgence, also I think Ms. Smith is joining us.

ASSEMBLYWOMAN JASEY: Sure.

DR. CORNAVACA: Thanks. We will be brief.

ASSEMBLYWOMAN JASEY: Turn your mike on. I apologize for-- But this has been a really good conversation; I think a lot of information, and long overdue.

So go ahead, Sean.

**S E A N M. S P I L L E R:** Thank you.

Thank you, Madam Chair, members of the Committee. Thank you for your time -- your continued time, and for your focus on this issue. So we thank you for that.

As a partner in Healthy Schools Now, NJEA is here to echo the optimism you are about to hear for the accessibility that the SDA has shown under the leadership of Mr. McKenna. I think it's fair to say that over the past year the SDA has been more responsive, and has been open to keeping other educational and community voices involved in the process. So we definitely commend him for that.

Now, let me also do something a little unusual here and quote Governor Christie, who just recently said, in Camden, when referring to students, "What's holding them back is the building itself. It's not the quality of the teachers, and it's not the effort of the students, and not the efforts of their parents." Now, I know it took some time, but we finally agree; so here we are.

And I think that's because NJEA's ultimate goal in all of this is the partnership that you're seeing here -- to make sure that we're moving things forward for our kids. And I heard that sentiment echoed by a

number of you up there today. It's an important partnership that exists between parents, other community leaders, and educators in this state.

This past year has brought forward a renewed effort towards those partnerships. Perhaps that's been inspired by the success we've seen in Trenton and in some other areas -- with their new high school, specifically, in Trenton. I had the opportunity to tour Trenton Central High School, as I know a number of you did as well, and to see some of the things that we saw -- from the yellow tape to the crumbling ceilings and others -- it was just a disgrace. It's very frustrating, and I know that it's something that inspires us to keep moving forward with our work.

What makes something like that even more frustrating is that we know that this is a fixable problem. This is something we can make a difference with. It's one that we have to fix in order to show those students that we respect them and that they deserve a high-quality education in a great facility.

It shouldn't be necessary for NJEA and parents to have to pound on the doors of government in order for action to take place; but we often understand that we will be there with those working to ensure that the government does prioritize the needs of its most vulnerable citizens. To that end, we are pleased to see that the work in Trenton is proceeding.

NJEA is also closely monitoring sites where we have seen very little movement, unfortunately. We talked about Paterson -- Eastside High School, we talked about School 20; as well as Ferris High School in Jersey City, and Vineland High School, just to name a few. We continue to monitor, but happily see, progress at Cleveland School -- that you mentioned before -- in Orange; and Gloucester City Middle School as well --

schools where conditions were certainly troubling. But we are seeing progress.

So therefore, on behalf of my fellow NJEA officers and the over 200,000 members who have paid a lot of attention to this issue, I would like to commend the SDA for its commitment to Camden High School, as well as the work it's done in some other places. But there's still more work to do. Camden is one where there has been (*sic*) a lot of work that still has to happen. The Department of Education has updated its facilities plan, but it needs to be doing that more often. We know that a key piece -- and you've heard that in testimony today -- is that if the Department of Ed had updated its facilities plan sooner, perhaps more work could have been done.

Which leads me to something I would urge this Committee to do -- and that's to stay vigilant with the Department to ensure that they do keep their facilities plan for the hundreds of schools in the SDA districts updated. We also still have far too many students going to school in outdated facilities -- water problems, mold issues; and a dire need for technology upgrades, quite frankly, to comply and prepare for the PARCC testing that we're seeing. It would only seem logical, I think many would agree, that we make sure those conditions exist -- with that technology available before the test is administered, before those students are subjected to that.

Finally, we're in a state that's in need of infrastructure repair; we know that discussion is going on now around our roads, bridges, tunnels, rail -- all the things that help keep us moving. However, our economy cannot be strong if we do not continue to educate our children properly in quality facilities. Yes, it's expensive, but we know that the longer we wait --



the longer you wait, the more expensive it does get. So we must make sure that funds are released speedily, and then replenished just as quickly, because our children do deserve that respect.

And again, I thank you for your time.

DR. CORNAVACA: Thank you all very much, and thank you for sticking with us. Oftentimes, by the time an advocate makes it to the table in a hearing, the table of Legislators is very thin. (laughter) So I really appreciate you sticking around for the duration of today's testimony and engaging on this issue, which is so important. And I know how many issues and the variety of issues you deal with on a daily basis; and to take the time in here, and then after here to follow up on this -- it means a lot to school children, to educators, to advocates.

The points I want to make are brief, and I've submitted the written testimony. The first is, is that Charlie -- as he insists we call him -- spoke about what he hoped I would say, and I want--

ASSEMBLYWOMAN JASEY: Construction Charlie. (laughter)

DR. CORNAVACA: Right; I hope that will make it to the transcript. (laughter) That he hopes that we would concur that he's had a more open-door policy. And I would say that there's been a sea change. There has been a-- We pounded on the door, as Sean Spiller indicated -- maybe it shouldn't be necessary -- but he opened it. And we have had fruitful, sometimes contentious meetings; but always productive meetings. They have been responsive to our suggestions. I will take some credit that Healthy Schools Now has been part of the reason that their website has been changed, and upgraded, and more friendly for who we believe are their ultimate constituents -- which are children, the parents, and the educators.

They were in a service industry mind of serving contractors, and we brought to their attention that, no, we really feel like they need to be responsive to the communities. And they've taken that to heart, and they've made accessible information on the website that wasn't there before; talked about timetables; come out to meetings -- both board meetings and special meetings -- in the communities; and, frankly, something new: They've expressed empathy -- an acknowledgement that this is urgent, that there are real problems, and that while he wishes he could snap his fingers and fix them, he can't; but he will be committed and responsive. And we have found him to be. And we would like to express the gratitude, because we feel that, very importantly, what will bring us to the places we need to get in the decades ahead -- and these are decades of problems -- is collaboration. It's not going to happen if we're fighting the SDA, or the school boards, or the Legislature -- if we're all in contention. It's going to work best when we can work together.

And to that end, Healthy Schools Now has been committed to bringing the partnership of communities, and the advocates help move this process forward. As we move to the next stage, we would highlight a few of the things that David also did already -- but that this is a special opportunity. We know we need to look for more money, and I would urge us not to be in the situation that the Transportation Trust Fund finds itself in now, where we're months away from being out of money and not knowing how to put money in there. That, instead, we take advantage of the foresight we have to know that, in three to five years, the projects underway will be completed; the money that is available for them will be

used; and there will need to be more money coming in at the longest in that timeframe.

If we have these discussions now, and we ask for the information that ELC is requesting, we can make some really good decisions about how much we need, where it needs to go, and how to prioritize.

We would ask the Committee to look carefully at the fact that, for example, the operational costs -- which can be hard to identify -- sometimes they are fully bonded. That means that the day-to-day operations of the SDA are funded out of bonded money rather than a budget appropriation. I know money is short in the budget, but it also means that you are funding operational costs out of long-term payments -- which is not an optimal practice.

We would ask you to think about and look at the relationship between the SDA and the Board of Education -- the State Board -- the Department of Education. They have the first right of review of a lot of requests for projects in their Facilities Department, that then get shifted to the SDA. So oftentimes we come to the SDA and say, "Why aren't you doing this, or that, or the other thing?" and it's the Department of Education that's made the decision. I would suggest that there is room for us to look at this process -- at the regulation--

Yes?

ASSEMBLYWOMAN JASEY: Just a-- Are you saying-- You didn't say the State Board of Education; you meant--

DR. CORNAVACA: The State Department of Education.

ASSEMBLYWOMAN JASEY: Okay, okay.

DR. CORNAVACA: Yes, I said that and I didn't mean to.

ASSEMBLYWOMAN JASEY: Okay.

DR. CORNAVACA: Yes, the Department of Education. So we should be looking at this process and see if it's efficient, if it makes sense, or if it's slowing us down and causing kind of regulatory stumbling blocks to processing projects efficiently and understanding where our priorities are.

I think that we need to look carefully at the issue of maintenance, both short- and long-term, because when we don't do maintenance, it does end up in the SDA's lap. And we know that one of the first things that gets cut -- and we had this discussion with the SDA -- when budgets are tight is maintenance: custodial help, little projects that prevent long-term disasters. If we get a better understanding of what emergent projects are, and what they're not-- And remember, if it's an emergency, the district is responsible for stabilizing the emergency, but it may then require SDA funding to correct the problem. So if there's no heat, the school has to stabilize it somehow; but the boiler repair may come back to the SDA.

We need to figure out how to help support our schools -- particularly the ones in the SDA districts -- to make sure they get the maintenance support they need, so that there aren't 700 applications for emergent projects that, five years later, there are still ones that were approved that aren't completed. This process I'm sure can go better.

Sandy schools were rebuilt within a year. If we can rebuild Sandy schools within a year, I think we can improve the processes and make this happen faster. And I will say that Charlie and his team have been very open to having these discussions. I think now is the time for us

to do it, so that when we move forward with additional bonding we're looking at an even improved process -- a better, more efficient process.

I would also very much support Charlie's interest in this comprehensive study -- which, you know, as he said, they have the expertise in-house. That would go along with the ELC request for a capital plan. We need to get a better handle on what's out there; and a reasonable expectation of what needs to get fixed in the short-term, the long-term, and how much money we need to do that. And, to that end, our old reports are old; and we need new reports to move forward on that. And I think that it can be done collaboratively at this point, so I would urge us to take those steps to get this process going while we're working well together.

The only other thing I'll say is that Healthy Schools Now has had a really wonderful opportunity to bridge the gap between communities, educators, teachers, people in labor who work in schools to fix them and construction, and the government institutions. And I think that this is a model of what we should be looking for. This is the way we can really get things done. And so to the extent that we can offer our support to you in getting information, in bringing people to the table in productive discussions, we would like to make ourselves available. And we would like to ask that we can continue the discussion today on a regular basis so that we don't, three years from now, say, "I know we talked about it, but we just didn't quite get it done." And part of what we'll do is to make sure that we have this happen.

Thank you very much for your time.

ASSEMBLYWOMAN JASEY: Thank you.

**ELIZABETH SMITH:** Thank you.

I'm Elizabeth Smith, and thank you very much for affording us the opportunity to address you.

I am the Director-- I'm a part of the Healthy Schools Now coalition, and I'm the Director of a small nonprofit. We're community organizers working with public school parents.

So our constituency is often not represented at, sort of, high level discussions, and Healthy Schools Now has been an opportunity for us to be involved. And we're not the only ones; we've cultivated and worked very hard with parent leaders from Trenton Central High School and Paterson. We're working to again bring more stakeholders -- parent stakeholders to the conversation.

It's very interesting that Charlie identified that parents and students are not their clients; the district is. And we feel that there is something in that, sort of, concept that's lacking. So we've been a part of the coalition; we work diligently to bring other parent groups into the conversation.

And we're grateful to have your ear on this. And as Deborah pointed out, I would say that we certainly would like to move forward, working collaboratively with you.

So thank you very much.

ASSEMBLYWOMAN JASEY: And I thank you. And I will say that as someone who has worked on behalf of parents and students for many years as an advocate, it's always difficult to figure out how to engage parents, but it sounds like you're doing that very successfully. And certainly effectively, because Charlie talked about the community engagement, which is very -- that's music to our ears, I know.

So I really appreciate your coming. I apologize that the hour is late. However, I would like to give my colleagues the opportunity to make a comment or ask a question, since we have you here.

Assemblywoman.

ASEEMBLYWOMAN SIMON: I think today was very enlightening and I was very glad to be here to learn so much. I think working collaboratively is extremely important. I think it's a multi-faceted thing between criteria -- between the issue that we discussed at our last Joint Committee meeting -- in school consolidation -- and looking at that avenue, and looking at reducing costs for schools, increasing efficiencies, looking at academic seaming. And maybe through that effort funds could be used for some capital projects. I think it's just multi-faceted. I'm just glad that we started off this conversation today. I'm looking forward to working together.

ASSEMBLYWOMAN JASEY: Thank you. And what I will say, in terms of myself and Senator Rice -- who apologizes for not being able to be here today -- is that I think, through the notes that I know Amy has been taking and the transcript that we'll get, we will come up with a list -- a to-do list, if you will. Because a lot was discussed today. And there are a lot of issues -- open issues that we need to address. We need to figure out-- I think we got a good picture of some of what's going on, but there are a lot of questions that we need to have answered. And then I think it's up to us to figure out what is on our plate in terms of policy and legislation.

But I think -- but I know that we have some amazing partners to work with. We have lots of resources that have been made available to us today, and we're certainly going to take advantage of that.

So I want to thank everyone who testified today; I want to thank those of you in the audience for listening so respectfully. And we will get back to you, because I would like for this to just be the beginning of not only a conversation, but of constructive suggestions and recommendations so that we can move forward. Because I think we would agree -- and it's been said many times this morning -- that educating our children is not a partisan issue. It's an issue that we all take responsibility for; and in fact, if we don't educate our children, then our future is not going to be a good one.

I also want to just take a moment, talking about children, to ask for a moment of silence to think about the children in Pakistan who were so brutally murdered yesterday. And I couldn't stop looking last night, and thinking about it, because these could be anyone's children. And it can happen anywhere, and we as the adults have to figure out how to better protect our kids everywhere, for whatever reason.

So if you'll stand for a moment, and then I will conclude.

**(moment of silence observed)**

Thank you very much.

And with that, I will conclude the meeting, and I wish all of you a very healthy and happy holiday season, and a very good New Year.

**(MEETING CONCLUDED)**