

# *Committee Meeting*

of

## JOINT LEGISLATIVE COMMITTEE ON GOVERNMENT CONSOLIDATION AND SHARED SERVICES

*"Testimony from invited speakers regarding the county-based schools systems  
in the State of Maryland and the consolidation of municipalities in the City of Toronto"*

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**LOCATION:** Committee Room 11  
State House Annex  
Trenton, New Jersey

**DATE:** September 6, 2006  
10:00 a.m.

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

Senator Bob Smith, Co-Chair  
Senator Ellen Karcher  
Senator Joseph M. Kyrillos Jr.  
Assemblyman Robert M. Gordon  
Assemblyman Joseph R. Malone III



### **ALSO PRESENT:**

Joseph J. Blaney  
Brian J. McCord  
*Office of Legislative Services*  
*Committee Aides*

Patrick Gillespie  
Julius Bailey  
*Senate Majority*  
Hannah Shostack  
Kate McDonnell  
*Assembly Majority*  
*Committee Aides*

Rosemary Pramuk  
Nicole DeCostello  
*Senate Republican*  
Thea M. Sheridan  
Marianne L. Ingrao  
*Assembly Republican*  
*Committee Aides*

***Meeting Recorded and Transcribed by***  
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**SENATOR BOB SMITH, (Co-Chair):** Could everyone take their seats please?

Welcome to the Consolidation Committee's continuing meetings.

Today we have some very excellent resource people to provide testimony to the Committee about municipal consolidation and county-based school districts.

Let me acknowledge that our co-chair for today, Assemblyman Robert Gordon, is sitting in for Assemblyman Wisniewski, who had a conflict today.

So we're happy to have you with us today, co-chairing the meeting.

**ASSEMBLYMAN GORDON:** Thank you.

**SENATOR SMITH:** Our first witness is Dr. Enid Slack, who is the Director of the Munk Centre for International Studies at the University of Toronto. Dr. Slack is also an economic consultant specializing in public policy research in the area of public finance, with special emphasis on municipal and educational finance.

Dr. Slack was appointed Special Advisor to the Greater Toronto Area Task Force in 1995, which resulted in the creation of the Greater Toronto Area, or GTA.

In addition, Dr. Slack was a member of the Who Does What Advisory Panel, which was created by the Ontario Minister of Municipal Affairs and Housing in May 1996 to examine who does what in the delivery and funding of many governmental services, in order to reduce waste, duplication, and the overall cost of government.

Dr. Slack's background includes a B.A. in Economics from York University, and an M.A. and Ph.D. in Economics from the University of Toronto.

Dr. Slack, we're very pleased to have you with us today.

Good morning.

**ENID SLACK, Ph.D.:** Good morning.

And thank you very much for the introduction.

If I may just make one correction, I'm the Director of the Institute on Municipal Finance and Governance at the Munk Centre for International Studies. I wouldn't want to take the Director's job away from her.

I've been asked to make a presentation on two topics this morning. The first is the Toronto amalgamation, or consolidation, in 1998. I know you talk about consolidations, we talk about amalgamations. But, really, we mean the same thing. So when I say amalgamation, I mean consolidation.

And the second thing I've been asked to talk about is the work of the Who Does What Panel -- which the Chair mentioned -- in 1996. This Panel provided recommendations to the provincial government on how to sort out the responsibilities between the provincial government and local governments.

In terms of the outline of my presentation this morning, I would like to do four-- I would like to start by providing you with a little background and context about Toronto and Ontario, because the provincial rule here is a little different than the state rules in the U.S. And I thought I'd tell you a little bit about that so you know where we're coming from.

The second thing is to talk about the history of amalgamation or consolidation in Toronto. Because what happened in 1998 is not one isolated incident. It's the result of a history of amalgamations that go back to the 1950s.

The third thing I'd like to do then is talk about the recent amalgamation in 1998: what happened, what the rationale for it was -- which, you'll learn, is cost savings -- and what some of the other reasons for amalgamation are.

And, lastly, I will talk about the Who Does What Panel, and the recommendations that it made to the government, and the subsequent local services realignment that was introduced by the government in 1998.

Though, in terms of background and context, let me tell you that the City of Toronto, today, has a population of approximately 2.5 million people. It's situated in the province of Ontario, which has a population of about 12.5 million people. So it's a little bigger than the State of New Jersey.

The City of Toronto has 44 elected councillors. When it was originally formed in 1998, it had 56 councillors, plus the mayor. That was subsequently reduced to 44 councillors. In addition to the city council, which covers the entire city, there are four community councils that deal with very local neighborhood issues. And they also provide a forum for local input into city council decision making. They make recommendations to the city council, but the city council has the final say. And they deal with local planning and development matters, traffic plans, parking regulations, tree bylaws, and those kinds of local issues.

In terms of the budget of the City of Toronto, the operating budget is around \$7.5 billion. There's another approximately \$1 billion in capital expenditures. The major expenditures of the city are on health, social services, and social housing which, together, account for over 30 percent of the budget -- of the operating budget. Transportation, which includes transit and roads, accounts for about 20 percent of the budget. Environmental expenditures: water, sewers, solid waste are about 17 percent. And protection, which includes fire and police, is 15 percent. There are other expenditures, as well, but those are the major expenditures of the city.

In terms of revenue sources, the property tax accounts for about 40 percent of local government revenues in Toronto; Provincial and Federal grants, about 22 percent -- those are largely provincial grants, there are very few Federal grants; user fees account for 20 percent. And then there are some other smaller revenues. Unlike many U.S. cities, Toronto and Canadian cities are not permitted to levy income and sales taxes, or fuel taxes.

In terms of the provincial role in local government, I think that's important, to give you some Ontario context. Because, again, I think that's a little bit different than the States. The provincial government establishes local governments and their geographic boundaries. It mandates what expenditures they have to be responsible for, and for many services, it sets the service standards; it limits their own (indiscernible) revenues, largely to property taxes and user fees; and requires municipalities to balance their operating budgets. In other words, they're not permitted to borrow to meet operating expenditures. They are permitted to borrow to

meet capital expenditures, but there are restrictions in provincial legislation on the extent to which they can borrow.

There was a new City of Toronto Act passed at the beginning of 2006, which gives some additional powers and a few additional revenue sources to the city that are different from other municipalities in the province. But that's not really the focus of our presentation today. We're really talking about amalgamation.

So turning to amalgamation in Toronto: Prior to 1954, there were 12 municipalities that surrounded what we now call the Old City of Toronto. So there was the City of Toronto, and 12 municipalities around it. During the '50s, most of the growth was happening in those surrounding municipalities. And that created three major problems.

The first problem is that Toronto didn't have any vacant land for development. So all the future growth had to be accommodated in the suburbs. That presented huge demands on those suburban municipalities to provide infrastructure.

The second problem is that most of the suburban municipalities were residential. And they didn't have a very large tax base, because they didn't have commercial and industrial properties. So they didn't have an adequate tax base to finance these services. Toronto, however, did have a solid financial base, largely because of commercial and industrial assessment.

Another problem is that half of the municipalities around Toronto had no access to Lake Ontario. So there were problems in getting water.

So the political boundaries of the City of Toronto really no longer reflected the social and economic realities of the metropolitan area.

A number of things were studied at the time. The conclusion was that, in 1954, the provincial government passed legislation that created metropolitan Toronto, which was a two-tier municipality. There was a metropolitan government to cover the entire metropolitan area, and lower-tier governments in each of the 13 municipalities. In 1967, there were further consolidations, so that the 13 municipalities were reduced to six municipalities. So, again, metro government at the upper tier, and 13 -- six municipalities at the lower tier.

When metropolitan government was originally formed, metro itself did not have a lot of functions to perform. It was responsible for planning, borrowing, transit, some roads, and the administration of justice. The lower tiers were responsible for most of the municipal functions, initially -- things like fire, garbage collection and disposal, police, public health, general welfare assistance, recreation and community services, and tax collection.

Both tiers shared responsibility for some functions, for example parks. There are metro parks and local parks. There's metro planning and local planning, metro roads and local roads. Sewage disposal and water supply were also shared.

Over time, that division of responsibilities changed, and more things went up to the metro level. So, for example, in 1967, metro took over the policing function. So it was a metro police force. In 1970, they took over social assistance. They also took over traffic control and operations, conservation, waste disposal, ambulance services. So by 1997,



the year before the most recent amalgamation, 70 percent of the expenditures made in metropolitan Toronto were made at the level of the metropolitan government, and 30 percent were made by the lower-tier municipalities. So metro's largest expenditures at that point were transit, social services, and policing.

So that's the history of amalgamations up to 1998. And there are a lot of articles that have been written on this two-tier metro system in Toronto that suggest that it was very successful. It was very successful because it allowed the relative wealth of Toronto to be used to provide the services that were needed in the suburbs, when the suburbs couldn't afford them; it allowed for coordination of land use planning and construction of major facilities across the regions so that growth could be managed; and yet it retained the local municipalities to provide local services that they could afford, though the governments were still locally responsive to the electorate.

The '70s, '80s, and '90s, however, saw most of the growth occurring outside of the metropolitan Toronto boundaries, into what we now call the outer suburbs. And so the problems that we were seeing in those years were really the problems related to metro and the regions outside of metro, problems of transportation and land use planning, in particular.

Studies that were done at the time suggested we needed a larger government unit, something to cover Toronto and the regions -- what we know as the Greater Toronto Area. That's not, however, what happened. In 1998, the province passed legislation to create a new City of Toronto, which replaced the former metropolitan government and the six lower-tier

municipalities, and created one municipality -- the City of Toronto. As I mentioned, this was initiated by provincial legislation. I think, in the U.S., you'll find it interesting to know that this was not local initiative. In fact, each municipality in the former metropolitan Toronto held local referenda asking people if they would be interested in this amalgamation. And the answer came back, no. Yet the province passed the legislation, in any event.

It was also not a model that was recommended by the studies that were done at the time. The Greater Toronto Area Task Force did not recommend the amalgamation of the City of Toronto.

I should say, also, that this amalgamation was part of a broader series of amalgamations that were occurring in Ontario at the time. Starting in about 1996, the province encouraged and initiated amalgamations in a number of municipalities across the province. When we started this process, we had over 800 municipalities in Ontario. We now have 445. The rationale for these consolidations was to reduce the cost of government.

What was the result of amalgamation? Well, in my view, we created a City of Toronto that is too big and too small at the same time. It is too big to be locally responsive. Even with the community councils, it's 2.5 million people. That's very hard to be locally responsive, especially with 44 councilors. At the same time, it's too small. It's too small to address the region-wide issues that I mentioned above: the issues of land use planning and transportation that are region-wide issues, that go beyond the boundaries of the City of Toronto. So, in my view, as I say, I think the result was a city that is both too big and too small at the same time.

Well, I mentioned the rationale for amalgamation, and that was cost savings. And I'd like to spend a few minutes talking about that. The stated rationale was to reduce waste and duplication, and basically, at the end of the day, to reduce taxes. It was felt that by amalgamating or consolidating municipalities, we could reduce the number of politicians, we could reduce the size of the bureaucracy, and we could rationalize services.

In 1998, the City of Toronto set a target of \$150 million in cost savings to be achieved over three years. Well, what's the problem with trying to achieve cost savings in this kind of amalgamation? Well, in the Toronto case, as I mentioned before, 70 percent of the services were already amalgamated prior to 1998. Policing, social services, and transit were already metro functions. They were already amalgamated. So we're really only talking about amalgamating 30 percent of the remaining services: things like parks and recreation, fire protection, and some of those services. So most of the amalgamation had already been done, in terms of services.

The second thing that happens quite often in an amalgamation is that service levels are harmonized up to the highest-expenditure municipality. So, for example, if one municipality is providing garbage pickup once a week, and another municipality is providing garbage pickup twice a week, then everybody wants garbage picked up twice a week. That's very costly.

That didn't happen so much in the Toronto case, because there wasn't a lot of money to do this. So the harmonization of service levels resulted in some increased expenditures, but not as much as often occurs in an amalgamation.

But the big cost of amalgamation is the harmonization of wages and salaries. So for example, in Toronto we had six fire departments and we had six fire chiefs. And so the province kept telling us, "Well, we can get rid of five fire chiefs. We'll only have one." And, yes, that's true. But we now have firefighters that worked in six different municipalities, who have to -- who are now employed by the same municipality, doing the same job, and want to be paid the same amount. And it should come as no surprise to you that they don't want to be paid what the lowest municipality was paying prior to the amalgamation. They want what the highest expenditure municipality was paying.

So what happens is that salaries and wages harmonize up to the highest level. Fire, public works, all of the services-- And that's what happened here. And that turned out to be very expensive.

Another cost of amalgamation are the transitional costs. So, for example, all the fire departments had to have uniform signage -- we had to change all the signs to the City of Toronto; harmonization of computers. There's also costs associated with staff exits. Those transitional costs are one-time costs. They don't necessarily continue. And, frankly, if you think the amalgamation is a good idea, then I think you just incur those costs. However, if you don't think the amalgamation is a good idea, then those are just an additional source of expenditure increase.

The city has produced reports on the cost savings that do show that it has achieved the targets that it set out. But their analysis does not include any information on the wage and salary harmonization. So, yes, they've talked about the staff exits and the costs that they've saved there,

but there is no information on what the cost has been of harmonizing wages and salaries.

And let me say one last thing about cost savings. In our context, it was very difficult to estimate the impact of amalgamation. And the reason it was hard was because two other major reforms happened at exactly the same time in 1998. One was the local services realignment, or the Who Does What -- which I'll talk about in a few minutes. But that changed some of the responsibilities that Toronto was responsible for. And that, obviously, had an impact on their budget, as well.

The other thing that happened in 1998 was major property tax reform. And I know that's a subject of interest to you, and we can talk about it at some other time. But we had a system in Toronto where property assessments were about 50 years out of date. And we finally brought them up to date in 1998. And as you well know, there was an impact of doing that.

So when I say to people-- In 1998, when people said, "Well, are my taxes going to go up," I said, "I'm guaranteed your taxes are going to change. I don't know if they'll go up or down, don't know if it's because of the amalgamation, the local services realignment, or property tax reform."

So if we can go on, the-- I was going to talk about some of the other reasons for amalgamation besides cost savings.

I just understand that some of my earlier remarks -- there was a breakup in the sound. And you may have missed some of them.

SENATOR SMITH: No, we did pretty well. There wasn't too much of a breakup.

DR. SLACK: Oh, good. Thanks.

SENATOR SMITH: It came across pretty well.

DR. SLACK: I was just going to say, if there's a problem, I can answer questions.

You may think I'm against amalgamation, because I--

SENATOR SMITH: Now you're not coming across well.

DR. SLACK: Am I okay now?

SENATOR SMITH: I think so.

DR. SLACK: Good. Thank you.

There are other reasons why consolidation may be a good idea, even if there are no cost savings. And I wanted to spend a minute talking about those.

One of the things that amalgamation allows you to do is to coordinate services across municipal boundaries, for example land use planning and transportation. When you have small, fragmented jurisdictions, you're less able to coordinate land use planning and transportation.

Another reason for expanding boundaries is because services spill over municipal boundaries. For example, some people live in one jurisdiction and work in another jurisdiction. They use services in the jurisdiction where they are working, but they don't pay taxes there. So, sometimes, if you can amalgamate or consolidate those municipalities, you'll have a fair sharing of the services.

Another reason for consolidation is to be able to spread the cost of local government over a larger tax base. And I think I mentioned that in the case of the creation of Toronto, originally -- that Toronto was able to use its tax base to provide services in the suburbs.

You can also equalize service levels. When the City of Toronto was amalgamated in 1998, there were some municipalities that paid very high taxes and did not have services that were equal to other parts of the municipality. This amalgamation allowed them to have services -- better services than they could afford on their own. That doesn't save money, but it is a reason for amalgamation.

So let me end my discussion of amalgamation or consolidation there and turn, now, to the Who Does What Panel and the local services realignment that followed.

As the Chair mentioned, I was a member of the Who Does What Panel in 1996. This was an advisory panel set up by the provincial government to make recommendations on how best to overhaul the delivery and funding of many government services. The underlying purpose of the Who Does What Panel was to reduce waste and duplication, and the overall cost of government, both at the provincial level and at the local level of government.

The Panel met as a whole. There were about 16 members of the Panel. But we also met in subcommittees. So there was a subcommittee on municipal administration, one on social services, police and fire protection, transportation, property tax assessment, education, and governance. Rather than coming up with a final report, the Panel submitted 19 letters from each of the subcommittees to the Minister of Municipal Affairs, making recommendations on each of these areas.

There were four principles that guided the work of the Panel. And I would like to read those to you, because I think they are important principles for sorting out responsibilities among levels of government.

The first principle was that municipal government, in keeping with its historic function, should have a strong role in hard services, such as services to property and community infrastructure. So I think that means water, sewers, roads, transit, recreation facilities, those kinds of hard services. The province should have a strong role in the provision of soft services, such as health, welfare, and education. So that was the first principle.

The second principle was that government programs primarily aimed at income redistribution should be funded by the province. Again, remember that only the province and the Federal government can levy redistributive taxes, like income taxes, here. Municipalities can't levy income taxes. So that's why government programs primarily aimed at income distribution should be funded by the province.

The third principle: Where possible, only one level of government should be responsible for spending decisions. And the level of government making the spending decisions should have the responsibility for funding of that service. So, again, this is trying to say that when the provincial and municipal governments are both involved in funding services, people get confused about the accountability, who is doing what. If something goes wrong, who do we blame? Do we blame the province, do we blame the municipality? And the second part of that principle is saying, "If you're funding the decisions, the spending decisions, that's a whole lot better than if you're spending the money but you're getting it from somewhere else." Again, it's an accountability issue.

The last principle was that there should be an appropriate balance between the allocation of responsibility and financial resources



available to support those responsibilities. So if we're going to give some services to the local governments, we should be sure that they have adequate financial resources, and the right financial resources, to meet those responsibilities.

Our Panel made a series of recommendations. As I said, there were 19 letters. And I'm not going to go through them all. But the main ones were the following:

The first thing we recommended was that social services should be funded by the provincial government. Prior to this time, the cost of social services had been shared between the provincial and municipal government. And let me say that that's not true all across Canada. That is only true in Ontario. In all other provinces, the provincial government funds social services. We recommended the same for Ontario.

The second thing we recommended was that education should be largely funded by provincial government, but there should be some limited local funding, as well. Again, prior to that time, education funding was shared between the provincial government and school boards.

We thought transit should be local -- one of the hard services. That had previously been shared between the province and local governments.

Many of our smaller recommendations were adopted by the provincial government. But some of our key ones were not. The first one was that social services continued -- they continued to share social services between the provincial and local government. And, indeed, they further downloaded social service spending to local governments. So it was just the opposite of what we recommended.

However, they decided that education -- primary and secondary education -- should be fully funded by the provincial government, partly through the problems levying a residential property tax for education.

They did make transit local.

Social housing, which was not something that the Panel analyzed -- and had been jointly funded -- they made local -- a local responsibility.

And as part of the local services realignment, the changes were meant to be revenue neutral. So they put some things down in local government, some things came up to the provincial. And that was intended to be revenue neutral. However, that would not necessarily be revenue neutral in each municipality. So the province implemented a grant formula to make it revenue neutral, at least in the first year, to each municipality.

There have been some changes since 1998, but fundamentally, this is the model that we are now using in Ontario. And you'd be interested to know that our Premier just announced, earlier this month, that they will be reviewing who does what over the next year-and-a-half, once again.

So let me conclude by saying, in terms of consolidation, there are reasons to consolidate municipalities. But I would argue that cost savings is probably not one of them. The second thing I would conclude is that the local services realignment -- or who does what -- should follow the principles that we were given on the Who Does What Panel. I think those were good principles. I would especially urge you to look at making sure the revenue tools assigned to municipalities match their expenditure requirements. This is still something we're working on here. We're still

working on getting it right. But I hope some of our experience will be useful to you.

Thank you very much.

SENATOR SMITH: Thank you very much.

And we do have a number of questions for you.

Since the amalgamation/consolidation has occurred, what has been the growth in the amount of public service employment, either in the City of Toronto or provincially?

DR. SLACK: That's a good question. And I don't have the answer to that. I know that it has grown. The City of Toronto employment has grown, but I don't have the numbers in front of me.

SENATOR SMITH: If it wouldn't be too much of a hardship, we'd ask that you try to get some figures back to us sometime, hopefully in the next two weeks.

In New Jersey, we've seen an increase in public employment over the last decade of about 54,000 employees -- and one of our questions, with regard to consolidation of services is whether or not there will be an impact on the growth of the public employment sector -- as opposed to during the same period where corporate America generally saw a more efficient use of employment.

But we'd appreciate whatever your input might be on that particular issue.

You mentioned that the number of municipal governments in the province decreased from about 800 to 400, as I understood it.

DR. SLACK: That's correct.

SENATOR SMITH: How did you pick the municipalities to be amalgamated? What was the process?

DR. SLACK: There were a number of different processes. The province expressed interest in fewer municipalities. So some municipalities voluntarily engaged in amalgamations, perhaps to preempt the province from coming in, perhaps because they thought it was a good idea.

In some of the larger municipalities, the province had special advisors go in. So, for example, in Ottawa, which is the nation's capital; in Hamilton, in about four or five of the larger municipalities, special advisors were appointed. They produced reports which showed that amalgamation would be a good idea. And then the province legislated those changes.

A third method was the province had a process where they could appoint commissioners to go into areas and study amalgamations. The difference between a special advisor and a commissioner was, the commissioner, in essence, had the power of a minister. So if the commissioner made recommendations, those were implemented. Whereas, a special advisor made recommendations, often some changes were made. But in all cases, legislation was passed.

SENATOR SMITH: Was there--

DR. SLACK: So some were voluntary.

SENATOR SMITH: I'm sorry. You generated a question. And if it's all right, let me get it out before I forget it -- which is, what was the degree of the public participation in this amalgamation process? Were there hearings held? How did the public get involved in this?

DR. SLACK: Yes, I believe there were hearings held at the provincial legislature.

SENATOR SMITH: But I think you mentioned that even though there had been several referenda where the public was not particularly thrilled with the idea of amalgamation, the provincial government -- which is the equivalent of our State government -- still went forward with it.

DR. SLACK: That's correct.

SENATOR SMITH: Where did all this reservoir of political courage come from? (laughter)

DR. SLACK: You have to ask the politicians. I'm merely an academic.

I think there was a feeling. It was a conservative government that believed in smaller government and lower taxes. And they-- You know, I can't speak for them, but certainly the message was, "We can reduce waste and duplication. We can lower taxes by amalgamating these municipalities, and have fewer politicians, fewer staff, and save money."

SENATOR SMITH: Okay. And we obviously don't have the local history. Was that conservative government punished for its courageous efforts in this area? (laughter)

DR. SLACK: Eventually. (laughter)

I don't know if it was punished for those efforts.

SENATOR KYRILLOS: A liberal government would not be punished, however.

DR. SLACK: It was two terms, and then wasn't reelected.

SENATOR SMITH: And, actually, the changes were made, and there were several terms before the Conservatives lost power. So you

can't really say that their decision, with regard to amalgamation, ultimately led to their defeat at the polls.

DR. SLACK: I think that's fair to say -- that it did not -- their defeat at the polls.

SENATOR SMITH: Okay. I appreciate that.

As I understood the way you divided up hard services and soft services, the educational system is now provincial. Is that correct?

DR. SLACK: It's provincially funded. There are-- I mentioned there are 445 municipalities in Ontario. There are 75 school boards in Ontario. But all of the funding comes from the provincial government, but the school boards deal with curriculum and other matters, and have their own budgets. But the funding comes from the province. The school boards are all--

SENATOR SMITH: Do each of the school boards have their own educational bureaucracies, superintendents--

DR. SLACK: Yes, they do.

SENATOR SMITH: --purchasing, transportation, etc.

DR. SLACK: Yes, they do. And they also have elected school trustees.

SENATOR SMITH: Okay.

Co-Chairman Gordon, do you have any questions you'd like to ask?

ASSEMBLYMAN GORDON: Yes, I do.

Professor, I found your presentation very informative, very interesting.

I had the impression this was pretty much a top-down kind of process. Was there any kind of tradition of home rule in the municipalities? You mentioned there were referenda which rejected the idea. Was there active public resistance, or was this just by provincial fiat?

DR. SLACK: First, let me say that local referenda are not binding under provincial legislation. So they're just to gauge public opinion. They don't-- They're not binding.

There was a group that was formed, of citizens, who spoke loudly against the amalgamation, headed up by a former mayor of Toronto. But, again, it was a very top-down decision.

ASSEMBLYMAN GORDON: You mentioned that, in some ways, the entity you created is too large. You mentioned the problems related to regional planning, specifically. Has there been any effort to decentralize what you've created?

DR. SLACK: Sir, you broke up. Any effort to--

ASSEMBLYMAN GORDON: Decentralize, to break apart some of what you've created.

DR. SLACK: No. We call that unscrambling the egg. And we think it's probably too late for that.

There have been efforts at the other end, however. Because we do feel that there are some big regional issues with Toronto and the regions outside of Toronto. The Greater Toronto Area -- what we refer to as the Greater Toronto Area -- has 5 million people. So 2.5 million in Toronto, and another 2.5 million outside of Toronto. And those are very fast-growing regions.

In 1998, when the City of Toronto was formed, the province also formed something called the Greater Toronto Services Board, which was designed to deal with those regions and the City of Toronto on issues of land use planning and transportation planning. And it had representatives from all of the municipalities on that board. It was very effective. It wasn't given very much power, and it was eventually disbanded.

So we talk more, here, about the regional issues and the fact that Toronto is too small, than we do about decentralizing.

ASSEMBLYMAN GORDON: Okay. Is there any ongoing effort to measure performance, and to do any benchmarking with other provinces or other metropolitan areas in Canada?

DR. SLACK: We benchmark within the province. We don't do so much across the country. I think the government realized that amalgamations did not save a lot of money in the end, even though that was their rationale. And so they went on a benchmarking -- we call it *performance-based measures* -- exercise for Ontario municipalities, as a way to reduce costs. That was their, sort of, second effort. So we do that across Ontario. But we don't have comparable data across the country to do that. And we don't do it with other cities around the world.

ASSEMBLYMAN GORDON: Thank you.

Thank you, Mr. Chairman.

SENATOR SMITH: Thank you, Assemblyman Gordon.

Let me turn to Senator Kyrillos to see if he has any questions.

SENATOR KYRILLOS: Thank you, Mr. Chairman.



Thank you very much for being with us. We appreciate your time.

All the witnesses, frankly, Mr. Chairman, that have come from out-of-state, and from other countries, to tell us about their experience-- We appreciate it.

I think you said in your opening remarks -- part of which I may have missed -- that there was a referendum, but it did not pass. And I read somewhere in our briefing materials that fully 70 percent of the public, or more, was not in support of these amalgamation efforts. Is that correct?

DR. SLACK: Well, each of the municipalities that formed the new City of Toronto held referenda. And they voted against the amalgamation. However, the turnout was pretty low. So to say that 70 percent of the population was opposed, I could not. Probably the turnout rate was 35 percent, and then perhaps 70 percent of that -- I don't have the numbers in front of me -- were opposed. So it's certainly not a percentage of the population.

Again, as I said, under provincial legislation, the results of the local referenda are not binding.

SENATOR KYRILLOS: And how do people feel about it today? It's, what, five years -- half-a-dozen years later?

DR. SLACK: Yes. People don't talk so much about the amalgamation anymore. But I think those of us who deal with the city find that we're having trouble with getting the city to work properly. The amalgamation of different municipalities, in terms of the bureaucracy, has been very difficult. Different styles of bureaucracy and-- It's a very large city. And there's still some growing pains, I would say.

SENATOR KYRILLOS: Is there a strong community identification to the various municipalities or localities that people are from?

DR. SLACK: Yes, and that remains. But it goes back to the pre-1954 municipalities. So some people will say, "I live in Forest Hill." Well, Forest Hill hasn't been a municipality since the '60s. People say they live in Leaside. Again, that hasn't been a municipality since the '60s. So people talk about their neighborhoods, they talk about the former municipalities, they identify with them, even though they don't exist as a government.

SENATOR KYRILLOS: We have that experience here, as well.

I don't think you talked much about the cost savings until a moment ago. I think you said there have been none. And is that -- the cost of providing government services has not produced a lot of savings -- or has not gone down, rather?

DR. SLACK: Well, I think the costs have gone up.

SENATOR KYRILLOS: Have gone up.

DR. SLACK: I think the costs have gone up, yes.

I mean, there have been some savings because some people left -- staff left. There was some rationalization of services. But I think that the harmonization of wages and salaries has resulted in cost increases.

SENATOR KYRILLOS: And you've benchmarked that to the normal rate of growth, and the economy, inflation, compared to other cities, perhaps?

DR. SLACK: I don't think that work has been done, no. This is just-- This is a more casual (indiscernible) system than-- It's very

difficult to get the numbers. And as I said before, there were changes in the responsibilities that Toronto took on in 1998 because of the local services realignment. So it's very difficult to separate out what the impact of amalgamation was from the impact of other things going on at the same time.

SENATOR KYRILLOS: And, today, people feel about this experience -- and I suppose an evolving one -- in what ways -- general public opinion?

DR. SLACK: Well, I don't think it's an issue for people now. I don't think people talk much about the amalgamation anymore.

SENATOR KYRILLOS: Very good.

Thank you very much, for the moment.

SENATOR SMITH: Thank you, Senator.

We're going to turn to Assemblyman Joe Malone.  
Assemblyman.

ASSEMBLYMAN MALONE: Thank you very much, Mr.  
Chairman.

And I want to thank our guest this morning -- very well-prepared and, I think, a little bit sobering for some of us who were trying to look at ways to try to save costs.

Let me ask you some specific questions. The initial population of Toronto, before the amalgamation, was approximately how much?

DR. SLACK: Oh, 600,000 or 700,000, something like that.

ASSEMBLYMAN MALONE: And the population of the surrounding 12 communities?

DR. SLACK: Are you talking 1954, or are you talking before 1998?

ASSEMBLYMAN MALONE: Well, when you did the amalgamation. When did you do the amalgamation of all of these -- the Toronto and the 12 adjacent communities? When was that done?

DR. SLACK: That was in 1954. I don't have those population numbers.

ASSEMBLYMAN MALONE: Okay. And then you did a reshuffling, later on, that reduced, I guess, down to six outlying and then Toronto.

DR. SLACK: Right. I can check those numbers for you. I don't have them.

ASSEMBLYMAN MALONE: Were the demographics of the adjacent communities and Toronto similar?

DR. SLACK: Well, the City of Toronto was more of what we call a *downtown* community. So higher levels of immigration, more poverty-- But I think, now, the City of Toronto is fairly similar in all of its parts.

ASSEMBLYMAN MALONE: In your professional opinion, are the people in the new metro Toronto area better off or worse off than they were before the amalgamations?

DR. SLACK: That's a good question. No one has ever asked me that question before.

ASSEMBLYMAN MALONE: In your professional opinion. You may have political opinions, but in your professional opinion.

DR. SLACK: I guess I still believe that -- what I said in my remarks -- which is that I think it's a city that's too big and too small. So I

think they're worse off in the sense that it's not as locally responsive as it was before. And they're worse off, because we're not being able to deal with the regional issues because we have not dealt with growth around Toronto.

And what are the implications of that? The implications of that are traffic gridlock, pollution, congestion. So I think dealing with those broader regional issues still needs to be done.

ASSEMBLYMAN MALONE: The funding of the school districts that you talked about in the province-- Are they done on a community-need basis, on a per-pupil basis?

DR. SLACK: It's a very complicated formula. It's a basic foundation grant, per-pupil, that everybody gets. And then there are many more grants that go with it. So there's a grant for boards that have a high proportion of students at risk because of their socioeconomic backgrounds. There's a special grant for special education for disabled children. There's a special grant for transportation, there's one for capital, there's one for-- I could go on, as there are 20 separate--

ASSEMBLYMAN MALONE: It sounds very familiar to what we're doing here, in New Jersey. (laughter)

Would you say, based on your -- just your understanding -- is there more bureaucracy than if they stayed unconsolidated, or unamalgamated? Has the bureaucracy grown beyond--

DR. SLACK: Do you mean for education?

ASSEMBLYMAN MALONE: Well, for the whole process. I mean, after the amalgamation, in your opinion, is there more bureaucracy than there was, or would have been, if they had stayed separate?

DR. SLACK: I don't think so. But I don't have any evidence to support that statement. I just don't think so.

ASSEMBLYMAN MALONE: So they have done some consolidation of services. But your concern is that they may not be providing the quality of service that you would like.

DR. SLACK: Well, I think what's happened here is, with some of the debt unloading onto cities that happened in 1998, and the changing role of cities -- the need to be internationally competitive, the need to provide all kinds of different services on the one hand, with no changes in revenue sources on the other hand -- has really put a lot of fiscal stress on our municipalities. And I think what's happened is that they've kept property taxes pretty low, but at the expense of our infrastructure, which is -- we're not investing in enough. And I think that's going to come back to haunt us.

ASSEMBLYMAN MALONE: In your concern that amalgamation has not generated the savings that, I think, people had intended-- There are no studies that have really analyzed that, to your knowledge?

DR. SLACK: Not in the Toronto case, no.

ASSEMBLYMAN MALONE: Okay. Because somebody would have to take -- and do a case study of Toronto's growth, and then the growth of services that would have been needed in the six or 12 outlying communities, to say, really, what that cost would have been if, in fact, they had stayed alone. I would think that if you had 12 entities outside of Toronto, and they were to continue at the rate of growth similar to what happens in New Jersey, the costs, overall, would probably -- in my humble

opinion -- probably would have been much greater. We don't have that data. And it's something, I think-- We as a Committee I think have to look at the data to find out what additional costs are going to be going forward, as far as municipalities are concerned, if they continue in the same size that they are, and the needs to provide the services.

School districts have become everything to everyone's child. I mean, they've become mother, father, sister, brother, priest, whatever the case might be. And I just think the smaller communities are being crushed by the demands. And I don't know if that would have been the case in the Toronto amalgamation.

DR. SLACK: Well, it was the case for a couple of the low tax-base municipalities. They were having trouble providing services. But, again, you could do that kind of study in New Jersey. It would be hard to do it in Toronto, because the services changed in 1998. So it would be very difficult to go back and look at what the individual -- and it was six municipalities -- were spending on, compared to what they're doing now, when transit became local, some social services was further downloaded, social housing was introduced at the local level. So it would be hard for us to separate the amalgamation from the change in services. You'd have to keep the kinds of services constant to be able to do the kind of study you're talking about.

ASSEMBLYMAN MALONE: Thank you very much.

Thank you very much, Mr. Chairman.

SENATOR SMITH: Thank you, Assemblyman Malone.

Are there any other questions for Dr. Slack?

Yes, Senator Karcher.

SENATOR KARCHER: Thank you, Chairman.

Thank you, doctor.

I have a question to sort of, maybe, bring things around a little bit in my own mind, to-- From 1954 to 1997, you said that 70 percent of the services were already, to some degree, consolidated or amalgamated. Do you have an idea of what the savings were, in that time period, that would have brought those 70 percent of the services, that were, then, later amalgamated after 1998 -- what type of savings were we looking at in that time frame? Or were there any savings -- costs -- real dollar savings?

DR. SLACK: Many years ago, in the '70s, I did a study of the amalgamation that occurred in 1967, which looked at taking the 13 lower municipalities and turning them into six. And I did expenditure graphs -- expenditures per capita -- for each of the constituent municipalities over time, and then extended it as the new municipality after 1967.

And what happened for all expenditures, in all cases, was the line -- the graph after 1967 started at the highest expenditure municipality and kept going from there. So no cost savings-- In fact, we took the highest expenditure municipality path and continued the new municipality -- the amalgamation municipality on that path.

SENATOR KARCHER: That's a bit discouraging. (laughter)

DR. SLACK: But not surprising.

SENATOR KARCHER: You spoke of some of the more larger regional issues that we're still facing: pollution, gridlock, some of the quality-of-life issues. Just in your professional opinion, would it be a better tool to address these issues -- a larger governing body that would be able to handle some of the regional -- you talked about land use planning and



transportation that could be coordinated. What is the ideal tool, moving forward, to be able to handle some of those larger issues that you said -- that you mentioned still need to be addressed?

DR. SLACK: That's a whole other subject for discussion. There are many ways to do it, and it really depends on local circumstances. What we recommended here was that we actually have a government that covered the entire region, as well as lower-tier governments. So a two-tier model, as we had in metro, historically, but covering the larger region with a government, and then lower-tier governments.

But you could do it with a special district. I mean, one of the things we've implemented recently -- or we've legislated, we're about to implement -- is something called the Greater Toronto Transportation Authority. So it's a body -- it's not an elected body -- that will look at coordinating transportation throughout the entire Toronto region. So that's another model to come up with -- I guess you call them *special districts*. You have a lot of special districts. That's another way to do it. You can do it with intermunicipal agreements. Again, the context that your working in will really determine what the best model is.

SENATOR KARCHER: Thank you.

SENATOR SMITH: Dr. Slack, let me thank you for the information that you provided us today and taking time out of your busy schedule to be with us.

Thank you so much.

DR. SLACK: Thank you. It's been a pleasure.

SENATOR SMITH: Are we ready for our next witness?

Are we all set? (affirmative response)

Let me introduce to the Committee our next witness, to talk about the county-based schools in Maryland -- the state of Maryland. Our witness is Mary Clapsaddle.

Mary Clapsaddle is the Assistant Superintendent for business and economic affairs in the Maryland Department of Education. She has held the position of Assistant State Superintendent since December of 2002. Prior to this appointment, she served as Director of Policy Development for the Maryland Department of Business and Economic Development. She has worked for six years with the Department of Legislative Services for the Maryland General Assembly, achieving the position of Senior Policy Analyst.

Prior to her career in Maryland state government, Ms. Clapsaddle worked for Chatham County, North Carolina, as Assistant to the County Manager; and for the National Association of Counties.

She holds a Master's of Regional Planning degree from the University of North Carolina at Chapel Hill, and a Bachelor of Arts from Frostburg State University.

Ms. Clapsaddle, thank you very much for being present today. And if you'd give us a little background about the way in which education services are delivered in the state of Maryland, we'd very much appreciate it.

**MARY E. CLAPSADDLE:** Thank you.

Good morning, Mr. Chairman and members of the Committee.

Thank you for the opportunity to speak with you today about Maryland's experiences in school governance and administration.

I hope that I can inform your discussions and your decision making.

I believe you have some documents in front of you which will highlight some of the points that I'm going to make in my presentation. And I'm going to kind of walk through the documents as I go.

In Maryland, we have 24 school districts, which are coterminous with the 23 counties and Baltimore City, as shown on the map in your materials. If there's ever been a time when Maryland had a system other than this county-based system, I'm not aware of it.

Baltimore City is an independent city in that it is not located in a county. But it is its own county, and therefore performs the functions of both county government and municipal government. So we usually say, for shorthand, we have 24 counties, even though it's really 23 and one.

As I'm sure that you're aware, Maryland's population is concentrated through the central portion -- the central corridor of the state -- from Baltimore down to the southwest, to the Washington, D.C. suburbs.

The chart following the map is a breakdown of the enrollment in the 24 school systems as of last school year. As you can see, the districts range in size from about 2,400 in Kent County, on Maryland's eastern shore; to 140,000 in Montgomery County, a suburb of the District of Columbia. Only a few systems are larger than 50,000 students.

County school boards are independent bodies of elected or appointed members. And the boards are charged with hiring the local superintendent and managing all of the affairs of the district. At this moment in time, there are 15 elected school boards, seven whose members are appointed by the governor. And in Baltimore City, the governor and

the mayor jointly appoint the members. And in Prince George's County, the governor and the county executive jointly appoint the school board.

I would like to say just a few words about the Baltimore City and Prince George's County governance structures, because they are, in some ways, unique in Maryland.

Prior to 1997, the Baltimore City schools was part of the Baltimore City government. It was like any other state's -- city agency, like housing or public works. And this was a unique arrangement in the state. All the others had an independent school board administration.

In response to a consent decree on an education funding lawsuit, the state agreed to provide an additional \$254 million to Baltimore City over a period of time, beginning in 1997, while at the same time changing the management of the city's schools so it was no longer a part of city government, but independent like the other 23. So, at that point, a new board of school commissioners was appointed, as I said, jointly by the governor and the mayor.

Prince George's County had always had an elected school board until 2002, when in response to some scandals and concerns of mismanagement, the Maryland General Assembly replaced the elected board with an appointed board, again jointly appointed by the governor and the Prince George's county executive. The 2002 legislation established that the county would return to an elected board in 2006. So it was just for a short-term period to stabilize the system, it was felt, under the appointed board, before returning to elected. So, in this November, Prince George's County will again elect its school board members.

While school systems may be independent, corporate bodies, they are financially dependent on their county government. They do not have independent taxing authority, but rely on Federal, state, and local appropriations. In the year that we're looking at -- where most of my figures are from -- Fiscal 2004, \$8 billion was spent on current expenses from all sources. The bar chart on the next page shows the per-pupil spending, by district, by the source of funds. Overall, the statewide average revenue composition for local school districts was 7 percent Federal funds, 41 percent state, and 52 percent local funding.

As part of Maryland's education finance reform that's currently being phased in, the expectation is that in addition to increasing the amount of state aid, the state aid will be increased -- will be closer to a 50-50 split with the local government. So I would expect that these percentages would shift over the next couple of years.

I would also point out that the state aid is distributed inverse to local wealth. So the darkest bar, indicating the state share, is much shorter for the wealthy Montgomery County than for the much less wealthy Somerset County. The five wealthiest counties, on a per-pupil basis, are Worcester, Talbot, Montgomery, Kent, and Anne Arundel. Baltimore City has the lowest wealth per pupil, and as such receives the largest proportion of its budget from the state. School districts do raise a small amount of money directly, like tuition payments and interest earnings, but it's really minimal.

The next two charts present a flavor of the spending patterns in local school systems. Of the total per-pupil spending in 2004 -- \$8,592 -- about \$240 was spent on administration, and over \$4,000 was spent on

instruction. I would note here that we're relying on the Federal reporting conventions for education statistics. So administration includes board of education expenses; executive management; central business services; and centralized support, such as assessment and information technology.

Instruction includes instructional salaries and wages, which is, of course, by far the largest expenditure of any school district; textbooks, and materials, and other instructional supplies. Instruction does include guidance, and library media services, and those kinds of related functions, but it does not include special education or school-level administration. And, certainly, there's lots of spending for critical support such as facilities operations, and maintenance, and transportation, and food services that are not captured in this instruction number.

Baltimore City is a bit of an outlier in its administration spending, largely due to a disproportionate level of spending for legal fees associated with a number of lawsuits in which the city is engaged. Leaving that one aside, the spending ranges from \$391 in Kent County -- which is Maryland's smallest district -- to \$131 per pupil, in Carroll County. There's not an easy correlation between administration spending per student and district enrollment. But some of the lowest spending is evident in districts between 15,000 and 50,000 students. I think it's above 50,000 enrollment where you begin to see a growing executive management staff of deputy superintendents and assistant superintendents.

The next chart is just another way of looking at this, by showing the percentage of each system's budget spent on these two categories.

There's considerable evidence that school systems are working hard to find efficiencies in their spending. There's a number of consortia among school districts for buying power for textbooks, for bus fuel, and other contracted services. Some districts contract with their county government for financial management or data processing services.

As I mentioned, school systems are financially dependent on their county government in which they reside. And the county must approve their budgets. With a few exceptions, local appropriations for schools are from each county's general revenues.

The next chart shows the sources of funds available to county governments in Maryland. The largest own-source revenue, of course, is the property tax. In Maryland, property is taxed at 100 percent of valuation. And rates per \$100 range from \$2.33 in Baltimore City, to \$0.73 in Worcester County.

In Maryland, counties can levy an income tax at a rate that ranges between 1 percent and 3.2 percent of net taxable income. All counties do so levy an income tax at some level, and three are at the maximum. Other taxes in this chart include hotel/motel taxes, admissions and amusement taxes, property transfer taxes, and the like. In Prince George's County, for example, they -- just a couple of years ago -- enacted a cell phone excise tax that is dedicated to the public education budget, which raises about \$45 million per year.

Five counties have some form of revenue or tax cap that limits their -- either their property tax or their overall budgetary growth from year to year. In addition, state law sets limits on the increases of assessment value in any one year.

From these general revenues, funding for public education must compete with other governmental services at the county level. As you can see on the next chart, statewide, counties commit 52 percent of their budget to education. This ranges from 36 percent in Baltimore City, to almost 70 percent in Cecil County. A number of systems that are seeing high growth rates and high enrollment increases require a larger proportion of county dollars. We're seeing this in Cecil, Charles, Frederick counties, for example.

The education system in Maryland sets a minimum level of local appropriation. Failure to meet maintenance of effort puts one's state aid at risk. Maintenance of effort basically states that this year's per-pupil local appropriation must be at least equal to last year's per-pupil appropriation. So a county with declining student enrollment could appropriate fewer total dollars and still meet maintenance of effort. Conversely, a county with growing enrollment must increase its total appropriation, even if the per-pupil amount is held constant.

Most systems in Maryland exceed the maintenance of effort, and some by quite a large margin. In Fiscal 2005, however, there were three counties that provided a local appropriation exactly at the required amount.

As you have probably surmised, there is no maximum on the level of local appropriation. It is strictly a matter of local commitment, need, and, frankly, the ability to raise revenue. In absolute dollars, annual local appropriations range from \$8.5 million in small Caroline County, to \$1.2 billion in Montgomery County.

With the Bridge to Excellence Act of 2002, Maryland traded in its collection of categorical state grant programs for an outcomes-based



system. After careful study of the funding required to allow students to reach state standards, the state's funding formula was changed to provide dollars to local school systems based on their wealth and their student demographics. Although certain assumptions were made about the ongoing local contributions, the Act did not change the preexisting maintenance of effort requirement. There has been considerable discussion in the last year about revisiting local effort, and the state board of education has commissioned a study panel to study this issue.

Our outcomes-based system provides more than \$4 billion a year as unrestricted block grants, with the expectation that local school boards and local school superintendents can best determine how to spend the dollars to improve student achievement. Through a five-year master plan and annual updates, the achievement results and the strategies that are in place to address those results are carefully scrutinized.

We are proud of the progress being made in Maryland schools. And I provided you with several press releases that describe our achievements. Scores on the Maryland School Assessment are up in all districts, as we proceed toward the 100 percent proficiency required under No Child Left Behind. Results are also improving for the high school assessments, the passage of which is now a graduation requirement for the Class of 2009.

With this context, I'd be happy to entertain any questions that you might have that, hopefully, I can shed some light--

Thank you.

SENATOR SMITH: Thank you, again, so much for providing this very helpful information about Maryland.

Could you-- We've passed around a sheet for comparative information -- Maryland versus New Jersey. And I'd just like to confirm that we're on target here. Maryland is not so different from New Jersey, with the exception that we have a little under 600 operating school districts, and you have 24.

But, for example, you have 2,400 schools -- we have 2,400 schools, you have 1,400; we have an enrollment of 1.38 million students, you have 869,000 students; you have 109,000 teachers -- I'm sorry, we have 109,000 teachers, you have 55,000 teachers. One of the things that is significantly different, however, is that you do have a greater percentage of students that are eligible for Federal free lunch, at 31.4 percent, and we're at 26.9 percent. My understanding of that is that -- that because you have a higher number of students, that may mean that you have a significantly higher population of poor -- students from families who have relatively limited economic means, because that's the way in which you become eligible for Federal lunch, correct?

MS. CLAPSADDLE: Correct.

SENATOR SMITH: Okay. But, in truth, you're not so-- You're a little bit smaller than we are, but you're not so different. You have your urban areas, you have your suburban areas, your rural areas, just like we do. You're not so far different from New Jersey.

But there is a pretty big difference in the cost to educate a child. In New Jersey, our current number is \$12,809 per student, and in Maryland it's \$9,217 per student. So when you look at that very dramatic difference-- I tried to look at the information that you provided -- the statistics that you provided. And one of the things that just jumps off the

page -- and I hope the members of the Committee will take a look at it -- there is a graph -- a chart that you provided entitled "Percent Distribution of Current Expenses by Category in Maryland Public School Systems, 2003-2004." And you list the 24 school districts, and you have your administrative costs as a percentage.

Those administrative costs you have as 2.68 percent of the total costs of the educational system. Am I correct in that?

MS. CLAPSADDLE: That's correct.

SENATOR SMITH: All right. Would you fall off your chair if I told you that for our system, which is -- which costs \$3,600 more per student to educate than in Maryland -- that our total administrative costs is 10 percent of the total cost of education?

MS. CLAPSADDLE: That's alarming.

SENATOR SMITH: It's an indictment.

One of the things that you've succeeded to do in Maryland is that you've found a way to make those administrative costs efficient. You found an efficient way to deliver educational services. And we found a way to charge four times as much for administration, as a percentage of the total, and our total is significantly higher than yours. We're about a little more than a third higher to educate a student than you are. The information that you've provided us is absolutely devastating.

The other thing that I noticed was your school district sizes. Your smallest district -- this is county district -- is as small as 2,500 children, but your biggest district is as high as 140,000 children, correct?

MS. CLAPSADDLE: That's correct.

SENATOR SMITH: Okay. And then you have an awful lot that are in between, like Baltimore City, which is 88,000; and Prince George's -- I saw that size. That was--

MS. CLAPSADDLE: That's the second largest.

SENATOR SMITH: --133,000.

So it seemed to me that these county systems could be of any size and still work fairly efficiently, which was another thing that kind of jumped off the page.

Are there any benefits to having a fewer number of districts -- some benefit that we don't see, just in terms of the money?

MS. CLAPSADDLE: I think one thing that our state superintendent is -- relies on a great deal is her ability to meet regularly with the entirety of the superintendents. She meets monthly with all 24 superintendents, which I don't think you could do if you had several hundred to try and get together. And part of the benefit of this is that there is a level of cohesion -- in terms of curriculum priorities, in terms of policy, and regulation, and enforcement -- that's much easier to implement with just a smaller number of superintendents and systems.

SENATOR SMITH: Great.

Now, that being said, it is true, is it not, that with regard to your 24 school districts, that there's variety between the districts?

MS. CLAPSADDLE: Yes.

SENATOR SMITH: Each of these districts still does their own curriculum development, correct?

MS. CLAPSADDLE: That's correct.

SENATOR SMITH: Because one of our concerns in New Jersey is that somehow, if we moved away from town administrative school districts, that somehow there would be a loss of local control, in terms of what's being taught in the school systems.

Each county develops its own curriculum, as I understand it.

MS. CLAPSADDLE: That's correct.

We strongly believe in local control. And the local superintendent, the local school boards remind the State Department of Education, at any moment, when they think that the local control is being impeded on.

One thing that Maryland has done, for example, in terms of curriculum -- has established a voluntary state curriculum, which is available to systems to adopt, or to adopt in part and amend in part.

The fact of the matter is that the school assessments are aligned to the voluntary state curriculums. There's an expectation that if you teach this voluntary curriculum, you might do better on the school assessments. But it is voluntary, and systems can add to it, or subtract from it, or modify it as fits their local needs.

SENATOR SMITH: With respect to the pay scales for both supervisors and teachers-- I assume on the teachers' side of it that each county school district would have its own contract. Is that true?

MS. CLAPSADDLE: That's correct. Most school districts have two or three unions that they -- or bargaining agreements that they enter into, one for the teachers, one for the support staff, and then a manager's or administrator's -- some kind of bargaining unit. But each county board negotiates its own contracts.

SENATOR SMITH: Okay. And how does--

And, by the way, the point on that is that you would then be able to have salaries that reflect the region in which the district is located. Is that correct?

MS. CLAPSADDLE: Right. And that's very true. I mean, the salaries in Montgomery County and suburban Washington are much higher than in the rural parts of the state.

SENATOR SMITH: Good.

In terms of the-- How does a school budget get set in Maryland?

MS. CLAPSADDLE: The county government is actually the approving body for the school budget. So the way the process works-- In, say, January, the state -- the local superintendent will present his or her proposed budget to the county board of education. They would know, at that point, pretty much what their state grant is going to be. They'll have some estimates about what their Federal funds are going to be. And, basically, they then make a request for the balance from their local government as appropriation.

The county school board would then adopt that budget request and submit it to the county -- either the county executive or the county commissioners -- who would consider that funding request -- that level of funding for education -- as part of their overall budget development in the months of April and May. And they would enact the budget in June for the upcoming fiscal year.

At that point, if the school's full request has not been met, then the budget goes back to the county school board to make adjustments in spending to match the appropriation that they've been provided.

SENATOR SMITH: So as I understand the system, the local school district does not have taxing power.

MS. CLAPSADDLE: That's correct.

SENATOR SMITH: Taxing power resides in the county government, and they then agree upon a budget.

MS. CLAPSADDLE: That's correct.

SENATOR SMITH: Thank you very much.

Co-Chairman Gordon.

ASSEMBLYMAN GORDON: Thank you, Mr. Chairman.

And thank you very much for spending some time with us today.

Having lived in Montgomery County, I remember a great deal of diversity among the communities. And I'm still a bit unclear about the extent to which the municipalities have any kind of control over their schools. You mentioned that the curriculum is developed at the local level.

What other things do local citizens have control over at the local level? And to what extent do they have any power over that? I had the impression that there's something of a balancing act that goes on between the local school officials and the county district. Could you elaborate on that?

MS. CLAPSADDLE: Well, I think you will find the political negotiations on the budget resolution -- on the amount of local

appropriation that a county government may be willing to put into its educational system.

But from the board of education-- They make virtually all decisions about the operation of the schools in that district. They decide what their optimal class size is going to be. They decide what textbooks they're going to use. They determine if schools need to be closed, or consolidated, or if new schools need to be built -- where they should be. They determine the bus routes. I mean, they do everything on the management. They are responsible for teacher professional development, for providing sufficient staffing throughout the schools at a level that they determine to be sufficient. So you will not find a uniform class size in every district in the state. Some have different priorities in terms of staffing ratios. And those are all local decisions.

ASSEMBLYMAN GORDON: Interesting.

Thank you, Mr. Chairman.

SENATOR SMITH: Senator Karcher.

And let me just mention to everybody, in terms of the electronics-- Turn on your microphone to ask the question, and then turn off your microphone so that we have no interference with the response from Maryland.

Senator Karcher.

SENATOR KARCHER: Thank you, Chairman.

I have a couple of questions. One is just a point of clarification, because I'm not sure I heard correctly.



You said that the property tax is levied at the county level at 100 percent valuation, and it ranges from \$2.33 per \$100 assessed value, to \$0.73. Is that correct?

MS. CLAPSADDLE: That's correct.

SENATOR KARCHER: Okay. I just wasn't sure if I had heard that correctly.

My other two questions are a little -- more points that need some elaboration, I believe.

When we were breaking down the cost of administration and instructional, I think you mentioned that those did not capture -- those numbers did not capture the special needs children, and where the costs are provided, or the -- well, the -- for the special needs children -- where the costs are provided in your breakdown. Could you elaborate a little bit on that for me, please?

MS. CLAPSADDLE: The statistics that I'm relying on here mirrored what we have to report to the Federal government under the National Center for Education Statistics. And they have defined categorization of spending, I guess, to lend to national comparison.

Special education instruction is segregated from general instruction. Now, a special education student who is in the general classroom -- those expenditures would count in instruction. But any special services or additional services, solely on the basis of a child's special education needs, are segregated out from this figure that you're seeing. I'd be happy to provide you with some more full statistics if that would be helpful.

SENATOR KARCHER: Thank you.

And my other question is, on a chart -- following the chart I was referring to just earlier -- that presents distribution of current expenses by category, it notes that state share of teachers' retirement and equipment are not included. What would the inclusion of the retirement benefits do to these overall numbers?

MS. CLAPSADDLE: I would have to go back and calculate that for you. I think the total per pupil figures -- no. I would hate to guess how much the state share of retirement adds, but I can try and calculate those for you. I'm sorry.

SENATOR KARCHER: Do you have the number of what the state share is for retirement benefits?

MS. CLAPSADDLE: Well, the state pays 100 percent of teacher retiree costs, the pension costs. It costs the state about \$400, \$500 million a year for those expenditures. And unfortunately, sometimes in some of these schedules, we include that and sometimes we don't, because the funds aren't actually distributed to the local school systems. They're just paid on their behalf to the state retirement agency. So when we talk about state aid to local school systems, we always include it, because it is a very high ticket item for the state. But when we talk about the spending of a particular district, it's not counted because it really doesn't flow through their budget. So unfortunately, we have a mixed bag sometimes.

SENATOR KARCHER: Thank you.

SENATOR SMITH: Thank you, Senator Karcher.

Assemblyman Joe Malone.

ASSEMBLYMAN MALONE: Thank you very much, Mr. Chairman.

Just a few questions. Thank you very much for your presentation.

The survey to determine administrative staff within a particular school district, is that a document that is a state document? Who prepared the document to make determinations as to who was considered to be the administrative staff within the school district?

MS. CLAPSADDLE: The administration expenditures that I've reported are self-reported by local school systems, but the definitions are pretty concretely established at the state level in conformance with the Federal definition. So we have a financial reporting manual for Maryland school districts which lays out in excruciating detail the kinds of staff expenses that are in which categories.

ASSEMBLYMAN MALONE: Okay, thank you. Thank you very much for that one.

The cost for central administration at the county level, as opposed to the costs at the school-based level -- do you have any information as to, on a countywide basis, what it costs for the counties bureaucracy to run the school district?

MS. CLAPSADDLE: The county government really does not incur any direct expenditures for its school operations. They would make a grant to the school board, and it's the school board that then incurs these administrative expenses as does the management. The only place where the county government might have a larger role in the administration is in the case of capital projects planning and the planning for a new school facilities. Again, it's a state- and county-shared expense for school construction, but the local share generally is larger than the state share, so counties take that

commitment and that responsibility very seriously and spend a lot of time and effort on that.

ASSEMBLYMAN MALONE: The state gives the money to the county, and the county distributes it to the -- and makes a budget up for all of the schools within the county. Is that my understanding? Is that correct?

MS. CLAPSADDLE: The county school board.

ASSEMBLYMAN MALONE: Yes.

MS. CLAPSADDLE: I think we need to distinguish between the school board and the county government. The state gives its grants and the Federal pass-through grants to the school board, the local board of education. The county also gives its local appropriation to the board of education. And that's where all the spending occurs. And it's at the local board -- the local board then that makes the decision about how to spend it at the school level -- what staffing ratios, what capital facilities needs, etc. -- is determined by the--

ASSEMBLYMAN MALONE: When you say local, you mean county?

MS. CLAPSADDLE: County, yes.

ASSEMBLYMAN MALONE: Right. Okay. So--

MS. CLAPSADDLE: County school board.

ASSEMBLYMAN MALONE: --the state of Maryland would give *X* number of dollars of state funding, plus the Federal pass-throughs and any other funding that may come in, down to an individual county.

MS. CLAPSADDLE: The Montgomery County Board of Education.

ASSEMBLYMAN MALONE: Okay. And then each--

MS. CLAPSADDLE: The Carroll County Board of Education.

ASSEMBLYMAN MALONE: --school within that county is then allotted *X* amount of dollars, or is it done on a per-pupil basis? How do they distribute the money to the school districts? They just have a blanket formula per child?

MS. CLAPSADDLE: The state dollars are calculated on a -- basically on a per-pupil formula. How a county school board decides that high school *A* is going to get so much, or elementary school *A* or elementary school *B*, is part of the local decision making. The state funds go to the county board of education, and then the board of education distributes it and makes allocation among the schools -- and to the central office and to the schools.

ASSEMBLYMAN MALONE: Okay.

Is there any kind of community oversight? Once the county gives the money to a particular school within a town, is there any oversight by anyone else other than the administration of that particular school building?

MS. CLAPSADDLE: Well, the ultimate accountability would rest with the county board of education on how those dollars are spent. So the county board of education would hold the local superintendent as the responsible manager, who would then, in turn, hold the principal, vice principals, etc., responsible for the spending.

ASSEMBLYMAN MALONE: Okay. So you have a state superintendent--

MS. CLAPSADDLE: That's correct.

ASSEMBLYMAN MALONE: --then you have a county superintendent?

MS. CLAPSADDLE: Correct.

ASSEMBLYMAN MALONE: Okay. And the county superintendent is responsible for all the schools within the county?

MS. CLAPSADDLE: That's correct.

ASSEMBLYMAN MALONE: And the next level down is a principal?

MS. CLAPSADDLE: That's correct. Unless there are intervening layers of deputy superintendents or assistant superintendent to the local level. Some of the larger systems, for management purposes, would need--

ASSEMBLYMAN MALONE: Assistant superintendents. I can understand that.

If there are, let's say, emergencies within school buildings or school areas, the county superintendent has the right to either request additional funds from the state, or how would they get additional funds if something was needed in a particular school?

MS. CLAPSADDLE: If funds in excess of the budget that's already been adopted and agreed are needed, there have been rare occasions where the state is petitioned for dollars. I think the expectation is that the local government, the county government is where the school system would turn if additional revenues are needed. And I think it's partly because the state dollars are in large part formula driven. They're determined by the number of students that you have and your wealth, etc. Whereas the local dollars are a negotiated amount, frankly, appropriation.

ASSEMBLYMAN MALONE: So political pressure in a particular area of a county doesn't play any bearing as to what school facility would get more or less?

MS. CLAPSADDLE: Well, certainly political pressure at the local level. But speaking from the state level, I'm insulated from that, I suppose. But certainly you see that, when you have local community groups, active parents who are demanding a higher level of service, or a better staffing ratios, or whatever. The county board of education is going to respond to those needs to the best they can.

ASSEMBLYMAN MALONE: To follow up on Senator Smith's point of question, what's the average salary of a county superintendent in Maryland, or a range?

MS. CLAPSADDLE: I just happen to have that, and this is last year's data. But the average is 154,000 for the superintendent, and it ranges from 125,000 to, looks like, 250,000. And this is salary. Sometimes they have retirement bonuses and things.

ASSEMBLYMAN MALONE: We've done a little bit of research into that area ourselves. (laughter)

What would you say the average, or range, of salaries are for principals?

MS. CLAPSADDLE: Principals, the average is 98,000. The range being from about 78,000 to 112,000-115,000.

ASSEMBLYMAN MALONE: Do you know what the total amount of educational dollars are, spent by the state of Maryland?

MS. CLAPSADDLE: The total spending on education is about \$8 billion in a year, about 4 billion of that is from the state funds.

ASSEMBLYMAN MALONE: And that does not include capital expenditures?

MS. CLAPSADDLE: That's correct. This is just for current expenses.

ASSEMBLYMAN MALONE: Current expenses.

And the other 4 billion comes from where?

MS. CLAPSADDLE: Mostly from the local, the county appropriations and some Federal funds. And that's a rough--

ASSEMBLYMAN MALONE: That's close enough.

MS. CLAPSADDLE: Because I don't think the state is actually as high as half, yet we're getting there.

ASSEMBLYMAN MALONE: So your total operating expenses for the entire state of Maryland for your school districts is about 8 billion? Is that--

MS. CLAPSADDLE: That's right. That's right. It might be pushing 8.5 as we get-- We're still phasing in our new funding formula, so we've had incredibly large increases in state aid over the last couple of years.

ASSEMBLYMAN MALONE: Just in the State of New Jersey, just for our operating expenses for the State of New Jersey -- that does not include local -- the taxes are going -- the State is spending about \$10 billion a year in aid to school districts, and that does not include the local school district share.

And you said special ed is not part of this number that you're talking about, or it is part of the number?



MS. CLAPSADDLE: It's not part of the instructional spending -- the 4,000 or so per pupil that I've reported. Additional services for special education students are segregated out from that, but I can--

ASSEMBLYMAN MALONE: Do you know what that number is?

MS. CLAPSADDLE: Let's see, this is Fiscal 2004 -- and I apologize for the kind of dated number of some of these -- it was about an additional \$1,000 per pupil for special education -- \$991.

ASSEMBLYMAN MALONE: That's across the entire board. That's 991 times the number of students you had in the school.

MS. CLAPSADDLE: Right. Not times the number of special education students, but times the total.

ASSEMBLYMAN MALONE: Thank you very much. You're quite helpful in the information you've provided.

And Mr. Chairman, thank you very much.

SENATOR SMITH: Thank you, Assemblyman.

Senator Kyrillos.

SENATOR KYRILLOS: Thank you, Senator Smith. Thank you, Senator.

I just want to recap a couple of numbers that have flown by. Mr. Chairman, you've compared the administrative cost between New Jersey and Maryland, and it was 3-plus percent versus about 10 percent plus. Is that correct?

SENATOR SMITH: Let me -- we passed around a--

SENATOR KYRILLOS: I wanted to ask you what chart that was on.

SENATOR SMITH: We passed this around -- the New Jersey Department of Education. If you look at the 2004, 2005 column--

SENATOR KYRILLOS: Yes.

SENATOR SMITH: --now look down the state average--

SENATOR KYRILLOS: Yes.

SENATOR SMITH: --go halfway down. You see total administration costs, \$1,235.

SENATOR KYRILLOS: Yes, sir.

SENATOR SMITH: And then go to the very bottom of the total cost per pupil. It's \$12,567 -- 10 percent are administrative costs, or 10 percent of the costs of educating a child.

Now, you take a look at the Maryland charts. Ms. Clapsaddle has a chart on the percent distribution of current expenses by category, Maryland Public Schools -- 2003, 2004 -- and the administrative costs, average for the state, is 2.68 percent. That's where the numbers came from.

SENATOR KYRILLOS: Very good.

Very good math, Mr. Chairman, and obviously a staggering variance.

Assemblyman Malone asked our witness about the total state dollars spent in Maryland. Was the total \$8 billion, roughly half of the total out there in aggregate -- 8 and 8? Or was it 4 and 4? I was confused.

MS. CLAPSADDLE: Total spending is about 8 billion, from all sources. And about half of that is the state, so 4 billion -- and half local.

SENATOR KYRILLOS: That is truly incredible. I'm not sure how all these numbers add up, because our total student body is not that much different from yours. Our average per pupil spending -- the numbers

we have are 12, 8 years, or 9, 2 (*sic*). But we spend here probably close to \$25 billion. What would-- Ten billion from the State.

SENATOR SMITH: Eighteen is a good number.

SENATOR KYRILLOS: Property taxes is an aggregate. Property tax collection aggregate is about 20 billion. And I'm just estimating that two-thirds of that 20 billion is going to the public schools. If we can get a good number on that from OLS, that would be helpful. Somewhere between 20-plus for certain. So I think our staff -- and we need to kind of crunch these numbers out, because we are spending so much more. And I'm not sure of the amount behind each kid is that much different to reflect that total universal difference between what we spend as a State and what you spend as a state.

Just a question to you, because we'll do that on our time, not on your time. Is there a big variance between what you spend on school kids, say, in Baltimore or other urban areas of Maryland versus the rest of the state?

MS. CLAPSADDLE: Yes, there is. And if you go to this chart -- and it was in my documents, this bar chart. It's kind of a visual representation of the spending on a per pupil basis, Montgomery County having the highest amount. As a combination, it is a wealthy jurisdiction, so it has the luxury of raising local revenues. It also is a community that believes very strongly in education and is willing to pay for it and tax themselves.

SENATOR KYRILLOS: And what towns are in Montgomery?  
Excuse me, what towns--

MS. CLAPSADDLE: The city of Rockville, the city of Gaithersburg. There are no large-- Silver Spring is probably the most urban, that has the typical urban--

SENATOR KYRILLOS: These are Washington, D.C. suburbs?

MS. CLAPSADDLE: Yes, Washington suburbs. Yes.

SENATOR KYRILLOS: And they're about 11,000 per student.

MS. CLAPSADDLE: That's correct. That's correct.

In Baltimore City, of course, is our most urban district. They are about fifth or sixth down from the top.

SENATOR KYRILLOS: Yes.

MS. CLAPSADDLE: Prince George's County is another system with many issues related to urban poverty, although there are also some very wealthy communities within Prince George's County.

SENATOR KYRILLOS: So, in Baltimore -- not to stop you -- you're spending-- Is that your poorest city, by the way?

MS. CLAPSADDLE: It is. Yes. It is the least wealthy jurisdiction on a per pupil basis.

SENATOR KYRILLOS: And you're spending about average in Baltimore as you are statewide?

MS. CLAPSADDLE: Yes.

SENATOR KYRILLOS: Is that correct?

MS. CLAPSADDLE: That is correct.

SENATOR KYRILLOS: That I think is a big, big difference between our two states. I think that most school kids in New Jersey have behind them about the State average that Maryland has behind its kids, roughly. We have about a \$3,000 variance from a state average point of

view, and I would submit that the majority of that difference is reflected in what we spend behind the students in our poorest sections of the state, the poorest school districts of the state.

So I think we've identified a couple of big differences, Mr. Chairman. One, that you pointed out so clearly, the administrative cost differences.

What you're spending in Baltimore and what we're spending in Newark, for example, another big difference. And I think we've got to get our arms around the aggregate spending because we seem to be spending so much more, and it's, at least in quick translation, not reflected in translation with the amount of kids that you have.

From a governance point of view at the county school board level, these are elected posts, appointed posts, a combination of both? You said something about appointed posts in your early remarks.

MS. CLAPSADDLE: It's a combination of elected and appointed. Once the Prince George's situation gets flip-flopped, they'll be 16 elected of the 24. The remaining are appointed either solely by the governor; or jointly by the governor and the mayor, in the case of Baltimore City.

SENATOR KYRILLOS: And is there any geographic distribution of any sort, or these are all at-large elected officials or at-large countywide appointed officials?

MS. CLAPSADDLE: Again, it varies. The appointments are all countywide appointments. But on the elected side, some counties have all at-large, some have a mix of at-large and districts that would match the county commissioner's district or the county council's district. A couple of

systems have all districts. Some have districts that are different than the council, (indiscernible) districts, but are special education districts. It's a very mixed bag.

SENATOR KYRILLOS: And you said this was the system you've had since the late 1800s?

MS. CLAPSADDLE: Yes. I couldn't really find a reference anywhere to when it was created, so I can't really--

SENATOR KYRILLOS: So when the soccer moms and the PTA and others have school issues, they go beyond the schoolhouse, I suppose, in many instances, or most will go to the school principal, correct?

MS. CLAPSADDLE: That would be correct.

SENATOR KYRILLOS: And for larger issues, they'll go down to the county seat?

MS. CLAPSADDLE: Right. They will go to the county superintendent or the county school board. Although believe me, a lot of -- the state superintendent and our offices, we get a lot of those questions too. But many of them we get -- complaints or concerns -- we have to just simply refer them back to the county superintendent or the county school board for resolution, because that's where the policy-making lies.

SENATOR KYRILLOS: Perhaps you said, these are volunteer posts -- the school board posts?

MS. CLAPSADDLE: They have -- some are paid a very modest amount. Our statute enumerates them. Some counties, for example, might pay their school board members \$3,000 or \$4,000. I think Montgomery County is the high watermark, at \$18,000, to serve on the county school board.

SENATOR KYRILLOS: Switching gears quickly, and then I'll close out. We've had a history of New Jersey Supreme Court involvement in the governance of our schools, in the funding of our schools dating for at least the last 16 years and perhaps, and probably, longer, certainly longer. But in the modern context, I guess it's 1990. But have you had that experience? What kinds of experiences have you had with court imperatives?

MS. CLAPSADDLE: We have had-- We've had two situations, both related to Baltimore City. In 1984, the parents of a special needs child sued the city at that time, because the schools were still part of the city government, for failure to provide free and appropriate education. In 1990, the state voluntarily joined with Baltimore City on that suit, recognizing that the provision of those services was a joint responsibility from the state and the city. That lawsuit is still ongoing. We thought at one point the court was going to exit its oversight, but it has not. In fact, last Summer the court required the state to send a management team into the Baltimore City schools to work side by side with many of the executive managers to help ensure the delivery of the special education services.

There's also been a suit on the general adequacy of funding where, again, parents of Baltimore City students have sued the state claiming that we have not met the constitutional threshold of a free and efficient education. Again, there have been some intermediate rulings, but the court has not finally ruled on anything. There was a consent decree in the late 1990s, which gave rise to the Baltimore City partnership, where, as I mentioned earlier, the state provided 250 million of additional funds in exchange for some management reforms and governance reforms in the

Baltimore City schools. Since that time, there's been no specific mandates from the court in terms of funding or governance.

SENATOR KYRILLOS: Well, be careful about that court case you mentioned. (laughter) We'll have people do some video with you before your legislative committees if you'd like.

MS. CLAPSADDLE: Okay.

SENATOR KYRILLOS: Finally, you said about half of the county school budgets are from the state -- and you gave us this information, I'm sure, in the handouts. Is that pretty much universally so, give or take, throughout all the county districts? About that half coming from the state?

MS. CLAPSADDLE: Well, that's on average, and it really varies quite a lot by the wealth of the jurisdiction. Again, if you -- just on a visual on this chart, the dark bar in the center, the dark section is the state aid. So, again, Montgomery County has a relatively small amount. Baltimore City, the state bar is the largest, because they are our least wealthy jurisdictions.

SENATOR KYRILLOS: Very good. I see this.

MS. CLAPSADDLE: So you can see distribution.

SENATOR KYRILLOS: Thank you very much for your time.

MS. CLAPSADDLE: Thank you.

SENATOR SMITH: Assemblyman Malone.

ASSEMBLYMAN MALONE: Thank you very much, Mr. Chairman.

Just two brief questions. Do you have dropout rates for each county?



MS. CLAPSADDLE: I don't know that I have them with me.

ASSEMBLYMAN MALONE: Okay. Maybe we could follow up and get those.

MS. CLAPSADDLE: Okay.

ASSEMBLYMAN MALONE: And also, mobility factors -- kids moving from one place to another during the school year, trying to keep track of those. Do you keep those kinds of statistics also?

MS. CLAPSADDLE: I don't believe we keep statistics as children move from district to district, because one of the things that we don't have is this system of student identifier that is unique across the state. Certainly, if the student moves within a district and goes to a different school, that school district can keep track of that child, but we at the state level can't always. But I can see what information might be available.

ASSEMBLYMAN MALONE: Again, thank you very much.

And thank you, Mr. Chairman.

SENATOR SMITH: Any other questions for Superintendent Clapsaddle? (no response)

Superintendent, let me thank you for your participation today.

One other area where we'd appreciate some follow-up information would be the costs on -- per pupil transportation costs in Maryland.

MS. CLAPSADDLE: Okay.

SENATOR SMITH: We'd like to see how that compares when you have a county transportation system, to our costs -- per-pupil transportation, here in New Jersey. That would be very helpful if you could forward that to me, and I'll share it with the Committee members.

MS. CLAPSADDLE: Okay. Certainly.

SENATOR SMITH: On behalf of the Committee and the State of New Jersey, thank you for all your help today.

Members, if there are no other questions, a motion to adjourn is appropriate.

ASSEMBLYMAN MALONE: So moved.

SENATOR SMITH: All right.

The Committee is adjourned.

Thank you.

**(MEETING CONCLUDED)**