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# *Public Hearing*

before

## JOINT LEGISLATIVE COMMITTEE ON PUBLIC SCHOOL FUNDING REFORM

*"Testimony regarding the funding of public schools"*

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**LOCATION:** Ballroom and Theater at Collingswood  
Collingswood, New Jersey

**DATE:** October 10, 2006  
5:30 p.m.

### MEMBERS OF JOINT COMMITTEE PRESENT:

Senator John H. Adler, Co-Chair  
Assemblyman Herb Conaway Jr., Co-Chair



### ALSO PRESENT:

Kathleen Fazzari  
Theodore C. Settle  
*Office of Legislative Services*  
*Committee Aides*

Jacqueline Burke  
*Senate Majority*  
Mary Alice Messenger-Gault  
Keith White  
*Assembly Majority*  
*Committee Aides*

Christine Shipley  
*Senate Republican*  
Joseph D. Glover  
*Assembly Republican*  
*Committee Aides*

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

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President  
New Jersey Parents for School Choice

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**ASSEMBLYMAN HERB CONAWAY JR. (Co-Chair):** Good evening, everyone.

We are-- Thank you for coming to offer your thoughts and comments regarding our charge to reform the public school funding system.

Over the last several weeks we have heard from many stakeholders involved in public education -- concerned, first and foremost, with the education of our children. We've heard from principals and other administrators, advocates for children with special needs; we've heard from experts in the field of finance and curriculum -- all pointed toward the goal -- again, following the Governor's charge -- of developing a funding formula which will identify and fund the particularized needs of students.

And throughout that time, I can say that what we have learned is that our funding system can work better than it does. I don't think that's a surprised to anybody. There are many redundancies in the system which should be reduced or eliminated. It has been shown and demonstrated, across the state, that if we coordinate the delivery of services better, we can get both better quality and save precious taxpayer dollars. And, certainly, we've heard many reforms -- across the broad spectrum -- from how we, as they say, do special education, how we do transportation, how we organize the delivery of this all-important service. And we're very anxious -- the panel and I -- to hear from the citizens on this most pressing issue.

Some ground rules at the start: All of the testifiers -- and we have many-- We've got about -- if everybody uses their testimony -- we've got about four hours worth of listening to do. And so in respect of that, folks will have four minutes. You see that there is a-- You'll come up to the mike, sit here, and testify into those mikes. All the mikes are hot, so please

be careful about your comments. If you do have to get up and leave to have a sidebar conversation, these curtains are not going to block any sound. You really do need to try to take it out of those doors so that we can hear what's being said, and that we won't get interference with things that you might not wish to say on the mike.

That red light will go off at three minutes and 30 seconds. It's just letting you know that you have 30 seconds in which to complete your comments.

Many of you have brought prepared testimony. We would ask that you submit your prepared testimony and, rather than read from that prepared testimony, summarize that testimony, get to the highlights. And as we're all listening, try to reflect upon what's been said. It will, I think, go better for all of us if we try not to repeat, too often, things that have already been said.

Admonition about the cell phones: Big room, a lot of sound will travel all about. So if you could please turn off your cell phones or put them on vibrate, it would be very helpful and respectful to those who are here in attendance.

With that, I'll turn it over to Senator Adler for some opening comments. And we will call the first of our witnesses.

Senator Adler.

**SENATOR JOHN H. ADLER (Co-Chair):** Chairman Conaway, thank you so much.

First of all, I'm so delighted to see so many people here. It's obvious that people care very much about affordability of homes in New Jersey, in all of our communities in New Jersey. And it's probably equally

obvious to me, and Assemblyman Conaway, and the other people who serve on this Committee that people care very much about investing in children, investing in our future as a society. And to see so many of you gratifies Herb and John very much.

And I will tell you that the members of the Committee who aren't yet here are either on their way or have access to this from the Internet later on. All of these hearings have been available, subsequently, on the Internet. And so for the people who haven't been able to attend a part of a hearing, or all of a hearing -- whether it's the public or members of this Committee -- people have had a chance to check in and hear what has been said, what the testimony has been, what the dialogue between members of this Committee and the public has been. So it's been enormously helpful to have the technology to catch up, if you miss, or to review something even if you were there.

I'd also like to take a minute just to thank the borough of Collingswood, and our host, the Mayor of Collingswood, who is in the back row looking very dapper tonight, Mayor Jim Maley.

Thank you very much for taking the time to be our host tonight. (applause)

He's dapper most of the time. I didn't want to imply it's just tonight. He's a stylish guy. (laughter)

And right beside him, hiding behind the curtain, is Assemblywoman Pam Lampitt, who represents Collingswood.

So, Pam, it's great you took the time, also. (applause)

So I'm eager to listen and learn. And I understand there are natural tensions between people's desire to maintain or even improve the

quality of education in their community, and in all communities; and at the same time, we have to find a way to keep homeownership affordable, because it's out of control for too many people, in too many communities.

And so Herb, and I, and the other members of this Committee, and the very talented staff people here are all eager to listen and to learn from the benefit of the wisdom of the people.

So our first witness tonight is the wonderful Monsignor Robert McDermott, the Diocese of Camden.

**MONSIGNOR ROBERT T. McDERMOTT:** Thank you, Senator, for this opportunity to address you tonight.

I represent, tonight, the New Jersey Catholic Conference, the Diocese of Camden, and most particularly the churches and schools in the city of Camden. I've been Pastor of St. Joseph's Pro-Cathedral for 22 years.

I know, in attempting to address the problems of urban public education in particular, most solutions involve one or both of the following: We need more money or more time. And we know that the taxpayers are running out of money and the children, certainly, are running out of time.

Specifically, we believe that the continued viability of nonpublic schools can be part of the solution of the overcrowding conditions and the amount of property taxes that have to be paid by the people of these areas, and also, including, the failure of many of the urban school systems that we're a part of. Although the creation of charter schools has helped, the charter schools are just another alternative. And it's still an alternative that, in many areas, has yet to create a track record.

I'm here tonight to support a solution to the situation that is contained in the legislation that has been introduced in both the New

Jersey Senate and the New Jersey Assembly, in the form of Senator Doria's bill, 1332, and Congressman -- or Assemblywoman Cruz-Perez's bill, 257. Both bills provide corporate tax credits, scholarships for students in urban public schools in selected districts. The bill is modeled after the program enacted statewide in Pennsylvania, which is proving successful in easing the burden of overcrowded public education, and providing realistic alternatives for students and their parents who are seeking to transfer from urban public schools which are unable to meet their needs.

With the cost per-pupil in nonpublic schools totaling far less than 50 percent of what it costs in the public school system, we believe that this is a realistic solution, both as a cost-saving measure for taxpayers and an opportunity for achievement for the students who are able to take advantage of it.

The Catholic Church has, in the Diocese of Camden -- in our city -- five schools, four of which are K-8 schools. And the tuition for those schools is about \$1,600 -- \$1,650. And, still, many of our students -- parents are not able to afford that. And so we have two of those schools that are bleeding to death, in a sense. And if you look back to what happened in the Diocese of Trenton -- in the city of Trenton, where the Diocese closed all the parochial schools, because of lack of funding.

So we believe that these bills will result in a fair school funding formula for taxpayers, better accountability, cost efficiency, and thorough and efficient education; all resulting in lower taxes and better education for children.

Specifically, I'd like to address the Camden situation. I'm very happy, Senator, that you came out publicly and said it's time we do

something in this situation. We've had six months of allegations of mismanagement, and pocket-lining, and cheating; ineffective systems of accountability; and a 50 percent drop-out rate in the schools in the city of Camden.

And Camden is the poorest city in this country, which I think has to bear heavy on all of our hearts and our consciences. We have schools that are working. We just have a difficult time convincing parents that the cost is worth the investment. Now, as costs have gone up for everyone in homes and in every facet of life, most people in the city of Camden -- their income has remained flat. I mean, it is the poorest city in the country.

I'd like to address for a minute my own school. There are four schools, as I said. But Camden -- St. Joseph's Pro-Cathedral is a school that has existed for over 80 years. And we presently have 260 students in the school, from K-8. We could have another 120 students in our school. I have, for the past 15 years, tracked the graduating rate of our students. And we graduate, from high school, 95 to 98 percent of our students. In the year 2000, we graduated -- 2002, we graduated 29 students from eighth grade. In the year 2006, all 29 graduated from high school. And 26 of those are now in college.

So we have a formula that works. We have a formula that benefits the students in our city. But if we are not, in some way, aided by government subsidy or by this Tax Credit Scholarship Fund, there's a chance that our schools would close. And that would be a further burden on the taxpayers of the State of New Jersey, and not only in the city of Camden, but in the suburbs as well. So I ask you to seriously consider that in your recommendations; and your support.



Recently, I wrote an article in our *Catholic Star Herald*, which is the diocesan newspaper, commenting on the title of Camden as the poorest city in the country. We've known that for a long time -- that we were there, or close to there. And it became a reality, publicly. And it's kind of embarrassing to all of us that this happens in our midst, as you well know. And I said in the article that there's not a lot that we can do immediately. We can continue to work on development. We can continue to work on better management. But the thing that we can do immediately is address the children who are in our schools. And if we can continue to support Catholic schools, that at least is one part of the solution to this. And it gives those children -- whoever can go there and will go there -- an opportunity to succeed. And we all know that a good education is a key ingredient to overcoming poverty and the problems that they face in Camden.

ASSEMBLYMAN CONAWAY: Thank you.

MONSIGNOR McDERMOTT: So I just wanted to say that to you, and ask for your support of this bill, quickly, rather than later. Because if we continue as we have, there won't be any schools for this bill to help, as in Trenton. It's a shame that the Diocese had to make those decisions, but, in fact, they did. And we hope that doesn't happen here in Camden.

So, once again, thank you for the time. And I hope you will support this.

ASSEMBLYMAN CONAWAY: Thank you, sir.

Mr. Richard Snyder, Dollar\$ and Sense. (no response)

SENATOR ADLER: That was your turn.

Dennis Nettleton or Jonathan Savage, from the Ewing Public School District.

You can split up your four minutes any way you want. Thank you for coming down. I appreciate it very, very much.

**DENNIS NETTLETON:** Thank you.

Good evening. My name is Dennis Nettleton. I'm the Business Administrator of the Ewing Township Board of Education. I am here this evening representing the staff administrators of our school district, including District Superintendent, Mr. Ray Broach, who could not be here tonight. I'm also being joined by Board President, Mr. Jonathan Savage.

A little background on myself: I've been a school business administrator for 17 years. I've been in the Ewing District for 12. I'm a certified public accountant. That's enough, I guess.

Many of my comments can be categorized as specific examples of measures that can be implemented immediately. If we allow ourselves the opportunity to think outside the box, many of these measures also take into account the following overreaching assumptions.

State and Federal mandates: Our district, like most of the districts here, are not even close to having mandates imposed upon them being fully funded. That's a problem which I think somebody should address.

Urban rim funding classification: Ewing Township is an urban rim district. We would ask that the Committee consider reallocating the existing State DOE funds -- funding formula to reflect Abbotts, urban rim districts, and suburban classifications for the New Jersey school districts.

Now, I'm going to get to some of my cost savings. One of the big ones, I think, that's going on is elimination of duplicate health insurance. On September 5, 2006, the New Jersey State Health Benefits Program Commission proposed a change to the New Jersey Administrative Code to prohibit duplicative health coverage under the State Health Benefits Program. I did some calculations. This would affect over 20 people in my district, with a savings that's estimated to be about \$240,000. I really urge somebody to do something about that. I think it's very important.

Cash flow issues: When the amount that could be held in unrestricted fund balance, or free balance, was reduced from 6 percent down to 3 percent -- and now, with S-1701, down to 2 percent maximum free balance, Ewing Township started experiencing major cash flow problems. We extended our vendors, which is the first reaction, from 45 days to 70 days. But complaints to the board and potential harm to our credit forced us to abandon this action.

We are now forced to take tax anticipation notes every year. When we asked the township for help -- which they are in no mood or -- they can't really help us, because they're considered a distressed city right now. So their cash flow problems are just as bad as mine.

If we could increase the unrestricted fund balance back up to 6 percent, or we could -- the cash could be advanced by the State on funds that we are to receive, this would help considerably and probably save my district between \$80,000 and \$100,000 a year.

To something I noticed: N.J.A.C 6A:23-4.2(h) provides that approved private schools for the disabled may demand payment no later

than the first day of each month, prior to rendering services. This law solves the cash flow problems of the private schools for the disabled. We should be able to do something for the regular school districts.

Third, elimination of school elections: Elimination of school elections for districts whose budgets are at or below cap is a good idea, I think. Elect new board members in November, and allow additional spending questions for the ballot at that time. This would save my district at least \$30,000.

Last is sort of personal to the pilot program, which I know doesn't exist anymore. It's combined -- it's consolidated municipal aid.

Is that for me, sir? (referring to timer)

SENATOR ADLER: I have no idea. (laughter)

ASSEMBLYMAN CONAWAY: Yes it is.

Just so everybody understands, when that beep goes off, that's four minutes.

But wrap it up if you would.

MR. NETTLETON: I will wrap it up.

The payment in lieu of taxes-- Ewing is a situation where we have quite a few Federal, county, College of New Jersey, and State of New Jersey properties. If we estimated the assessed value of these properties, and estimated the taxes, it would be over \$16 million that my district would receive. Now, I understand that these are tax-free properties, but the aid-in-lieu-of-tax would apply to the program -- which I understand doesn't exist anymore, it's consolidated. But there should be something that could be done for us, and districts like us; which are very few, by the way.

Since my time is up, I appreciate you talking to us and letting us come and talk to you. And thank you very much.

Jon, do you have anything to say?

**J O N A T H A N   S A V A G E:** We appreciate the opportunity to be here this evening.

**SENATOR ADLER:** We appreciate, also, the fact you sent us some written material. And please know that when anyone sends us material, many of us read this material over and over again. And so the fact you're being truncated to five minutes -- four minutes, now -- on very sophisticated, complex issues that have taken many years to develop, it's not disrespect to you, to Monsignor McDermott, to future speakers this evening. We do take the time to go over it. And many of these speakers have had dialogues with us. We may have dialogues with you or with regional representatives on these issues.

So, thank you.

**MR. NETTLETON:** Our district is open, if you'd like more information or if you'd like to contact us. We could help. We'd be more than glad to.

**MR. SAVAGE:** We think some of the issues that we presented are pertinent to other school districts with similar situations.

**ASSEMBLYMAN CONAWAY:** Undoubtedly.

**MR. SAVAGE:** And we certainly want to make you aware of the fact that we have some that, hopefully, would be able to be recognized throughout the state.

**ASSEMBLYMAN CONAWAY:** Thank you, again.

**SENATOR ADLER:** Thanks so much.

MR. SAVAGE: And we do appreciate your time.

MR. NETTLETON: Thank you very much.

ASSEMBLYMAN CONAWAY: Thank you.

SENATOR ADLER: Thank you, gentlemen.

ASSEMBLYMAN CONAWAY: We're trying to be careful about the time so that those who are unfortunate to be toward the end of the tally sheet here, the roll sheet here, won't be so fatigued by the end of the evening they won't be able to get a chance to get to speak.

So I'll stop talking and bring up the next person.

I see a Mr. Tom Yarnall, South Jersey Citizens for Property Tax Reform.

**T H O M A S   V.   Y A R N A L L   J R.:** Thanks a lot for having the hearing. It's important to us to feel like we're being heard.

I gave everybody a handout up there. I hope you have it -- at least the Committee members.

ASSEMBLYMAN CONAWAY: Got it.

SENATOR ADLER: Yes.

MR. YARNALL: And the first thing that I have there is an exercise for you folks. There's a blank space for you to fill in your gross income, multiply that by 16 percent, and you'll know what I'm experiencing as a senior citizen, in terms of how much of my income I'm paying in property taxes. So I'd like you to keep that in mind.

The second handout shows the documentation and explains, in detail, where my money is going. And I think you can see that's why it's 16 percent. And, by the way, after the last increase this year, I'm now at 19 percent. But when you take away the terrific rebate, I'm at 17-and-change.

And I don't think we really need the rebate, so I have some suggestions for you.

The third handout that I have there is percent of Federal funding. We seem to be close to last.

And I've talked to you, John, about this before. I realize that you think it's a Federal situation. But on my next handout, at the bottom of it, I show what Utah was able to do. The state of Utah actually passed legislation that said, basically, "If the feds are going to fund us at a certain percentage, then we'll spend the money you give us on the programs that we can. And the rest of the programs we won't be able to implement until you give us more funding." And I think New Jersey would be well along the way if we could give that some thought. I'd rather see us get more funding from the feds and not have to say we're going to cut back on programs. Because that's the last thing we want to do. And I'm not advocating that. I hope you understand that.

The next handout -- and this is my unique suggestion to the group. I show you the nine areas that are the major areas of the Core Curriculum Content Standards. It looks like this. (indicating) It has a green arrow on it. And the one that I took and blew up into an exploded page was the visual and performing arts. And I show you a little box down there. Maybe you can do this at home and think about it.

But I'm asking you, if you look at that Core Curriculum Content Standards-- There's no costing done on this. I've talked to the Department of Education. I've been in, talking to some of the people there at the State Board. And I've asked them, "Can you cost out for me what it costs to do any one of these nine areas?" And the answer is, "No." And I

think that that's something that you have to have before you come up with a good school funding formula. If we don't know what it costs, if we can't define what we're doing and put costs on it, I think we're going to have a problem really deciding what we need in the way of funding.

So what I've done here-- This is very esoteric. When you look at that sheet, I'd like to know what grade you think that describes. Is it Kindergarten, is it 12th grade, is it 6th grade? You don't have to do it tonight, because I'm short on time. But sometime in the future, I'd like to know what grade you think that describes.

The point that you'll discover is, it's really generic. It's really not that precise. And I'll let you know in a couple of weeks what that grade is, unless you look it up in the Core Curriculum Content Standards. And as you know, I've studied that. It's a 263-page booklet. And I think the costing can be done. Because when I was employed, before I retired, we used to do work analyses. And we figured out what it would cost to do certain tasks. And once we knew what those tasks were-- These have to be better defined before you can put costing on them. But once you know what they are, then you can figure out what the money is that you need.

Now, this is my biggie. This chart-- If you'll see along the bottom, I'm showing you where the funding could come from. If we took the document that is describing each of the areas and broke them into career-bound and college-bound Core Curriculum Content Standards, and we did them for each of the grades K-12, costed them out, I think you'll find that we--

Am I up? (referring to timer)

I think you can find--



I'll do 30 seconds.

I think you can find that we could cost this out to a point where we could have two basic T&E curriculars: career-bound, college-bound. It doesn't matter what district; Abbott or any other district. This would be a standard, locally funded effort.

Then I show the advanced program in the middle that could be funded by private funds for advanced programs. I don't care whether it's AP, IB, or what it is. But it could be funded differently.

And then, lastly, is the special curriculum. And you see the Tiers 1, 2, 3, 4; the language problem, and the No Child Left Behind. And I'm showing that you can do it, I think, by getting more Federal funds.

Since I'm out of time, the other three visuals I will have to get back to you on.

ASSEMBLYMAN CONAWAY: Great.

Just to let you know, as a comment there, one of the things that QSAC is -- which is the State's attempt to get at costing -- will help with getting some of the answers to these -- to the questions of what it costs. And I think there's also movement to try to begin to develop budgets from the ground up, rather than just simply looking at the old budget and adding on to the top.

Anyway, our next--

That was a brief comment, so we can move on.

We have, next-- I see four persons, here, on the list from Bernards Township School District: Valerie Goger, Lisa Winter, Jonathan Marshall, and Debbie Schmalz.

I only have two chairs. I don't know if they're all here or not.  
But if you could please make--

**L I S A W I N T E R:** I'm Lisa Winter.

There are three of us here, but we'd each like to give our own testimony. Is that okay? Do you want us to come up, or do we just go one at a time?

**ASSEMBLYMAN CONAWAY:** Well, why don't you do two minutes? And we'll let you all three go in two minutes a piece. Will that work?

**MS. WINTER:** I could use-- I need a little more than two minutes.

**ASSEMBLYMAN CONAWAY:** Three.

I mean, do you all want to come up at once?

**MS. WINTER:** We thought we would each have five.

**ASSEMBLYMAN CONAWAY:** Oh, that's not what it says here on the list.

**MS. WINTER:** So that's what we're prepared for.

Actually--

Is that all right?

**ASSEMBLYMAN CONAWAY:** Go ahead.

**MS. WINTER:** Mine is four.

Thanks.

Thank you very much.

My name is Lisa Winter. I'm a member of the Bernards Township Board of Education.

Thanks for giving me an opportunity to speak to you today. And thanks, also, for your hard work to find solutions to our State's school funding problems.

First, I want to tell you something about us. We're a suburban K-12 district, with about 5,500 students. Our community has seen extraordinary growth over the past 15 years. In that time, our population tripled. Yet, despite the stress of the continually rising enrollment, the quality of our schools is very high. Student test scores are consistently above average. Our high school was chosen as one of 26 model schools from around the nation by the Council of Chief State School Officers and the International Center for Leadership in Education. *New Jersey Monthly* recently ranked our high school as 11th in the state.

But you may be surprised to learn that our costs are below State average, \$1,239 below State average. And of the 104 school districts of a similar size and type, we rank 27th from the bottom in cost per pupil. And I tell you this because I sometimes get the sense that many people in the state think that New Jersey schools are extravagant and overspend. And it's not true. There are many other school districts like us, as well, which perform both efficiently and effectively, that offer good value for their community.

So I'm here now to ask that you please don't just apply a blanket, one-size-fits-all fix to the so-called *runaway school spending* that I see in the paper sometimes. Be sure you know as much as you can about the costs and quality of different school districts in our state, and think about the consequences of the changes you're considering.

For example, the biggest problem that we have, as a district, is with the State's budget cap law. Because the cap is a simple percentage, it forces lean districts like ours to cut into our core educational programs, while districts with above average spending have room for non-educational spending cuts. We don't even have that kind of room in our budget.

Our last budget was incredibly painful. Cost-of-living increases, high increases in energy and insurance costs ate up our whole cap and more, forcing us to make core programs cuts. Our elementary World Language program was cut in half -- this, at a time when our nation desperately needs better language skills for its citizens. Our enrichment program was also cut in half, and class sizes at the high school increased from lack of needed teachers.

This year, we're facing worse cuts in order to fit into the cap: potential elimination of full-day Kindergarten, instrumental music at the elementary schools -- these are some of the things we're looking at -- class-size increases when our class size is already higher than average, and cuts to elementary physical education. But we're doing the right thing. We're offering high-quality education at below-average costs. And we're being penalized by our relatively low cost.

Now, I know the intention of the cap was to curb spending, but higher-spending districts are not encouraged to increase less than cap, because they'll lose it the following year. For value districts like ours, however, the cap is jeopardizing the education we're offering. So efficiency is nice to have, but not if it's at the expense of effectiveness. We need greater flexibility with the caps. It should be changed from a simple

percentage of last year's budget to some measure of what it really costs to educate a student, such as statewide average cost per pupil.

We also need more State aid. Our taxpayers cover 95 percent of the cost of our schools, and it's just not right. These increasing property taxes have caused a divide in our community between seniors who are struggling to stay in their homes and families who want a good education for their children.

Now, I know that we are in an affluent district. And I don't expect school aid to be distributed in exactly the same way throughout the state. But the current configuration is just too skewed. New Jersey should have, as a principle, that no district should fund schools less than 15 percent or more than 85 percent through property taxes.

And I just want to finish real quick and say that people in New Jersey, I think, are very proud of our good schools. I know they draw families and businesses to this state. And I hope you always keep quality in mind when you're considering efficiency.

Thank you very much. (applause)

ASSEMBLYMAN CONAWAY: Jonathan Marshall, Debbie Schmalz.

See, one of the issues-- We took the other panel, and we divided them up for four, for the two. So I really--

Where's Debbie Schmalz? Is she there?

**JONATHAN A. MARSHALL:** Well, Lisa already said a lot of what I wanted to say, so I will be brief.

ASSEMBLYMAN CONAWAY: Good.

MR. MARSHALL: Okay. Thank you.

I'm Jonathan Marshall.

I'd like to thank the Committee members, staff, and the Legislature for working so hard on public school funding and all the other issues during this special session. And I appreciate your willingness to serve the people of New Jersey.

My name is Jonathan Marshall. I live in Bernards Township, a corner of Somerset County -- which has grown rapidly over the past 20 years from a rural farming community to a commuter suburb. I'm a computer scientist and software consultant, and have been interested in education and learning during my entire career. As a father of three children in public school, I've gotten heavily involved in our local school budget and referendum campaigns over the past few years. And now I find myself talking with you here, because the special session may have a vastly bigger impact on our school district than any school budget vote ever did.

I'd like to encourage you to think about establishing structures or frameworks in law that would benefit New Jersey over the long-term. We don't have-- We don't get to have a special session very often. And it's important to think beyond the short-term fixes. Aim carefully. We all want to see our state prosper, our global competitiveness improve, our poverty cured, our children succeed, our tax dollars frugally and wisely spent.

Some people may find it surprising, as Lisa said, that New Jersey has some school districts that provide excellent educational results with way below average spending per student.

And at this point, let me just skip ahead a little bit so I don't repeat what she said.

I'd like to ask you to look on the scatter plot -- like this -- in your handout. And this is a plot of New Jersey high schools' performance versus costs per pupil. Each dot represents a New Jersey high school. And what you can see here, first of all, is that there's no-- All the dots fit into, kind of, a large blob with no elongation. That means there's no strong correlation between spending and outcome in New Jersey. And at the same time, the other thing I'd like you to notice is that some of the dots are in the upper left-hand corner, which represents districts that have low cost and high outcomes.

Now, for those districts like Bernards Township, the school budget caps are as much of an important part of our budget picture as State aid. And I'd like to ask you to keep that in mind as you're making the formula. The formula is not just about State aid. It's also about the caps. The caps have a much bigger impact on what we can do with our schools.

We are-- We've done all the right things. Over the years, Bernards Township School District has pinched pennies, has established-- I won't go through the list here, because there's so many things that we've done. But every district has its own things that are right for it.

What I'd like to ask-- And I'll finish right up. What I'd like to ask you to do is, again, what Lisa suggested -- is that you properly align the laws that don't take the same action on all districts, but that they get more spending cuts where that's possible from the districts that overspend. And make sure that the districts that are underspending aren't penalized by the cap law.

And, finally, I want to mention the three proposals, which are part of your packet, which a group of us in Bernards Township and

Chatham put together for you. We call them the VALUE NEW JERSEY proposals, because we value and appreciate the positive aspects of New Jersey. We appreciate good value in New Jersey State and municipal government. And we support the positive values of integrity, success, and improvement in our towns, schools, and state. And we've designed these proposals to be different, frugal, positive, and doable.

And one of the proposals is aimed for districts like Bernards Township. But the other two are aimed for the broader population. The second one is to benefit seniors. And the third one is to benefit Abbott school districts, and all school districts across New Jersey.

Thank you.

ASSEMBLYMAN CONAWAY: Very good. Thank you.

SENATOR ADLER: Mr. Marshall, thank you for very informative charts. And I'm sure we're going to continue this dialogue. This is very, very helpful. So thank you very, very much.

We're going to skip over the Bernards Township people for now. I'm sorry. I know one of them is standing and she is ready. We have her written testimony. We've read, already, half of it. It's very good. We'll read the other half of it.

I'm assuming you're Ms. Schmalz. (affirmative response)

Thank you so much. I promise we'll read it. And we'll talk again, I bet.

ASSEMBLYMAN CONAWAY: Then we'll take Stuart Chaifetz, Special Education Alliance, please.

SENATOR ADLER: Stuart, I thought you were the animal guy.



**STUART CHAIFETZ:** I do both now. (laughter)

**ASSEMBLYMAN CONAWAY:** You can walk and chew gum at the same time.

**MR. CHAIFETZ:** Thank you for this opportunity.

As the father of a young son with autism, I have been appalled not only at school boards for targeting children for budget cuts, but also at State government, which has forced this because of multiyear, flat funding of education for special needs kids. The result of this is that special needs kids have been thrust onto the front lines in the battle over property taxes.

We offer a proposal which will help alleviate this. First, Governor Corzine has called for a property tax rebate program to be given directly as property tax credits, meaning instead of receiving a check every year, you will see it as a credit on your tax bill. If that rebate money was instead used to increase the State's portion of special education costs, then school taxes would go down, resulting in lower property taxes. Now, this plan creates the exact same effect that the Governor desires: a direct credit on tax bills. Yet, by running the money through special education, we literally solve two problems with one source of funding. And by setting aside a certain amount for groups such as senior citizens, we can satisfy all interests, while moving forward with real property tax reform.

Alternatively, we can also look at dedicated sources of funding for special education costs. Now, for instance, this November, on the ballot, there's going to be a question about a dedicated source of funding for parks and wildlife management areas. If we can do that for wildlife management areas, then certainly we can take the most vulnerable children in the state and give them a dedicated source of funding. Again, every

dollar that the State finds for special education is a dollar removed from your property tax bill.

I want to talk about a couple of other things which I've seen in the paper. So forgive me if anything in the paper has been wrong, which happens a lot.

There's been the question about the transportation costs and about looking at that as a way to reduce special education costs. Well, the problem is, most of the reasons why people are having to send their kids out of district is because the districts don't have either a program for special education kids or one that's good enough. So even if you removed the money for that and keep them there, you'll have to spend tens of millions of dollars creating these programs. So it's a wash any way you look at it, as far as that.

The other issue is -- and I want to-- This is something that-- I've been involved with other activist issues. And since my son has autism, I obviously was going to be an activist for that. One of the things I've been stunned by is seeing a lot of anger by certain groups and individuals at special education kids. There's fierce anger because they feel they're responsible for the property taxes. I've seen it at school debates. I've seen it elsewhere.

Please be careful-- And to the media and to the Committee here, when these issues come up, and you see the big headlines, there are people who bite onto that and say-- They're looking for a fall-guy for this hot issue of property taxes. But if these children become that fall-guy, they will never get up. With autism increasing to the point that we've got one out of every 166 kids born with autism, that means 700 kids a year in New

Jersey -- meaning that many kids into the school system. If the State does not seriously take on the issue of autism -- which is just one part of special education, by the way -- we will never get out of this situation. We will never get out of this hole. We need to take a look at it. We need to move these children out of the debate by finding dedicated sources of funding, giving the schools what they need.

And, finally, let me just say this: If you have not been touched by autism in your life yet, with 700 kids a year being born with it, just wait a little while.

ASSEMBLYMAN CONAWAY: What's your suggestion for the-- What should we use to fund education?

It's beeping. (referring to timer) Do you have a thought?

MR. CHAIFETZ: Yes, there's actually one thing which we've been working on -- would be some kind of fees on maybe certain-- Since autism and other things have been related to chemicals, perhaps some kind of fee on -- maybe a quarter on a can of paint or on different types of chemicals, that could go into a dedicated source of funding; pulling small amounts from different types of areas to create something to give back which, again, reduces property taxes and gives these kids the education they need.

ASSEMBLYMAN CONAWAY: Thank you.

MR. CHAIFETZ: Thank you very much. (applause)

ASSEMBLYMAN CONAWAY: Tom Byrne.

**B. T H O M A S B Y R N E J R.:** Thank you, Assemblyman and Senator -- legislators.

It's a privilege to be before you. And I thank you for the opportunity.

I've prepared testimony that would read about five minutes, to read aloud. And I've submitted copies of it. And hopefully I'll do this in somewhat shorter form to leave time for whatever questions.

And I want to stress that what I have to say is -- are my own personal views. I sit on two statewide boards that deal with education issues. I come at it from different angles, and so on. And I don't offer a panacea, but I do offer some thoughts that, I think, don't solve the problem but can be very helpful and are a necessary element.

I'm told that it costs, today, nearly \$18,000 per student to educate a kid in the Camden school system. I also know that people are offering to take a thousand kids out of that system in the first year of a proposed scholarship program, funded by a tuition tax credit. That becomes \$18 million a year that the State does not have to spend.

I've seen this work up close, because one of the things I'm doing now is, I'm the board chair of an independent Catholic School. And we give away nearly a half-a-million-dollars in scholarship money. And we do it because we want a diverse student population at our school. There are many schools like mine who will foot most or at least part of the bill for education, either through scholarships, or a lower cost structure, or both. You can partner with these schools for one-third to one-half of what you're currently spending per pupil in a place like Camden, and in so doing, make a serious dent in the cost of education funding while providing a better educational experience for thousands of urban kids -- at least according to the parents who feel that way.

The downside, which is important to stress, is what happens if we do nothing? There are about 138,000 kids in Catholic schools around the state, many in urban areas. It would cost the State an average of about \$15,000 per pupil to educate these kids in public schools. So we're then talking about another \$2 billion in property taxes, which is a 10 percent increase in the overall property taxes in the state. I feel that the State needs to be ahead of the curve on an issue like this, and that this approach -- which is in the form of a legislative bill -- would help.

My written testimony focuses in more detail on the economics of that legislation and focuses in particular on one city -- Camden. I can go into it in more detail, but I can also just stop right here and see if you have any questions about it.

But the bottom line is, I don't think there is any one solution to the school funding problem. But I think we have to be open to a number of approaches. And I think that it is important to look down the road, and as the Legislature and Governor are doing, to think longer-term about what happens if we don't take certain steps. And if schools continue to close, it will just put an increased property tax burden on the citizens of the state.

I'll stop there if you have questions.

What I would say, in addition, is that the only wrinkle, from a budgetary standpoint, is the marginal cost of transition in taking kids out of a public school who, under this proposed legislation, would elect to go to a different school. And the \$18 million in savings would not necessarily kick in immediately. There's a transition period that would probably be about a year. And the number of kids withdrawing from the school system is proportionately about the same as the natural turnover in an urban school

system. And so after a year, the costs, I think, would equal out. So you're basically talking, in the city of Camden, spending probably between \$7 and \$11 million up front. But that would save a lot in operating costs. As I say, \$18 million a year in the first full year, and as the program expands even more. And I think it's also important to think in terms of the costs of new construction that would probably be required if a lot of kids have to come into the public school system because no alternatives are left. And I've estimated that cost -- and we can go through the numbers. But I've estimated that cost at at least \$38 million.

The other thing I would say is, I know a lot of redevelopment money is being invested in the city of Camden, by the State, which I think is a great thing. I wonder if that money is being well-spent, unless people feel that, by being in Camden, their kids are getting the kind of education they want for them.

So my bottom line is, I'm here because I'm fortunate in that my kids do have a choice of where they go to school, and live in a place with an excellent school system. But I just think it would be good if all parents had the same choice that I do. And if we can do that in a manner that saves the State money, and reduces the property tax burden, and probably gives the kids remaining in the public school that much more attention, I think that's a win-win. (applause)

ASSEMBLYMAN CONAWAY: Thank you.

MR. BYRNE: Any questions?

ASSEMBLYMAN CONAWAY: No time for questions.

Thanks, Tom.

MR. BYRNE: Okay. Thank you very much for your time. I appreciate it.

SENATOR ADLER: It's good to see you, Tom.

ASSEMBLYMAN CONAWAY: Ms. Anne Hainsworth.

**A N N E H A I N S W O R T H:** Good evening, ladies and gentlemen. And thank you for this opportunity.

I'm, tonight, representing the Gloucester City Coalition for Education. I'm also a member of the Gloucester City Board of Education.

I'm here tonight, to say, first of all, two things: Number one, I believe that every child in New Jersey has the right to the best education possible, whether it be in an Abbott district, a non-Abbott district, the country, the city, wherever. I'm also here not, unfortunately, to, at this time, make you any kind of proposal or offer any kind of solution. I'm here more to make a plea and to kind of inform you about what's happening in Gloucester City as a result of Abbott funding, and what may be happening in other low-income districts as a result of Abbott funding.

Because of the resources available through Abbott decisions, we are now able to provide an effective education to our children. Due to small class sizes, counselors, tutors, and paraprofessionals, and well-trained teachers, our district assessment scores have increased. And the high school drop-out rate has decreased from 6.8 percent to less than 1 percent. Small class sizes have led to a more structured learning environment. Again, due to small class sizes, tutors, coaches, and counselors, 85 percent of our high school graduates now go on to post-secondary education. Ten years ago, in 1996, the rate was approximately 50 percent.

Due to the Early Childhood educational program, that is pre-K program, more than 92 percent of our first graders come prepared to read when they enter first grade. Prior to the Early Childhood Program, only 34 percent of our first graders came prepared to read.

The nearly \$4 million reduction in our State aid will necessitate the elimination of approximately 45 teaching positions. This will cause class size to increase dramatically. Research demonstrates, as you probably are well aware, that the number one component for improving student achievement is small class size. In our district, where great gains have been made in student achievement, we have no option but to cut teachers, coaches, paraprofessionals, and instructors who tutor students struggling to learn to read and to succeed in mathematics. Without the funding to provide adequate staff and staff support, our formula for success will crumble, and Gloucester City children will be left behind.

So I guess the point I'm trying to make is, we don't want to punish or affect low-income districts. I understand that there's great need for more equalization of funding across the State. We understand that. But we don't want to punish the low-income districts because of what is happening.

So I want to thank you for your time. And I really appreciate the work that you're doing here. It's really, really important, not just for Abbott districts, but for all districts across the state.

Thank you, gentlemen. Thank you, ladies.

ASSEMBLYMAN CONAWAY: Thank you.

May I say that your comments about early childhood education are right on point. It's nice to hear a firsthand account of how important



that is. What the State policies try to bring into being is to make sure that all kids, no matter where they are and how wealthy their parents are, have access to the kind of early childhood education that will give them the best start to be successful in school. That's what we're trying to achieve and will continue to achieve going forward.

Thank you, again.

MS. HAINSWORTH: Thank you.

ASSEMBLYMAN CONAWAY: Next, we have Dolores Szymanski. I hope I said that right. I should-- I know that I've heard it -- Superintendent, Burlington County Institute of Technology.

**D O L O R E S S Z Y M A N S K I:** Hello.

Good evening.

My name is Dolores Szymanski, and I'm Superintendent of the Burlington County Institute of Technology, which is one of the 21 county vocational school districts in our state.

My district operates two schools, one in Westampton and one in Medford. We serve over 2,000 secondary students in traditional programs like auto technology, culinary arts, health careers, and carpentry. But we've introduced new areas such as pre-engineering, veterinary assistant, and computer networking. In those bright orange packages you'll see a full listing of what we do.

Each of the county vocational and technical school districts offers a unique mix of secondary and adult programs that respond to regional economic demands. We continually adjust our programs to keep up with emerging interests and needs, and to keep our curriculum and equipment current with industry standards. And that takes money.

New Jersey's system of county-based vocational-technical schools is a great bargain for the State and its taxpayers. Career and technical education programs are more expensive than regular high school classes because these programs require specialized equipment and materials, and also smaller classes. Providing these programs on a regional basis, as we do, is more cost-effective than offering them locally. And it ensures the highest quality training. In many cases, it just doesn't make sense for local high schools to offer the same expensive programs that require continuous investment to keep pace with the advantages and advances in the workplace.

Employers recognize and depend upon our schools -- our county vocational schools. We prepare young people for the jobs of today and tomorrow. The employers know that our career-focused training helps students develop a sense of professionalism and a strong work ethic. Our graduates, besides passing the HSPA, must pass a rigorous industry-based exam. This guarantees employers that the youngsters they hire are ready for the job.

The unique mission of our county vocational and technical schools drives some particular funding needs. And I ask you to consider these as you move toward developing your formula. Like regular school districts, most county vocational districts depend upon wealth-based core curriculum aid to support the basic cost of educating our students. Maintaining this aid, based upon our current enrollment and a fair method of determining wealth, is essential. Because our programs are more expensive, it is essential that categorical aid for vocational schools is kept in place to offset the higher cost of preparing students in a vocational program.

Our programs are on the rise. The demand is growing. We've grown in our district by 30 percent in the last three to four years. Right now, the cost factor for county vocational programs is \$1,883. That's our extra aid. This needs to be updated to reflect the current average additional cost to technical programs. I believe the last time this was updated was in 2001.

Another critical area for our county vocational schools is special education aid. My district serves about 600 special education students. That's 30 percent of my school population. The State averages 11 percent. And I can assure you that this large number creates a number of challenges and, yes, additional costs for us.

Most of our classified students are mainstreamed into regular classes, and all their career areas are mainstreamed. That's true, but they require additional, in-class support and specialized services to succeed. They require additional therapy in order for us to meet the No Child Left Behind-- Please keep the categorical aid for special ed students. The CEIFA formula doesn't work for us. All I ask, very succinctly, is that the funding follows the child.

And, lastly, don't forget about our post-secondary programs. All we counted this time are full-time students. And I ask that consideration be made that our part-time students be counted, just as the county schools are.

Thank you. (applause)

ASSEMBLYMAN CONAWAY: Thank you.

Senator Adler.

SENATOR ADLER: I appreciate the testimony of so many people that want us to enhance funding from the State, particularly people that suggest that we bring more Federal dollars. I think it's beyond the strength of this Committee to force the Federal government to send us more money to New Jersey. As wonderful as that may be, it's just extraordinarily unlikely the Federal government will see fit to start funding education, whether it's special ed, whether it's urban ed, whether it's general ed. It just doesn't seem like it's happening. So I don't want to mislead the public.

Please recall, as we continue this discussion tonight, that our charge is to find ways to reduce the property tax burden. So for those who want us to enhance education, I agree with you. There's no one in this room that disagrees with the notion of enhancing education in definable ways, but -- to enhance it. Our charge though -- please keep in mind -- is to find ways to be more efficient with the limited dollars we have. It's unlikely the State is going to jump in and raise more taxes. We've done more than that, in the last number of years. And so we have to find ways to spend a limited pool of money more efficiently, more effectively, to improve education outcomes without chasing people out of their homes, the way we've been doing for the last decade or longer.

So I'm hopeful that people will focus on that key charge from Governor Corzine and, more importantly, from the people of New Jersey who are just up in arms about the property taxes, as we continue our discussion tonight.

Thanks.

ASSEMBLYMAN CONAWAY: Yes, indeed.

Next, Joyce Powell. (applause)

SENATOR ADLER: Wow.

ASSEMBLYMAN CONAWAY: We're not going to take an election in this room, are we?

JOYCE POWELL: No. (laughter)

ASSEMBLYMAN CONAWAY: Good.

MS. POWELL: Thank you.

Certainly it's a privilege to be here this evening and have a few moments of your time to talk about the most important thing that could happen in our public schools -- certainly the funding -- and how we can lend to this discussion. So we appreciate the opportunity to be here.

You know that I represent 196,000 school employees. And I think that we all agree that there needs to be a new school funding formula. The question certainly is: What form will that take? But I think even more importantly than that question: At what level will the State fund a new formula? You could continue the same formula that's in place, but the difficulty has been that the State has just failed to meet its obligation in funding that formula adequately.

That has caused the property taxes throughout our state to continue to rise. And so unless the State will make a true contribution, in terms of determining that they will fund the formula, it really won't matter what kind of a formula we have in place. So I would urge you to ensure that there's adequate funding for it.

And I know that you asked earlier -- in terms of, how will we do that? Well, certainly, I think we have to look at a different revenue stream. There has to be a more fair and more equitable revenue stream so that people will not be taken out of their homes, that people will not have to

leave our state. And we know that that basically is the income tax. The income tax was devised so that it would be an educational funding stream. It was then parsed out into many other areas. And I think that you should take an honest look at that and determine as to whether or not -- what has really occurred with that, and some real analysis of what has occurred; with the true meaning for the income tax. And I know that the residents of New Jersey were promised, many times, that that would solve the problem. And, certainly, I think that's been in the way the State has determined how that will all be parsed out.

So we need to have a funding formula that's fair, that's equitable. You know that we have Core Curriculum Content Standards in New Jersey. We have very high standards. We know that every child must meet the same requirements, no matter what their zip code happens to be. We also know that under No Child Left Behind there are tremendous pressures that are placed -- and that the resources have not been provided by the Federal government. I've told you this before: We rank actually 43rd in the nation in the percentage of school revenue that we get from the State. That's really unacceptable. Thirty-eight percent is what we receive, and the national average is 48 percent. That's really something that I think you must look into. And certainly, again, we need at least 50 percent of funding from the State in order to equalize the funding throughout the districts.

We must also look at efficiencies. I think that we've talked about that in the past, in terms of looking at efficiencies. But because flat funding has been in place for the past five years, most of our districts have determined the efficiencies that could be found within those districts. And

now they will, as you've heard this evening-- They will have to start looking at actual program reductions. And I don't believe that any of us want that to occur throughout -- for any of our children throughout the state.

We also know that when you look at whether or not there should be a cap on the growth of property taxes, the ill effects that that has had in both California and in Massachusetts, with the Prop 2½, Prop 13 -- that there's some concern about that -- that we heard some rumblings that there could be a cap on property tax growth. Again, I would urge you a tremendous amount of caution when considering that, in terms of a proposal. Because in Massachusetts, we know that 10,000 teachers were laid off, that class sizes reached a point of 50 students in a class. And we know that that's just unacceptable when that occurs. Student learning can't take place.

I would just say to you that research shows that every single dollar that's spent on preschool programs saves us \$7 in welfare, unemployment, incarceration, and other social services. And we know that investment in education certainly is an investment in our future. And while this is a very difficult topic, there are no silver bullets. There's no magic formula that will give us the actual answer to this. I think, again, working in a collaborative manner, working cooperatively, we should be able to come up with a solution.

I would just urge you to keep the promise that we've all made, that the -- for all of us, the legacy of our future is our children. And I think that's the legacy that you would like to be known for, as well.

On another issue, if I might, because I heard the timer go off-- I would just say that another role that I've been able to deal with in terms

of -- you put forward a Special Education Commission that the Legislature voted on last year. I'm the Chairperson of that Commission. Art Ball is here this evening as the Vice Chair. And he will be submitting testimony on behalf of the Commission. But we've also sent a letter to you, both Assemblyman Conaway and Senator Adler, to request that we have a particular time that we can come before the group to give you our recommendations regarding special education costs in our state. And we have some very specific recommendations that -- we would like to spend one of your weekly meetings to give you that information.

Again, thank you. (applause)

SENATOR ADLER: Thanks for being here.

ASSEMBLYMAN CONAWAY: Thank you.

Next, Toni Hopkins, Garden State Coalition of Schools.

**T O N I H O P K I N S:** Hello, my name is Toni Hopkins. I'm a parent from Moorestown, New Jersey. I'm a member of a statewide coalition of 110 suburban school districts called the Garden State Coalition of Schools.

And in the interest of time, I'm going to defer to our Executive Director, Lynne Strickland, to make our statement.

**L Y N N E S T R I C K L A N D:** Thanks, Toni.

As you know, we've testified before the Committee before. Thank you for the opportunity and the continuing work that we're doing with you, and that you're doing for all the kids in New Jersey as well as the taxpayers.

I just have a couple of points that we're going to bring to you today -- of our members', kind of, overall concerns. One, that quality education shouldn't be left out of the debate. Efficiency is one side of the



equation. And members are concerned that the effectiveness side of that equation has not yet been discussed very much. I know that you must consider it important. But hearing about it and having it be a priority would resonate well -- and that schools are not in jeopardy of being leveled down as a result of whatever formula does get developed.

A town's ability to support its local school budget-- We would hope that we would see one that is based on a formula fair for all districts. For instance, today, 45 percent of the districts in New Jersey are considered too wealthy to get regular education aid. In California, that figure is 6 percent. The 45 percent stands out. We think it's nationally the highest percent of districts that are considered too wealthy to get foundation aid or adequacy aid. And this should be reconsidered and rebalanced.

Citizens should have -- of a district -- should have a regional -- excuse me, reasonable financial stake in their children's education. And so Garden State Coalition puts this--

Oh, it's one at a time. Thank you. I'm sorry. (referring to PA microphone)

In terms of citizens of a district having a reasonable stake in their children's education, we put out this concept for discussion that no district should fund its schools less than 15 percent or more than 85 percent through property tax. The State's low-end aid -- in other words, the 15 percent that they would be -- the State would have to kick in when districts kick in up to 85 percent, would likely be met in the way of just funding categorical aids, if they were funded according to a standard formula.

On the other side of the coin, those districts that would be funded up to 85 percent of their budgets would probably have this met, and receive sufficient aid through Federal Title I grants funds, State adequacy funding, categorical aids, all the other aids. And the districts with high degrees of disadvantaged students would still remain connected to their local budgets; and parental and community involvement would be heightened by being connected again to the local budget process. And it's understood that there could be exceptions to the 15/85 percent rule.

Students with special needs and disabilities should receive State support aid no matter where they live. For instance, if special education aid was equalized -- and that's something we are hearing; it's being considered. We understand that would free up some money to be added -- redistributed really -- into the pot.

But, again, the 260 districts are funding themselves at nearly 95 percent, some more, of their entire local budget. If the aid were equalized, and these districts were still considered too wealthy, then they would be basically funding almost 100 percent of their budget on their own. And I think the sense of disenfranchisement by the State would just be kind of too wieldy for districts to have to sustain. And those taxpayers within those districts would be doubly hurt. Finally, they would be marooned from State obligations, so why should they have to meet the code requirements?

We hope that you would consider -- that a citizen's ability to support his or her local budget is considered. In other words, not just the community's wealth factor, but the individuals within that community. There should be some sensitive parameter to those individuals, such as circuit breakers. Research is done fully, prior to your designing law. And

the school district mergers be voluntary; and that you have a chance to take a real look at the implications of the tax laws when merging communities -- right now, they're a disincentive; as well as equalizing salaries.

We have lots more to contribute, but another time.

Thank you very much.

MS. HOPKINS: Thank you.

SENATOR ADLER: Thank you.

ASSEMBLYMAN CONAWAY: Thank you.

Next we have Mary Ellen Procaccini, Rosa Ramirez, and Carmen Alvarado, from the New Jersey Catholic School Families, also Camden Parent College Fund, and New Jersey Network of Catholic School Families.

**MARY ELLEN PROCACCINI:** Good evening.

As one of the Diocesan Directors of the New Jersey Network of Catholic School Families, I represent the families of the children who attend Catholic schools in the Dioceses of Camden and Trenton. My organization represents the families of the 138,000 children who attend Catholic schools statewide.

Although my territory covers the 10 southernmost counties, I have concentrated my efforts the past year-and-a-half in Camden City, and have literally lived and breathed here, along with my parent leaders, to do all that I can to help not only our Catholic school students, but also the students who attend public schools in that city.

You have spent the last two months looking at ways to design a new public school funding formula that will not only benefit kids, but will also address the exorbitant property taxes that New Jersey residents are

paying by owning a home in this state. You will be recommending numerous solutions to this complex problem. I am here today to share a solution that you must consider as part of the puzzle.

Monsignor McDermott and Tom Byrne highlighted S-1332 and A-257, a corporate tax credit scholarship bill known as the Urban Schools Scholarship Act. Recommending this as a solution means that 1,000 children in the city of Camden can be helped immediately, out of the 16,000 children in public schools there who are trapped in schools that are either failing, or unsafe, or both.

I've heard a lot of solutions tonight, some that have recommended more money and more time. We are here tonight because the taxpayers of New Jersey are out of time and money, and the students in Camden, Trenton, Newark, and Orange are definitely out of time.

On the operating side of the equation, it is a no-brainer, since the bill calls for a \$6,000 scholarship for elementary school students and a \$9,000 scholarship for high school students, two-thirds or one-third less than the \$18,000 that we are currently paying for one child in Camden. Catholic schools in Camden are safe. And I can guarantee you, as Monsignor McDermott said earlier, that we are accountable for results. Because our schools graduate 98 percent of our students versus the 10 percent of students that are graduating from Camden public schools. And this solution, I don't have to tell you, will alleviate the need to build new schools, as requested by Camden, to relieve the current overcrowding they are experiencing, at a greater savings to taxpayers statewide.

While we are debating this issue and doing nothing, Catholic schools, as you heard earlier, are continuing to close, particularly in our

urban areas. And this will ultimately raise property taxes, since the trend is showing that at least 40 percent of these children will be forced to go back to public schools. By closing all of our Catholic schools in Trenton in 2005, it cost the taxpayers of the state \$5 million per year.

Assemblyman Conaway, as you probably know -- I'm sure you know -- we also sadly closed suburban Catholic schools in your district this year for the very same reasons. We opened a new, regional school in Willingboro that would gladly open its doors for Camden students if we could provide them with a scholarship. The Trenton saga can and will happen in Camden, since I'm here to tell you that at least three of our Catholic schools there are vulnerable and in jeopardy of closing.

Since the number of affected students is approximately 500, the state taxpayers will be picking up the cost at a tune of \$7 million per year. I shudder to think what will happen if we close Catholic schools in Camden, since our schools are the only beacon of hope that our parents have so that their children can have a shot at becoming decent and productive members of society. And certainly we don't-- It doesn't take a rocket scientist to know how much it will cost the taxpayers if we have to build more prisons if they don't have a chance of life.

Senator Adler, I will certainly wrap up. But I appreciate you saying that you want the dollars to follow the child. It has certainly been the mantra of the New Jersey Parents of Catholic School Families since its inception in 1994.

The State of New Jersey has an obligation to provide a thorough and efficient education, not a thorough and efficient abandonment of students, enrichment of administrators, and fleecing of the

taxpayers. Please consider S-1332 and A-257 as a solution. The taxpayers and the children of Camden are counting on your support.

Thank you very much. (applause)

ASSEMBLYMAN CONAWAY: Well, I just think--

Look, we're going to go next.

We've heard about S-1332, now, three times, which is fine. But we're going to move on.

One note: Our information from staff is that graduation -- and there's a lot to be said about Camden -- but the graduation rate is somewhere closer to 50 percent, 52 percent, rather than 10, just by way of information. (applause)

SENATOR ADLER: That was from me, not from staff.

ASSEMBLYMAN CONAWAY: I got that from Senator Adler, but he left it to me as to whether or not to announce it. And I thought it should be out there.

Let me next take Mary Moyer, President of the New Jersey Association of School Librarians.

UNIDENTIFIED SPEAKER FROM AUDIENCE: What happened to us?

ASSEMBLYMAN CONAWAY: I called three people, and I got one.

We'll start with Mary. Where are we; what did I say? Mary Moyer, President, New Jersey Association of School Librarians.

**M A R Y M O Y E R:** I'd like to start out with a graphic here. It's a picture that says our students deserve--

SENATOR ADLER: Give it to us, then go to the mike.

ASSEMBLYMAN CONAWAY: You really have to be on the mike.

MS. MOYER: The picture that I just gave you has, as the caption, "Our students deserve 21st century school library staffed by school library media specialists."

Good afternoon, Chairman Adler, Chairman Conaway, and members of the Committee.

Thank you for the opportunity to address you today.

My name is Mary Moyer, and I am President of the New Jersey Association of School Librarians. We are an organization representing over 1,000 school library media specialists.

SENATOR ADLER: Hold on a second.

Folks, there's a little bit of whispering in the room. And I want to hear every conversation. But people have waited patiently, one after another, to testify. And we should give that person the respect.

If you have to speak to somebody nearby, please feel free to leave the building, go outside, talk for a while, and come back in.

I apologize, ma'am.

I apologize to everybody for interrupting. (applause)

MS. MOYER: We are an organization representing over 1,000 school library media specialists throughout the State of New Jersey. We understand the constraints of property tax reform. However, a number of our members have been affected by budget cuts. And it's difficult for them to pay property taxes with the budget cuts that have caused the loss of their positions.

My purpose today is to ask that school library media specialists be included as part of the necessary resources for schools in the new school funding formula. With the exception of Abbott districts, there is no requirement for schools to staff their libraries with certified school library media specialists.

The research is clear that schools with certified school library media specialists have -- and large collections of print and electronic resources -- also have students with increased levels of student achievement. Keith Curry Lance testified at the 2002 White House Conference on School Libraries about the research findings on the importance of school libraries. And the booklet: "School Libraries Work," also provides research findings from 16 states. Both the testimony and the booklet reinforce the direct correlation between increased student achievement and schools with certified school library media specialists.

I attended a program today on the American Diploma Project, calling for students to be able to think critically, to find and analyze information, and to communicate effectively in order to compete in the 21st century workplace. Another business -- education partnership, the Partnership for 21st Century Skills, also stresses a similar set of skills.

School library media specialists are the instructional teachers in schools who are best suited to teaching these skills. However, with all -- even with all the supporting data for certified school library media specialists to be included in every school, there are districts that are choosing to cut costs by reducing or eliminating school library media specialists.



For example, in Pennsauken School District, there is one librarian for nine elementary schools, one for intermediate and high -- and middle schools, and one at the high school level. There are three librarians for 6,000 students. In another local district, Woodbury School District, there is one librarian to cover elementary, middle, and high school students. That's one librarian for a total of four schools and over 1,500 students.

The perception of the librarian as someone with horn-rim glasses and hair in a bun, telling students to be quiet, is no longer. Today's librarian is someone who collaborates with teachers, instructs students in critical thinking skills necessary to compete in the 21st century information world, and instills a love of reading in students.

Thank you. (applause)

ASSEMBLYMAN CONAWAY: Thank you very much.

SENATOR ADLER: Thanks so much.

ASSEMBLYMAN CONAWAY: Thank you for that. It's always nice to hear something we haven't heard before.

And we have-- I have to make a couple, sort of, announcements here. We have some 60 persons who have signed up to testify. Now, at four minutes a pop, we're well past the time that we have in this building. We're trying to see if we can get some extra time here to accommodate people. Know that we do have another hearing that's -- public hearing that will take place.

So what I'm asking is, if you are aware that someone has spoken on behalf of your organization, please try to collaborate, decide who is going to be the spokesperson so that we can try to get as far down on this

list as possible so we don't have people -- a trip up to North Jersey; we're hopeful that you can get there, but--

But we're going to try to move things along. We're going to try to even cut down the time. I know it's a problem, but we really have been-- We're glad to have folks here, but time being what it is, we're trying-- We want to try to accommodate people as best we can. That's what I'm trying to say. So please, if you come here with other folks, planning for both of you to testify, pick one. And we are probably going to have to shorten the time, too, so that we can get through as many people as we can. So think about summarizing your comments. And hopefully you've brought the written materials.

Next, we'll take Dr. Jack Szabo, Superintendent of Washington Township School District.

**JOHN J. SZABO, Ed.D.:** Good afternoon.

My name is John Szabo. I currently serve as the Washington Township, Mercer County, Superintendent of Schools. And I want to thank you for the opportunity to speak before you tonight.

Tonight, I'm going to begin by quoting Shakespeare. "Brevity is the soul of wit." You have my written comments before you. And I'm going to summarize wherever possible.

To begin, I've spoken to a number of State Senators and members of the Assembly in regard to a funding formula that I believe is unfair, inequitable, and wrong. And by wrong I mean that our current method of State funding for schools is morally indefensible and inappropriate for the majority of residents and taxpayers of New Jersey.

Now, I've shared my concerns with Barry Galasso, the Executive Director of the New Jersey Association of School Administrators, who, I believe, understands the concerns regarding the problems emanating from this arcane and dysfunctional formula.

What I'd like to do is just talk very briefly about an example in Washington Township, Mercer County, of how unfair and inappropriate this funding formula is. Ten years ago, Washington Township was a very small community of about -- that had a school district population which housed about 400 students. Ten years later, we are now a K-12 district, housing about 2,400 students. In that time, we have been what I would consider, and what people of Washington Township would consider, inappropriately funded in that we have not received full funding, in addition to other inequities in the formula as they were implied.

Specifically, if you compare us with our next-door neighbor-- We have had another township that has undergone similar growth patterns. We mirror each other very much so. However, that community has been able to garner about \$21 million in additional aid that Washington Township has not been able to garner under the same funding formula. And we feel that if a formula is applied to similar districts, it should be applied equitably. And that has not been done under the current CEIFA formula.

Another concern that we have regarding State funding is that efficient districts are simply not rewarded. And we'd like to point out that Washington Township spends about \$9,383 per year, per student. The State average is about \$11,172, when we compare it with the comparative averages found in the school report card. And we know there are other

districts, specifically those under Abbott legislation, who spend over \$18,000 per student. And we know that some Abbott districts have not raised their local property tax to support schools in over a decade, while non-Abbott neighbors are seeing soaring increases in their tax rates that were unimaginable only a few years ago.

In Washington Township, we're not suggesting a reduction of aid to those districts in need. However, it has become apparent that several of the 31 original Abbotts now have the economic base to support their schools without the huge infusions of State funding. And what we're looking for is to improve the disparity that exists. And we're looking -- that we carefully look at those districts that are now able to support themselves without having to lean on the crutch of Abbott funding, upon which they have leaned so heavily in the past.

Because there has been no equitable funding formula, some districts are pursuing legislation, and even litigation, to address the situation. And I have to tell you, unfortunately, that Washington Township is considering both options. We've said, on countless times, that Washington Township will not litigate if the State will legislate.

I wish I had the answers tonight to give you, that would immediately solve the funding crisis, but I don't. I know, however -- in the value of teamwork, and I believe in the value of teamwork. And I believe in bringing those closest to the problem in the process of the solution to the problem. I think we need a school funding commission which has representation from all of the stakeholders in this process, and it would be their charge to develop that formula for presentation to the Legislature. And upon receipt of those recommendations, hearings on a regional basis

such as we have tonight could be held around the state to get additional feedback. And the formula would undergo a refinement process in the daylight of public discourse.

And I think, finally, both political parties must put aside partisan bickering and adopt a solution that has input from all the stakeholders. And for some, these actions may become a true profile in courage. However, such action is necessary if we are to deliver the educational services necessary to meet the needs of our schoolchildren, who I believe are New Jersey's greatest asset.

And thank you again for giving me this opportunity.

ASSEMBLYMAN CONAWAY: Thank you for your testimony.

We're going to, in the interest of time, try to get -- we're going to cut the time down to two-and-a-half minutes.

Next I have Rohn Hein, New Jersey Regional Coalition.

**R O H N H E I N:** Thank you.

My name is Rohn Hein. I had the -- my presentation was presented to you earlier. I have worked very difficultly to remove my -- the words down to four minutes; two-and-a-half is going to be real tough. I'm speaking on behalf of the New Jersey Regional Coalition, which is a faith-based, grassroots Coalition that's composed of three regional groups: The Jubilee Interfaith Organization in North Jersey, the Central Jersey Regional Equity Coalition, and the South Jersey Regional Equity Organization Project. We have dozens of member congregations in our organizations with thousands of families. And the issues that resonate with them are fair housing, equitable school funding, and property tax reform.

The problem of rising property taxes is not unique to New Jersey. While New Jersey's crisis is one of the nation's worse, the dilemma is receiving growing attention as a troubling national trend. It's probably the most unpopular and most aggressive form of taxation there is. In the past, New Jersey has taken many bold steps as a national leader in many areas of public policy, and it can lead again by taking the necessary actions to make fundamental change in the property tax system, by making our State and regions more stable and unified.

Billions of dollars are being spent to support schools in the most distressed and poverty-ridden towns, while most of our economically diverse suburban school districts are suffering from rising costs and mounting taxes. After consultation with Myron Orfield, our consultant and nationally known expert in the field, we believe that there are two things that would comprise fundamental tax reform: One is property tax equalization aid that reduces our dependence on property taxes; and the second one is regional tax-sharing, which we've shared with the constitutional committee.

Most people will agree that our school funding system just is not working, but too much of the blame is being put on the 30 poorest districts that receive special funding. While it's true that these districts have some of the highest per-pupil funding in the state, it's also true that the richest districts are getting the biggest slice of State school funding. In fact, the 30 wealthiest districts, when we combine all sources of school funding -- local, state, and federal -- have a per-pupil funding capacity that ranges anywhere from \$25,000 to as high as \$500,000 per pupil. Importantly, these districts are not educating most -- any poor people.

Most of our school districts have nowhere near that kind of school revenue capacity. The vast majority, over 80 percent of New Jersey public schools, fall below 15,000, and half of them are falling under 10,000.

To fill this gap in the property tax, we need to fill this gap with property tax equalization aid that expands, not eliminates, special funding. And funding should be provided to all districts that fall below the current State median of per-pupil funding capacity and has significant numbers of low-income and special ed students. Property tax equalization aid would support diversity, not encourage segregation as the current formulas do. Property tax equalization should not be diverted from funds now going to the poorest districts. It should come from expansion of the Abbott district. Funding should come from new revenues such as the recently imposed State Sales Tax, which was talked about earlier. If this funding stream was dedicated specifically to reducing property taxes based on school district revenue capacity, it could lower taxes significantly in hundreds of towns and for thousands of middle-class homeowners across the state. Rather than condemning Abbott, we say, "Fix the system."

Currently, there's legislation that's been introduced by John McKeon, known as the Abbott Rim District Bill, and this is a step in the right direction. However, it needs to include all districts in economically diverse populations and diverse schools.

I'd like to say that we've, with a consultant -- we've put together numerous maps which show how this kind of system could have worked, if you just would have used the millionaire's tax. The amount of money that's set aside from the property taxes, even a little bit more -- and it could make significant difference. If you add this with the tax-base

sharing plan, we could deliver direct relief to 85 percent of the citizens in New Jersey. This is the kind of fundamental, basic property tax reform which the people of New Jersey are demanding.

Thank you. (applause)

SENATOR ADLER: Thanks, Rohn, nice to see you.

Next is Chris Emigholz of New Jersey Business & Industry Association. (no response) Chris, thank you for your testimony.

Next is Jan Kristbergs of New Jersey Association of Lifelong Planning (*sic*).

**JAN P. KRISTBERGS:** Thank you.

I'll try to be as brief as possible, given the redefined parameters.

I'm Jan Kristbergs, and I'm the President of New Jersey ALL, which is the Association of Lifelong Learning. I'm also the President of the Ocean County Community Education Advisory Council, and I'm also an adult school principal and supervisor of student services at Southern Regional School District in Manahawkin. On behalf of, I guess, a number of educators and my constituents, as an educator with 35 years of wide-ranging experience, I'd like to focus my perspectives on behalf of over 400 adult educators in New Jersey, as well as those in Ocean County, by voicing our concerns specifically for adult high schools.

Adult high schools are a core component providing a second chance for high school dropouts and the opportunity to earn credits in specific courses, and of course a high school diploma. Presently, fewer students in need of this essential opportunity are able to enroll. I'm sure you're aware, but from 1985 there's been a reduction from 62, to 44 in 2005 -- so a reduction of that magnitude in adult high schools.



In Ocean County, the second-fastest growing county in New Jersey over the last decade, only two adult evening high schools remain. According to 2000 U.S. census, there are over 1.25 million adults in New Jersey over 16 not in school and without a high school diploma. School districts report about 12,000 dropouts in secondary school each year. And I think the peak number of 13,660 students, in October of 2002, were being served; and yet in 2005 only 10,297 were being served. And we believe this number will increase significantly as the special review process, the SRA, is eliminated as an alternative for those failing to pass the State graduation test. So we're facing an increasing problem.

As you are aware, the State aid formula for school districts was changed several years ago from one based on enrollments to a generic, across-the-board percentage. The New Jersey Association for Lifelong Learning and the Ocean County Community Education Council urge the legislators, State Board of Education members, and all citizens interested in second-chance opportunities for undereducated adults to approve S-284 and A-1391, which would restore funding to adult high school programs based on the actual enrollment in these. It is vital for our state and for the students of the adult high schools that adult high schools remain free and that they are supported by State aid formulas based on program enrollments. As you are aware, this legislation does not require a new appropriation.

And I would like to take this opportunity to offer my personal perspectives. As the Principal of Southern Regional Adult School, I'm also witness to many of the good things, of course, that these programs can provide. And even though GED programs and other literacy programs are

part of the spectrum of adult education, they don't offer all of those elements, and I'm just going to give you one. I was prepared to give you quite a few, but I had the pleasure of talking to one of our young men who was just about to graduate. He was a hard-core dropout. He was telling me how he was brought to tears when a teacher named Mrs. Adams, English IV teacher, inspired him to finally read something. And that book was *The Five People You Meet in Heaven*. And here's this hard guy talking about it very proudly.

So, yes, there are second-chance learners that, without access to our programs, with fewer and fewer adult high school programs through the state, would not be able to obtain a full high school diploma. And I'm sure you recognize and know the stats from prison graduation rates and all those things that -- and the career dead ends -- that are followed up on this. But I certainly ask you and implore you, don't allow second-chance learners to be second-class citizens. I know they don't have a constituency, but we're there.

So I thank you so much for your time.

ASSEMBLYMAN CONAWAY: Thank you for the important work you're doing there.

SENATOR ADLER: Thanks.

ASSEMBLYMAN CONAWAY: Next we'll take Reverend Carl Browne, South Jersey Regional Equity Project.

**REVEREND CARL BROWNE JR.:** Good evening.

And thank you for having this opportunity for the citizens to speak to the Legislature. I'd also like to apologize because you'll see me exit the room immediately after testifying. It doesn't show my lack of interest.

I'm already late for another meeting, but I will check the proceedings on the State Web site.

The South Jersey Regional Equity Organizing Project is a faith-based, grassroots coalition of groups from throughout New Jersey that believes the existence of distressed and impoverished communities within South Jersey affects all residents -- through increased crime, increased taxes, reduced economic growth, and the tendency for blight and poverty to creep into other towns.

My name is the Reverend Carl Browne, and I am Director of Christian Education at St. Mark Lutheran Church, right down the Pike from here in Oakland, New Jersey. This region cannot obtain its economic potential while many of its children are inadequately educated. The serious problems that impede quality education in New Jersey are many -- disparities in funding, even though partially addressed by the *Abbott* decisions, remain significant. The recent reorganization of the Schools Construction Corporation points out the mismanagement that is rife throughout our systems. Islands of poverty make any real improvement in education difficult to obtain.

Conversely, existing methods of funding education discourage communities from accepting low-income residents, creating a vicious cycle. In addition, the poor communities that can least afford to support them often have a higher rate of challenged and special needs children.

We heard, at the constitutional committee, mayors and council people testify that one of the effects of property taxes are that older residents tend to move out of areas because they can no longer support

their homes. When they do that, the people that move in have children, which exacerbates the problem.

A system of funding that addresses the broader issues is needed. The South Jersey Regional Equity Organizing Project proposes that the State Legislature authorize the State to take on a higher percentage of educational costs, including fully funding mandates. In addition, the State should provide adequate funding to compensate all schools and school districts for the expenses of educating special needs and challenged children. This financial support should be independent of all of other funding and should follow the student.

We believe that the State should continue the oversight of the reconstituted Schools Construction Corporation so that it is adequately funded and competently managed. School funding equalization aid is also part of our recommended program to bring fundamental change to New Jersey. Our State currently rates an embarrassingly 43rd in the country in State support for education. Equalization aid changes a system that currently rewards rich communities that can afford good schools and our Abbott districts that have been abused for decades. Over 80 percent of New Jersey school districts fall in between the two extremes and are suffering the consequences. Equalization aid provides real relief to these districts. With equalization aid, towns that fall below the current State median of per-pupil funding capacity and have significant numbers of low-income and special education students would receive assistance. This funding formula would support diversity rather than encourage segregation.

Our organization understands your mandate to come about with immediate change. We believe that this is also an important time in

the history of New Jersey for you also to look at long-range, long-lasting changes to our educational system.

We thank you for the opportunity. (applause)

ASSEMBLYMAN CONAWAY: Thank you.

Great testimony. I appreciate it.

SENATOR ADLER: Ladies and gentlemen, the dilemma we face as we hear profound and insightful testimony from Reverend Browne, from folks representing rich communities, and middle-class communities, and poor communities, and adult education communities, and vocational/technical school communities, is that the money has to come from someplace. And the reality is we can't raise income tax, the way somebody talked about a few minutes ago, without chasing rich people and jobs and companies and our future out of the state. We can't raise a sales tax much more without destroying commerce and having people go across the river to Philadelphia, which is so close to here and Collingswood, or somebody raising the sales tax high enough people would actually go to New York state, rather than North Jersey. Certainly people go from Cumberland, and Salem, and Gloucester County to Delaware to purchase goods. So we face a dilemma of what we can do with limited revenue sources at the State level and at the local level.

And without being critical to the Reverend -- the Reverend just spoke to the various people who were correct and passionate in trying to get more money for their constituencies, for their valid goal of improving public education -- somewhere in New Jersey or everywhere in New Jersey -- or for a short-term fix for this coming tax year for our property taxpayers. We need to have a structural solution that doesn't just tax us out of existence in

some other way -- by lowering the property tax for one year and chasing out business or chasing out rich people or chasing out senior citizens, and doing something else that distorts our society in a different way. So please understand, as we sit in silence listening to very passionate, insightful, correct comments from many people in the audience and many groups they represent, we're torn with a dilemma of serving all the different legitimate constituencies that are represented here and that are a good cross section of what we think New Jersey is all about. So our silence doesn't indicate our indifference to the various legitimate pleas being made tonight.

ASSEMBLYMAN CONAWAY: And we're just trying to get down through the list.

Next, William Love, described as citizen. We're going to bring up a whole bunch of--

Wait until you get to the mike. (referring to PA microphone)

**B I L L L O V E:** All right. I don't want my time to start. Two and a half minutes, it really turned into perfunctory--

Citizen Love, Medford, New Jersey, right to the point of-- First of all, I disagree with Senator Adler, and so does Governor Corzine, on Federal tax funding. New Jersey ranks dead last in the ratio of receiving Federal funds. According to the tax foundation, we're the biggest loser in any state. We've been 49th or 50th for 20 years in recouping our own tax dollars sent to Washington, and that's subsidizing in the other 49 states.

In a letter to me on June 23, 2004, Senator Corzine stated, "Federal funding in New Jersey is an outrage." He states, "We must demand our fair share of funding for transportation, education, and the environment." Unfortunately, there is no outrage. New Jersey gets 57

cents, New York 80, PA \$1.08, \$1.82. If we received the average of our neighbors, we'd get \$17 billion back into our economy in all forms, direct. We should at least get another \$5 to \$10 billion. That should be done. We have no leadership in Washington. And you guys have got to help to do that.

I agree with you. Eroding the rich is not going to work. We're eroding our tax base by soaking the rich. We need the retirees to stay in the state. We both have an estate tax, you have a millionaire's tax that starts at \$500,000. I guess that's deflation. We got to keep the people here, guys. All right? Otherwise, we're going to have a long-term problem worst than we have now.

I'll just forget about revamping the tax structure. I'll get to a couple things that I want to talk about. One of the problems with school funding is, it's not based on ability to pay. Every person in each town is perceived to be wealthy in those towns; that's not right. Everybody who lives in Medford, they're not wealthy. In Medford, we get \$1,500 a student. Tabernacle, the next town over, gets \$5,000. Same income, same housing values. It makes no sense.

What I would suggest is that, at minimum, would be \$5,000 for every student in the State of New Jersey, regardless of whether you're called wealthy or not. Towns aren't wealthy, people are, with that.

And having said that, the Abbott districts -- they spend \$18,000 to \$20,000 in a lot of cases. They shouldn't be allowed to spend any more than the State average. That's where part of the funding can come from.

I think we should have a 10 percent surcharge on all income taxes, but try to reduce the millionaire's tax if you can. So that's ability to pay, that's a new source.

(timer sounds) That's unbelievable.

ASSEMBLYMAN CONAWAY: Everybody-- You're going to get 30-- We didn't cut people right off.

MR. LOVE: All right. Well, I'll tell you what. I'll just come down a little bit further then.

I think there's some other miscellaneous things we need to do in this state. We've got to do things differently. I think we've got to streamline government. One of the things I would do is make New Jersey unicameral -- eliminate the State Senate, cut the legislative districts in half. All right? We'll do that. (applause)

All right? I would make all positions in the State four years, and we have an election every four years.

We've got things going on that don't make any sense. Why are we electing the sheriff, the county clerk, and the surrogate? They're administrative positions. We don't need those positions. So we got to look at all levels of government. The counties are out there, nobody knows what they do, basically. All right? A big part of our funding.

We have to change the way we're electing officials. We should run on slates, so there's minority watchdogs. If you run a slate for freeholder and there's five seats, every 20 percent of the vote you get a seat. If the Democrats get 55 percent, they get three seats; you get two Republicans. Minority watchdogs are going to work.



Pension reform: That's obvious, guys. Fifteen-hundred hours should be the minimum to get a year of service; 65 should be normal retirement age. And if we start early, of course at a discounted amount.

Ethics pay-to-play: It's got to be there. Look at the scandals in the newspapers today. We have to look at waste: The Burlco light rail. Here's \$20 million I'll give you today. All right? Seventy million dollars of wasted money on the light rail up in Burlington County. That's equivalent to 12 percent of all school taxes in Burlington County, for 3,000 riders. It's outrageous. Stop it now.

ASSEMBLYMAN CONAWAY: Thank you very much. Thank you very much.

MR. LOVE: And eliminate the pilot programs as well, because the schools aren't getting their fair share of the pilots. That's a big scam.

ASSEMBLYMAN CONAWAY: You've got an argument from me on that light rail, if you follow the papers.

Let's see, Edward Harrington Heyburn, member East Windsor Nonpublic School Transportation Task Force.

**EDWARD HARRINGTON HEYBURN:** Good evening, Senator Adler and Senator Conaway -- Assemblyman Conaway. One of the ways you can reduce property tax--

ASSEMBLYMAN CONAWAY: That didn't work for my promotion. (laughter)

MR. HEYBURN: One of the ways you can reduce property tax is by reducing the demand that the school budget places on the property tax. And one of the ways you can reduce the school budget is by reducing

the demand that the public places on the school budget. You can do that by encouraging nonpublic education.

I represent parents of 200 children in East Windsor who send their children to nonpublic schools. Last year, we saved the taxpayers \$2.5 million by paying approximately \$1 million out of our own pockets to educate our own children. In exchange, the only thing that we got for the tax dollars that we paid was busing for our children to our schools, which was about 10 percent of the cost, less than 10 percent of the cost of educating those children. But this year we were advised that there wasn't going to be a bus for our children, because apparently New Jersey has a dichotomy in their educational system -- busing is provided for whatever the cost is for public schoolchildren, but for nonpublic schoolchildren there's a cap.

So what's interesting is, the town will only pay \$839 to bus my children. But if I placed them in the public school, they'll spend \$12,000 a year to educate them. It doesn't make sense. Because if you want to reduce the demand that the school budget places on our taxpayers, encourage things like public (*sic*) education. It's not a bad word, and it saves taxpayers money.

The statute that I'm talking about is 18A:39-1. There's going to be legislation introduced by Assemblywoman Jennifer Beck that's going to ask that we fund nonpublic busing for schoolchildren the same way that we fund public busing. I ask that you not think of it as a way to spend money, but a way to reduce tax money, because you'll be spending 10 cents on the dollar.

If I could tell you that you could educate schoolchildren 10 cents on the dollars, I think you'd stand and applaud. This is one way you can do it. Just transport the children so that they can be educated and we'll pay the tuition. And I speak for thousands of families across New Jersey that are willing to spend the extra money.

And in turn, we free up the resources for the public schoolchildren, the children that choose to attend public school. So the statute is pennywise, pound foolish. And I ask that you just look at a way of saving money by just transporting the students in lieu of educating them.

Thank you.

ASSEMBLYMAN CONAWAY: Great. Thank you very much.

Next, Joshua Berry, Chair, South Jersey Citizens for Property Tax Reform. I see there are several folks on, but the Chairman can speak for folks, please.

**J O S H U A   B E R R Y:** Thank you very much. I'll try to keep this brief. I'll type up my notes and e-mail them to you and Senator Adler.

ASSEMBLYMAN CONAWAY: Please. Thank you.

MR. BERRY: As you had said, my name is Joshua Berry. I'm the Chair of the South Jersey Citizens for Property Tax Reform. We are a grassroots movement of citizens who are concerned and, to be blunt, fed up with the system of taxation and the causes that have led up to it.

We realized a long time ago that simply reforming the way we generate taxes, i.e., changing from a property tax to an income tax, is not going to spin the problem. Fundamentally, we tax so we can spend. Therefore, spending reform to us is tax reform. That's why I'm here and a few members of our group are here.

Again, I'll only talk to two points, the rest I will e-mail to you. The first is, our State Constitution clearly states that we must provide a thorough and efficient education to all children between the ages of 5 and 18 years old. So I humbly ask you, how are we breaking our State Constitution in providing preschool funding to the Abbott districts? I know that there are lots of children who are in unfortunate situations -- they go to school tired, hungry, possibly dirty. They've got possibly bad parents at home. Well, guess what? There are bad parents in every district, including the rich ones.

And so I ask you to -- that when you come up with your new State funding formula, please follow our State Constitution. As a father of three young children, I know the expensive cost of day care. Trust me, my wife Sally just about pays for day care itself. My local school does not have full-day kindergarten, so again, we still have to pay for that extra year of preschool. And we are paying through our income taxes for other school districts to have a feature that we do not have, and we have to pay for three times: one, in the income tax; two, in the higher property tax because our district funding has been flat, as many people have noted, for three years; and then three, we have to pay for the preschool ourselves. So, again, I ask you to keep that in mind.

The second point I will talk about tonight is that, as I mentioned earlier, there are misfortunate kids in every school district, and we are asking our teachers to act as social services to try to educate these kids, who, again, they're coming to school not prepared to learn. So treat people equally. Do not punish suburban parents for doing their job of making sure that their children are ready to learn in the school system.

So please be fair to everyone in the state.

ASSEMBLYMAN CONAWAY: Thank you.

MR. BERRY: Thank you.

ASSEMBLYMAN CONAWAY: Our next -- we have Deana Hartingan, an Independent Education Consultant. Is she still here, Deana? Ms. Hartingan? (no response) No? Hartingan? No.

Barbara Demarco, New Jersey Child Care Association? (no response) Barbara Demarco, New Jersey Child Care Association?

Joe McConaghy, taxpayer?

**J O E M c C O N A G H Y:** McConaghy. (indicating pronunciation)

My name is Joe McConaghy. I live in Blackwood, New Jersey, and I'm a taxpayer. I moved to New Jersey in 1952, married, sent four children through school, paid all the taxes required of me to do that. I was proud to do that. They are my children, and I wanted them educated. However, now I'm retired on fixed income. My health doesn't allow me to be hired by anybody because I would take them broke with medical insurance. I cannot-- I'm here to keep my home. And I'll do whatever it takes to keep it. And what has to be done to keep it is to take away school tax from seniors who are living on fixed incomes.

Last year, I got a 2-point-some percentage increase in my COLA. Since then, not counting the gas going up tremendously, but my electric and heating gas and all my other bills have gone up. How do I cover the increases with my 2-point-some percent? It can't be done. I live on a budget. The schools have to be made to live by their budgets. If they start running short of money-- Are we teaching them reading, writing, and arithmetic, and science and English, or are we teaching them to be

basketball players and football players? If they want to have sports in school, let the parents buy the equipment. They've got to cut their budgets, that's all there is to-- I had to cut mine. I can't go to anybody to get assistance to keep my house. I can't go to work, like I said, because nobody would hire me because of my insurance costs. Thank God for PAAD.

That brings me to financing schools. Back in '68, when we voted to bring in casinos into the State of New Jersey, I understood fully that it would take a burden off the homeowners of this state. Well, thank God for PAAD. It's the only thing I'm getting out of it. If it wasn't for that, I'd be in trouble -- but thank God they're paying more. How much of every dollar spent in the casino goes toward education? Do any of you know? How much of a dollar spent for a lottery ticket goes for education? Does anybody know? I don't. But I'm sure they should.

Very briefly -- I had another point but it just went out of my head. Anyway, that's where I stand. And please, help us seniors. We have no one to go to. If we lose our home, what can I buy for what I get for my home and where can I buy it? Do you want me to stay in New Jersey? I have to stay because of Deborah Hospital. But I couldn't go anywhere else, so I've got to keep my house.

Thank you.

ASSEMBLYMAN CONAWAY: Thank you.

SENATOR ADLER: Thank you so much.

ASSEMBLYMAN CONAWAY: You're one of the reasons why we're charged with reforming the formula.

Next, Frank Ward, citizen, former Mayor of Audubon, New Jersey.

**F R A N K   W A R D:** Thank you for holding these hearings and giving us an opportunity. I happen to be a senior citizen. I'm 75 years old. I have nine children, 15 grandchildren. I educated most of my children in the Catholic schools. My grandchildren -- most of them are being educated in the public schools. I won't take up much-- I know, two-and-a-half minutes; I could talk for probably two hours.

One of the things we did when I was Mayor of Audubon, we cut taxes for eight years. Every year we cut taxes. We didn't raise them. And the way we did that is, we watched how much money was spent, how it was spent, and who it was spent on. We also did not hire a lot of our friends and put them on the payroll. And that we found saved us a lot of money.

I don't want to bash Camden. I was born and raised in Camden, educated in the Camden schools. One of the things I will say is that when I was educated there it was also controlled, while I was in school. And we were a pretty tough gang back in the '30s and '40s, but we didn't have the problems they have in the schools today, where the parents send the kids off and expect the teachers to do what the parents should do. And that is to teach the children respect, which is not happening.

As far as Audubon, I spoke to the superintendent today. I found that the average cost for a student in Audubon is \$9,600. The average student cost in Camden is \$18,000. Camden has about 4,000 employees. That works out to about four children for every employee. They had the superintendent down there they fired. They gave her a nice walking away present. I noticed that they gave her sick days that she didn't use. She didn't use her holidays, and she didn't use her vacation days. So

she walked away with a nice package. My suggestion, gentlemen, is if you're going to fund the schools, put some controls on them. Control how much -- if they receive 50 percent or more of funding from the State, then the State should put controls on the salaries. Don't let them hire a superintendent for \$250,000, and give her a package nobody understands and the School Board pays, and doesn't know where the money has gone. They know where it's coming from; it's coming from my pocket and from every other person in this state. Camden is being funded by the State of New Jersey and every citizen, not by the people in Camden, because they receive 80 percent of their funds -- are coming from outside of Camden.

When I was going there, the people in Camden -- when I lived in Camden -- funded their schools. We didn't get that much support, if any, from the State in those days. All right? Today, the money is given to them. They do what they want with it. There's no control on it. They keep hiring part-time people in there. Their administrators don't know what's being paid or not being paid. You people -- it's not a matter of raising taxes. It's a matter of seeing that the money handed to these school districts is controlled, and that's the responsibility of the State and that's the responsibility of the elected representatives that we send up there. You've got to look out for us, and you're not looking out for us when you hand over \$170 million to some school district or some politician and they hand it out to anybody they want to hand it to. You've got to control it. And what I think you have to do is, if you're going to give them funding, then you have to put restrictions on them. You have to control the salaries. They cannot go out and give a starting teacher \$50,000 a year to start. You can't give a superintendent \$250,000, who goes away for months at a time.



Okay? That's what I think you have to do. If you're going to do your job up there, you've got to put controls on these people when they receive the money. If you're going to hand it them -- a blank check -- they're going to spend it. The more you give them, the more they're going to spend. And it doesn't mean it's a better education. You don't have to spend a lot of money to get a good education. You have to control the money, and you have to have adequate controls, and you have to have people that are willing to watch the dollar.

ASSEMBLYMAN CONAWAY: Thank you. Thank you.

MR. WARD: Thank you. (applause)

ASSEMBLYMAN CONAWAY: Part of the reforms are going to be, certainly, looking at these spending controls, because it's-- One of the things we've learned is that the State does need to take a much tighter hand in controlling spending, in particular making sure the dollars go to improving the educational program. And we've got numerous reports on the abuses of salaries on the superintendents; and that, I assure you, will be addressed at the end of this legislative process. We're not going to have-- That is going to go away.

Next, we'll take Mr. Harry Flomenberg -- if I can read what's written here -- taxpayer. (no response)

Okay. Diane Malley, parent? Diane Malley? (no response)

Edward Dodson, taxpayer?

**EDWARD DODSON:** Senator Adler, Assemblyman, I've testified a number of times, and I may sound like a broken record. I'll try not to do that. But two things: One is, you want to help people on low income, senior citizens to stay in their house? Well, two things. First, people are

gaining on the value of their house as the market drives values up. People can't afford to pay property taxes based on the assessments. So the fairest solution, in my view, is to cap the annual tax payment on some affordability formula, based on household income and liquid assets, and let the unpaid amount accrue as a lien on the property to be paid at the time the house is sold or transferred in ownership. That will take care of the displacement issues that a lot of people are concerned about in our communities with seniors.

Number two, Assemblymen, go back and resurrect the bill that Mike Arnone introduced a couple of years ago in the Assembly -- it never made it out of Committee -- to give communities a local option to adopt a two-rate property tax. When you talk about taxation, there's a misunderstanding about the property tax. It's two taxes. It's a tax on property improvements and it's a tax on land. Tax property improvements heavy, you will get less of them. Tax land heavy, and the economists will tell you you'll get better development, higher and best use of land, and less land speculation. And the revenue flow will come in, because you can move out of the community, you can tear down a business and leave, but you can't take your land with you. If your tax on land is high enough, you will develop it or sell it to someone who will.

Anecdotally, Clarington, Pennsylvania: This is a story that's just released, and you ought to talk to the people in Clarington. The school district in Clarington was in desperate straights. This is a mill town with high unemployment, ready to turn the lights out. They adopted a two-rate property tax with a very high tax rate on land, a very low rate on improvements. Their budget was balanced as a result of this, and

homeowners got an average reduction in their property tax of \$400, \$500 in the first year. Well, who paid? The big landowners who had been sitting on industrial land for decades doing nothing with it.

U.S.X., one of the big landowners out there, all of a sudden got up the muster to tear down some old factory buildings, clear off a brownfield, and develop it into an industrial park bringing in revenue, bringing in jobs, and helping the whole community. They would have never done it without the move to the land-based property tax. And that's what New Jersey needs, the same local option that Pennsylvania communities have. And there are about 30 of them now that are using it in Pennsylvania. We need it here. And Arnone's bill would have given it to us years ago, and it never made it out of Committee.

SENATOR ADLER: Mr. Dodson, you should know that a different Committee -- not this educational funding reform committee, but the constitutional committee -- has been looking at exactly that issue as one of the changes to make in our tax structure, particularly for areas where you want more development -- our urban areas, our more densely crowded suburban areas.

MR. DODSON: It works everywhere.

SENATOR ADLER: There has been serious analysis of how it would work in New Jersey, based on the experiences in Pennsylvania and other states around the country. It's something that we're looking at very, very closely.

MR. DODSON: But don't forget my first point about how to relieve seniors and those on fixed incomes from displacements, by allowing the unpaid tax to accrue as a lien. That will work.

ASSEMBLYMAN CONAWAY: Do you have any of this stuff written down, just so we can put it in the-- Have you taken the time to do that? I'd appreciate it.

MR. DODSON: In my previous testimony; but I can send you some material -- where it's been tried and where it is working.

ASSEMBLYMAN CONAWAY: Certainly. We would appreciate that very much. Thank you.

MR. DODSON: Okay. And my name is on your list with my telephone number. If you want to talk to me, just give me a call.

ASSEMBLYMAN CONAWAY: Thank you very much again.

Next, Paul F. Devine? I'm trying to bring up the unaffiliated folks. Paul F. Devine? (no response)

Ann Marie Bauman? (no response)

Gulab Gidwani, Winslow Township Business Association.

**G U L A B   G I D W A N I:** Thank you, gentlemen, for inviting me over here today. I saw it in the newspaper, that's why I'm here.

The first thing I would think about is a look at the total picture on taxes. I don't think about property tax separate and sales tax separate, and income tax separate, and millions of taxes which New Jersey can think about putting on people no matter what. It takes a certain amount of money to run the government. And the government has to find ways to create that income so that it can pay its expenses and move on. I guess that's Finance 101. I don't have to think about how it is put together. So if you give the government many different ways to create an income, they always will say, "Okay. Well, we don't want to put any more property tax.

Let's find some other way." They put some tax on fisheries or whatever different thing they can find. But they will find a way to spend it.

So there has to be a limit on how much the government must spend. And if the spending side is not taken control of then, really speaking, there is no control. You can get another \$50 billion tomorrow and find a way to spend it. Because the government is known to find ways to spend. And that's nothing new. So the taxes have to be controlled. And all taxes have to be controlled together, as a package, not just property tax -- income tax, and sales tax, and everything fits into one package.

Number two thing I can think about is the pensions and benefits which government gives to self, as well as to the employees. This defined benefits is a kind of a thing of the past. Many people and many governments are getting away from that because it will put them in a hole every time. There is no unlimited amount of money available to anybody. If you were running a business today in the way the New Jersey government has operated, I think they would go bankrupt pretty fast.

SENATOR ADLER: I don't want to interrupt, and I apologize if I'm showing you disrespect right now. A different Committee is responsible for pensions and health benefits. They are very seriously considering eliminating a defined benefit plan for all new hires and maybe for all people who have been in State service or local governments service for fewer than five years. I won't speak for Assemblyman Conaway. I support such a change. I think it's way overdue for our State. But I don't want to get off the focus of this particular Committee's agenda and mandate.

MR. GIDWANI: Yes, okay. Let's get to the special education, that's what this Committee is about. There is no way in the world that you can educate every kid in the whole system. There are kids who will just fall out of the system no matter what you do. You can spend \$200,000 per year on a kid and he'll still fail. You have to have -- put, still, some kind of budget, some kind of limits on what you are willing to do and what you can achieve with that. Throwing more money into the system does not achieve results. It is different people who are dedicated to the system who can get many of the kids to get good results -- that's good dedicated teachers. It is not always a matter of money.

ASSEMBLYMAN CONAWAY: Thank you.

MR. GIDWANI: But by giving a teacher \$200,000 more tomorrow will not achieve results. The results are achieved by teachers who are dedicated and who will do it anyhow.

ASSEMBLYMAN CONAWAY: Thank you. Thank you. Thank you, sir. I appreciate it.

Jonathan Corchnoy? Jonathan Corchnoy, a Gloucester Township resident, special education attorney? (no response)

Raymond Shipella?

**R A Y M O N D J. S H I P E L L A:** I'm a taxpayer. I live in Collingswood. I own a property in Oaklyn. Looking at my last property tax, on my tax bill in Oaklyn, which my father-in-law lives in that house on a fixed income, was 50 percent -- 49.3 percent went to schools. And now that I'm getting up in age, I feel that if anything needs to be taken into consideration is this enormous amount of almost 50 percent for the senior citizens. And I know you still need money coming in to do this. But what I

thought was that if you had a plan where, after a person lived in the state for 10 years, or 20 years, becomes a senior citizen, that their school budget tax could at least be reduced. Unfortunately, you still need the money, which the younger people will have to pick it up. That's what I think may work for a fix for the seniors. Because I'm not against education and I know they need the funding. I heard the people in the room all asking for money. But there has to be a way that we can shift some of the money to help these seniors. Because in my town, there's houses for sale all over. All the ones I'm talking to are moving out of the state, and they lived in this state for their whole lives. And I really think it's unfair to these people. I don't have an answer where you can get the money from. I know you would know better than me, but there has to be some kind of shift in the money, anyway, to help these people somehow.

And that's what I have to say. Thank you. (applause)

ASSEMBLYMAN CONAWAY: Thank you very much.

SENATOR ADLER: Thanks for coming.

ASSEMBLYMAN CONAWAY: Thank you.

John Scanlon?

**JOHN SCANLON:** Hello. My name is John Scanlon. I live in 410 Hadden Avenue, four blocks from Camden, in Collingswood, New Jersey.

First of all, I have a high regard for the Legislature. A few years ago, folks were talking about automobile insurance. I don't hear anybody talking about it any more. Somebody did something right. We spend a lot of time in Wildwood; and every once in a while we go over to Atlantic City, and I remember Atlantic City in the past. Somebody is doing something right.

I would -- you guys have a lot of responsibility. And I don't think that you want to preside over the decline of New Jersey education -- and I know you don't. What you're really trying to do is make sure that it's funded maybe in different ways. A couple of ways that I can think of include what you started. Give dedicated taxes. And when you give those dedicated taxes, give it to something that, as it increases, there's more funding. And I happen to work at Woodrow Wilson, and we have systems going where we have business and all sorts of stuff. And get the schools so that they profit, by improving the industry and the business climate here, by having some of it as business-type-- Part of the dedicated funding would be from businesses.

The second thing is, I also have a small property in Florida, and those folks down there know how to get money out of tourism. When we had property in Wildwood, we never had to pay anything. We'd rent out this place, in-season, down in Palm Beach County. You pay 6 percent to this state and 4 percent to Palm Beach County. I do think that there are ways -- and I have a high regard that you will come up with other ways of reducing the real estate tax. But having said that, real estate is an asset. You can't just say, "Oh, well, we're not going to tax this asset." But I sold property in Wildwood and paid a lot of taxes. We sold another house and paid no taxes, and that was great. I'd rather pay no taxes.

But if there were some way of somehow getting a sales tax or something on the sale of any property, I don't know how much good it would do, but it might do some good.

Anyway, thank you for what you're doing. (applause)

ASSEMBLYMAN CONAWAY: Thank you.



MR. SCANLON: Okay.

SENATOR ADLER: Thank you. Certainly been in that bucket of taxing the transfers, and it has its problems too, I can tell you.

George Denich, I think, citizen? Did I say that right? George Denich, citizen?

Anthony-- Oh, sorry.

**G E O R G E   D E N I C H:** Thank you. Sorry, I had to call my wife and tell her probably I'll be here longer than I expected to.

SENATOR ADLER: Can you call my wife next? (laughter)  
Can you call my wife when you're done here?

MR. DENICH: Pardon? Do you want me to call her when I get through? Give me the number.

Okay. I'm George Denich. I feel a little humbled here. All of the speaking of school districts-- I'm a former educator -- 38 years -- between Pennsylvania and New Jersey; teacher, assistant, principal, superintendent, etc. And one of my -- doctorate dissertation was a plan to reorganize the school districts of New Jersey. So you're going to find that that's what my emphasis is going to be. And along with that, the same thing with municipalities. We have too many municipalities, we have too many school districts -- each with their hierarchy. Okay? We hear about people here shifting some money from here to here; that's not the way to do it. It's pennies, it's nickels. We need dollars and thousands of dollars. Okay?

And the best plan I could come up-- Incidentally, I'm speaking on behalf of my family. The Denich family comes from Pennsylvania, but

there are 50 of us down here and still counting. I have three children, in-laws, four grandsons -- all in this area. Okay?

ASSEMBLYMAN CONAWAY: You're going to have your own town if you keep up like that. (laughter)

MR. DENICH: Hey. No, that's about it. Unless the great-great ones are going to be coming in.

But the thing is this, I think the major problems are -- and I'll start off with school districts. There are too many school districts, there are too many municipalities -- all with their hierarchy. Okay? What does it take to run a municipality or a school district? We have school districts that have no kids. We have school districts that go Grade 1 to 6, and so on and so forth, and the regionals. And we take a look at this and it's ridiculous, the way it is working. Now, the same thing goes for municipalities. Why can't there be a municipality and a compatible school district, K to 12, even if we have to combine five or six school districts and five or six municipalities into one.

I have here with me a number of items that I have already submitted to Committee members, the Governor -- I don't know how many of you are here, I don't know you by name -- Governor Corzine, Richard Codey, Joseph Roberts, Martha Bark, Wayne Bryant. Some nice names in there, okay? Larry Chatzidakis, Francis Bodine, County Director, James Woozek (phonetic spelling); Augustus Tamburro, Evesboro Mayor; and of course, Robert Bankard, President of Village Greens Senior Community in Marlton.

Personally, I advise you to stop this picking, nickel/diming, and stuff, and do something worthwhile. And I feel that the bigger problems we

have now -- we have too many politicians. We have too many who don't give a damn about the people they represent. All they want, we could talk about it. You've seen it in the papers. Some of them are reaping in fortunes because they are senators and so forth.

SENATOR ADLER: I don't mean to interrupt you. I think the time is up, and I think we need to keep focused on the education funding issues. But I thank you for taking the time to be with the both of us.

ASSEMBLYMAN CONAWAY: Thanks. Thank you.

MR. DENICH: All right. I would like to leave three copies of this for your Chairman.

ASSEMBLYMAN CONAWAY: Please.

SENATOR ADLER: That'd be great. Thank you so much.

Thank you.

ASSEMBLYMAN CONAWAY: Thank you very much.  
(applause)

Next, I'll have Alfred Beaver and Trudy Lockspeiser, NJEA.

And just introduce yourself -- Beaver, Lockspeiser, and-- Smith, perhaps?

**G R E G S M I T H:** Yes. I'm Greg Smith. I'm from Buena Regional School District in Atlantic County.

ASSEMBLYMAN CONAWAY: Wait a second.

SENATOR ADLER: Why don't you have Greg introduce everybody?

Greg, why don't you start.

MR. SMITH: Okay.

SENATOR ADLER: Greg, why don't you just start testifying.

MR. SMITH: Okay. I'm from a District Factor Group A school. And the point that we need to get across is: for years we've been making a case for more funding. And we've been told, "Yes, you need more funding. You deserve more funding." At the time, we were told our test scores are too high for more funding; then that corrected itself, unfortunately, and we've been told everything -- "You need it, you deserve it, you fit the bill, but we cannot allow it." Our main point with the system now, with the funding formula now, is that we need to have everybody treated equitably, not based geographically -- just because you're across the border in the neighboring town, you are a more valuable student. We need all children, across the state -- and we need you guys to take that under charge. And as -- and to remember that every child is counting on you to treat them equally regardless of where they live.

Thank you.

ASSEMBLYMAN CONAWAY: Great.

Who wants to go next? Start left, because we really do need to get you into the mike. (referring to PA microphone) That's good. That's fine.

**MARGARET JACKSON:** Good evening.

That will work? Okay. (referring to PA microphone)

My name is Margaret Jackson. I'm a retired educator, and currently I am Vice President of the Camden County Retired Educators Association. I'm a senior citizen, so I'm one of those people that everybody in the community fears at budget-voting time, because we're the ones that come out and defeat budgets, they say. Because I'm on a fixed income, as a retiree, many people feel I do not understand the need for a stronger

education funding. While I am a retired educator, so clearly I do understand, I am on a fixed income; so I know the constraints of my finances. But I'm a grandmother, and I want my grandchild to have the best possible education that he can have. So when you're making decisions -- and you know that money translates to the good things that we want for our children. You don't need a retired high school teacher to tell you that. But when you're making your decisions about funding, you shouldn't do it on the backs of the children.

We're in a situation where we're competing globally for economic success. Our children must be prepared. And I think too often when you look at the situation, you look at seniors and our fixed incomes, and I think you feel that we will not support your funding for schools. We think about the future a lot. And when you look at those voted-down budget votes, people see only budget that anybody votes for in the State of New Jersey -- we don't vote for any others. So a multitude of frustrations are vented at that. Don't misread that as seniors opposing your prioritizing education. We need to fund the education in such a way that all children -- all children -- have the greatest possible opportunities that are available. Don't discount that group; don't do it on the back of our youngest citizens, our most important citizens.

Thank you very much.

ASSEMBLYMAN CONAWAY: Thank you.

SENATOR ADLER: Maybe before the other three people speak, maybe if you could focus-- I'm going to assume that you all believe we should spend money on education.

MS. JACKSON: Yes.

SENATOR ADLER: Let me finish. We should probably spend money on education in the district where you teach and where your children live. So I would assume that's sort of the premise for what you're going to say. Maybe you can help me, and help Assemblyman Conaway, and the members of the Committee who aren't here but will hear this testimony -- what we can do to change the system to maintain the high quality of education, which has very good outcomes in many of our districts, and improving outcomes in some of our districts -- thanks to State money in some of the more challenged districts -- and more accountability in the districts that are not improving yet. Assuming we're to start doing better at those things, what can we do to change the system structurally so we can actually afford homeownership in New Jersey? That's really what the purpose of this Committee is. So I would assume the three of you want more money in districts, and you have valid reasons for it. And I appreciate that testimony you were about to give. Help us answer the question: Where the money comes from; what State tax we raise; what State programs we cut so we can fund education more fairly, to build for the future of the children, so we don't balance the budget on the backs of children? How do we solve the problem that we're being charged with by the Legislature and by the people of New Jersey?

Thanks.

**ALFRED H. BEAVER IV:** Good evening, Mr. Chairman.

My name is Al Beaver. I'm the President of the Kingsway Education Association in Gloucester County. There is one thing I'd like you to consider as you take a look at school funding in the State of New Jersey. I represent a district that is growing unbelievably every year. Just

this year we saw another hundred students come in to our high school, more so than ever before. In fact, we have one of the largest growing communities on the East Coast. Obviously, as the community grows, so does our school, and funding has not. So what I ask you is to consider, as you come up with a school funding formula, is how does that funding formula--

SENATOR ADLER: I'm sorry to interrupt you, but I'm sort of wincing because I don't think you listened to me. And I'm sure I listened to what you just said. In addition to funding for your district, which is a growing district and has needs that it didn't have 15 years ago, because you went from a farm community to a big suburban community, what else should we do on a statewide basis to slow the growth of property taxes throughout New Jersey? That's what we're charged with. So I respect your efforts to educate children in Kingsway, and yours over the years before you retired, and yours in Buena--

MR. SMITH: Buena.

SENATOR ADLER: And yours in Voorhees, in my legislative district; and yours, wherever you are, Sal, in--

**SALVATORE EMBURGIA:** Vineland.

SENATOR ADLER: Vineland, which -- an Abbott district needs funding for its kids who start from behind. I must compare to the Voorhees kids. What can we do to get this tax monster under control? That's what we're here to talk about tonight. Assuming that we're all going to do good things to help children, what can we do on the tax issue, which brings us here tonight?

MR. BEAVER: Well, what I was trying to get to was the fact that the tax formula, basically for our district, is largely on the backs of our property taxpayers, because the--

SENATOR ADLER: So what should we do at the State level to change that? Okay, but--

MR. BEAVER: --State funding has not been there to assist the growing number of students.

SENATOR ADLER: Okay.

MR. BEAVER: And it's not just Kingsway. There are a number of other growing districts throughout South Jersey.

SENATOR ADLER: Okay. So you need more money.

Sal.

MR. EMBURGIA: Okay. I'm Sal Emburgia, President of the Vineland Education Association. We are an Abbott district, and I'm not here to say-- I'm just here to say that we need a new funding formula, and not just Abbott districts across the state. It has to be equal for everybody. All the students throughout the state of New Jersey need the equality. If I had the magic bullet, I might be sitting on that side of the table. I don't have the magic bullet. I don't know what that's going to be. Is it ability to pay? Maybe. Maybe that's something to look at. If you want to really cut it down to that, can you base it off -- I don't know. If I had the magic bullet, like I said, I may be sitting at your table instead of at this side.

SENATOR ADLER: I don't disrespect your advocacy on behalf of Vineland, or on behalf of Kingsway, or on behalf of Buena -- so don't take that as disrespect.

MR. EMBURGIA: No.



SENATOR ADLER: But we're trying to grapple with the problem, and you're all asking us for more money and we wish we had more money.

MR. EMBURGIA: Yes. And as I said, as an Abbott, I'm not saying here, look-- I'm just saying that what we've got and has worked, we've done a very good job with it. And we hate to see programs being cut, but that's what's happening. The same thing that's happening to all the districts in New Jersey.

SENATOR ADLER: Trudy, surprise me? You're from Voorhees, you represent the Education Association in Voorhees, which is an upper middle-class, wonderful town with great schools, great superintendent. It's great. I've been in your school. Tell me what we can do other than give Voorhees more money.

ASSEMBLYMAN CONAWAY: Please move into the mike, don't speak there. We need to get you recognized in the mike and get your testimony on record.

**TRUDY LOCKSPEISER:** Okay.

Thank you, Senator Adler and everyone else.

The only thing we would like to see -- and this is not fixing your problem -- is a formula that's consistent, that from year to year will be used. Not-- That's the whole problem -- you never know how much money you have, and it just makes it so difficult for our administrators to plan for -- anybody in the state to plan for quality education.

SENATOR ADLER: That is a very fair request -- very, very fair.

ASSEMBLYMAN CONAWAY: Any suggestions on how we do that?

SENATOR ADLER: Just change it year to year.

MS. LOCKSPEISER: My God, I wish I knew. I'm sorry.

ASSEMBLYMAN CONAWAY: Thank you. Thank you very much.

SENATOR ADLER: You all did great. Thank you so much. Thank you so much.

MS. JACKSON: Senators, I have to talk to you. You threw the ball in our court. (applause) And I know you're finished with it. You threw the ball in our court. And I think what we were trying to say is that we understand it's complex, we understand there probably is no one solution. I feel that you're going to work at coming up with it. I think what I was stressing is, don't cut out the kids. But I don't think we can come up with a solution on this end.

SENATOR ADLER: That's fair. That's fair.

MS. JACKSON: It's-- Yes.

ASSEMBLYMAN CONAWAY: Anthony Piccone? Okay, fine.

**ANTHONY PICCONE:** Had to bring the little one.

ASSEMBLYMAN CONAWAY: Glad to see you.

MR. PICCONE: I just have a couple things. I'm a contractor for 18 years in New Jersey. And I don't think a lot of people are aware of, back in the McGreevey days, when he passed project labor agreements-- Because that's a big number for school funding -- is construction. Tell me if I'm right or wrong; I think it is. Project labor agreements -- a lot of people don't know what they are -- but they tend to increase the cost of

construction 20 percent. And it's still out there. And multiple prime bidding was done away with also, and that was a 20 percent increase in construction. And I've seen, over the last four years, jobs have been 20 percent more. We're all making more money, but the taxpayers are all paying more money also.

Them two things right there are -- go for the big things, like the guy was saying -- that's two big things right there.

ASSEMBLYMAN CONAWAY: Great.

MR. PICCONE: That's all I got. Hope it helps.

ASSEMBLYMAN CONAWAY: Thank you very much.

SENATOR ADLER: Thank you.

ASSEMBLYMAN CONAWAY: Nick Naum, I think it is, taxpayer.

**N I C K N A U M:** My name is Nick Naum. I've lived in Cherry Hill 51 years. I'm a veteran of World War II. I'm 84 years old. I've (indiscernible) with John Adler for four years on constitutional convention. I've been to every meeting they've had, with the ARC. I'm fighting this thing for tax reform. Now, I've lived here all -- with no children -- paid my taxes 51 years. Now I'm worried about paying my electric bill. That's beside the point, I'm still alive. Anyhow, what I'm trying to say is, we have to change the system. I say real estate taxes should not fund schools, period. There has to be a better way of funding schools than what it is now.

Now, when you look at what we spend on schools and what we compare -- our state, same with Pennsylvania, for example, where their budget is \$26 billion, ours is \$30 billion; and they have 8 million more people than we do, and we've got more school districts -- we know all this --

Pennsylvania, than New Jersey -- I mean, than Pennsylvania, and Delaware, and Virginia combined. We know all that. And we know that the money-- This state does not have a problem getting money. The second highest income per capita in the United States outside of Connecticut. It's the way we spend it, okay? That's our problem, and we don't want to do anything about it. We just keep pushing it on.

We want a constitutional convention. We passed the Assembly last year. It didn't get to the Senate. Codey didn't want to put it through, and so it wasn't passed. So we wanted to get a referendum on last year to save a year. But the Teachers' union spent \$500,000 on advertisers saying our system wouldn't work, it would take too long to do it, and they have a better way. They want a special session. Well, I see a special session. You have four groups. I've been watching every meeting. And personally, I think you're spinning your wheels. I hope I'm wrong. Because I know by November 15 you have to come up with some kind of an answer with Corzine; if not, it's going to be a constitutional convention. To me, I think that's the way we have to go to change the system -- is a constitutional convention.

Cherry Hill -- I don't live here -- is my home. Cherry Hill is my life.

Okay -- have I said enough? Thank you.

ASSEMBLYMAN CONAWAY: No, no. The beeper didn't beep yet. I'm sorry.

MR. NAUM: Well, that's my point -- is this is a great state. They laugh at me when I come from Maine -- because I'm up there -- and they laugh at me. How do you live down there? How do you live there?

ASSEMBLYMAN CONAWAY: Because it's a great state. You're right.

MR. NAUM: I'm from Maine. And we have five governors in four weeks at one time. I said, I don't care what you say about Maine. I say, this is where the action is. (laughter) I just came back from Maine from my 65th high school class reunion. There was 230 in my class, there was only 30 of us there. And I'm saying, I don't go back anymore because there's nobody to play golf with. All my friends are gone. My nieces and nephews are fine, but that's besides the point.

What I'm trying to say is, we've got to change this system, fellas. It's up to you to do it. If you don't, put a constitutional convention and let John -- that's what you wanted; for three years you were fighting for. I'll back you all the way on that -- about a constitutional convention. And we got pretty near halfway through, and it got killed again. Keep on plugging. We still got to get a constitutional convention, John. I'm hoping again. Okay, buddy?

Thank you.

SENATOR ADLER: Thank you, Nick. Good to see you.

ASSEMBLYMAN CONAWAY: Thank you. Thank you, Mr. Naum.

John Welsh, taxpayer.

**J O H N   W E L S H:** My name is John Welsh, and I live in Somerdale. I don't have any big plans, except that I do feel that the property tax is an unfair way to fund the schools. And I think the fairest way to do it would be with the income tax -- part of the money you'd get from the money you'd save on the Homestead Rebate.

In addition to that, we've had people up here talking about regionalization, and I also concur with that. I think they should consolidate Camden County with the 37 municipalities we got here, and get rid of half the people that we got on the payroll and whatever. It would reduce the cost.

One other thing -- you might talk to Shirley Turner, see if she'll turn loose the voucher program into the Assembly.

Thank you very much.

SENATOR ADLER: Thank you, sir.

Next we'll take Pat Martin and JoAnn Tier, Vice President, New Jersey Parents for School Choice and Assistant Director for Government Programs, if they're still here? (no response)

Art Ball, Special Education Commission? Art Ball?

**A R T H U R   B A L L:** Actually, I should try to make a deal with you, because Joyce Powell talked earlier about the possibility of us coming before your Committee so that we can talk about this. And if you're willing to do that, then I won't have to take your time this evening.

**ASSEMBLYMAN CONAWAY:** We had Special Education, then.

Anyway, go ahead. Why don't you go?

**MR. BALL:** Again, my name is Art Ball. I'm the Vice Chairperson for the Special Education Review Commission. As you know, the Commission was established by the Governor and the Legislature, and our task is to review the delivery, quality, cost, and funding of special education in New Jersey, as well as the unique issues that are related to gifted and disabled students.

While the Commission was not set up to find ways to reduce special education costs, we do recognize the funding crisis that our State faces. And we really understand the nearly impossible task that we feel has been given to you. The Commission accepts the Governor's commitment that New Jersey live within its means, and we're looking for ways to provide high-quality special education services in a fiscally responsible manner.

The Commission first met on June 27 of this year, and our charge is to present to you a report of our findings and recommendations within six months. Although our findings and recommendations aren't anywhere final at the moment, we do have some ideas, along with what we consider some guiding principles of special ed.

In your deliberations, we ask that you do not compromise the positive qualities of special education in our state that have produced some outstanding results for many New Jersey students with disabilities. And particularly, we ask that you keep these things in mind: Please try to improve the quality training for the entire staff, including educators, general educators, special educators, administrators, and all of the others. We ask that you work at reallocating resources, make better use of existing resources. And we have thoughts on that, that we'd like to share with you. Use research-based, early intervening services focusing on literacy that will help to improve performance and lower the referrals to special ed. Improve the legislative system so that we could reduce the cost and the frequency of special ed litigation. Take some steps to ensure, then, an adequate supply of appropriately trained and certified personnel. We ask that you build incentives in, so that districts can build their in-district capacity whenever appropriate, so they can bring students back who are being placed out of

district. We ask that you evaluate student outcomes to guide instruction, with an emphasis on evidenced-based practices to improve future transitions. We ask that you incorporate special ed monitoring and accountability of the general ed, and we ask that you ensure that high standards are in place for the establishment of any new separate facilities for special ed.

I'd like to go on, but I hear my time--

SENATOR ADLER: Just to reassure you, we are going to meet. Whether we're going to meet in another public hearing, whether we're going to meet -- legislators and members of your Commission -- to go over legislation that we would consider. We made the commitment earlier to Ms. Powell, and we'll make the same commitment to you. I think--

MR. BALL: I guess the big difficulty is our report is not due until the end of December, and yours is a month before that. So we're working as quickly as we can, but we'd like to get some ideas to you.

SENATOR ADLER: I think we'll coordinate further beyond tonight. Thank you so much for coming tonight.

ASSEMBLYMAN CONAWAY: Mr. Bill England? I don't know what SELC means, but I suppose you'll tell us.

**WILLIAM ENGLAND:** Thank you for allowing me to speak. Bill England -- I am a founder of the Special Education Leadership Council, which is a parent advocacy group of a number of parent groups focusing on special education issues and delivering programs.

I want to talk specifically about how to improve our special education system and reduce costs. In my opinion, the most effective way to reduce costs in special education is to improve general education first.



We have programs and practices that, because of computerization and improved techniques in teaching, are being implemented throughout the United States, called *Response to Intervention*. And these techniques and practices aren't really being utilized tremendously in the State of New Jersey. My feeling is, if we can improve the utilization of scientific-based -- as the previous person had spoken -- practices of identifying when children at early ages are having difficulty, and bring in the resources that were previously used exclusively in special education into the school system, we will reduce the costs.

We're spending over \$600 million right now in resource room expenses for delivering education in special education. If we could reduce those numbers by 20 percent, that's a \$100 million saving. So my feeling is, if we improve the delivery of general education, we will improve special education -- first.

Second, on out-of-district placements: We are the highest in the nation in terms of out-of-district placements. We can do a better job of keeping our children in district. But how we have to do it is, we have to make the in-district administration accountable for delivering quality programs. What's happening right now is that in your private schools, because they are beholden to the parent, they make sure the parents are getting quality programs that they're satisfied with. They do quality surveys of the programs, of the IEP process. That's not being done in the public education system. We don't have a survey system done of parents to identify what are the issues that are concerning them, what are the things that are happening. So what happens is, you have a breakdown in communication. This results in increased litigation and distrust.

My feeling is, what we need to do is try to improve the delivery of services to the more severely disabled populations. Also, we need to do more emphasis on creating well-trained teachers, new teachers, coming out of the public education system, the higher education system. We do not have enough qualified teachers in specialties, such as speech education, speech therapy, behavioral supports, and things along that line. And we have a tremendous increase in the number of kids with significant disabilities. So you really have a long-term, strategic plan that you have to implement in order to get these cost savings. But if you do, and you make the general education more responsible and accountable for delivering results, you will, over time, reduce the cost of special education.

Thank you.

ASSEMBLYMAN CONAWAY: Thank you very much.

You have testimony?

MR. ENGLAND: Yes. The testimony's here.

ASSEMBLYMAN CONAWAY: Thank you for your input.

John Kendall, President, Camden County School Boards Association? (no response)

Susan Ivans, Superintendent, Stockton Borough School District? (no response)

Ilise--

**I L I S E L. F E I T S H A N S, ESQ.:** Feitshans (indicating pronunciation).

ASSEMBLYMAN CONAWAY: Thank you.

MS. FEITSHANS: You should all have my testimony and also a copy of the book, *Walking Backwards to Undo Prejudice*, the report from the

U.S. Capital Conference on including disabled students -- what works, what doesn't.

My name is Ilise Feitshans, and I'm a law teacher with training in public health. And I'm the parent of a student with disabilities, who came before the Committee on Education in the New Jersey Legislature, in Trenton, just about a year-and-a-half ago to request the Special Education Review Commission, which we've heard so wonderfully from tonight. And I'm so proud to hear their very useful and valuable comments.

We have a consensus here that there's a problem about methods, that taxes are high and a lot of money is being spent. So rather than dwell on the points that are already in my written testimony, I'm going to focus on the question that Senator Adler posed. If I have misstated it, please Senator Adler, interrupt me and rephrase it.

SENATOR ADLER: Oh, I probably misstated, but go on.

MS. FEITSHANS: All right. But I thought I heard you ask, what could we do, other than give schools more money, in order to do it better? And we hopefully would save some money in the process, too.

And I'm here to tell you that of the three points I've written about in the testimony that you have, the answer is simple. And I urge you to focus on the first one, which is the one, two, three, four -- fifth paragraph down. And that, in four simple words, is *stop litigating against parents*. Stop litigating against parents in special education cases. Place a cap on the use of education funds for outside counsel in these fights about special education services. And as I've written twice in my testimony, which is only a page long, and written in capital letters, I want to hasten to remind you that special education is a federally mandated set of laws and programs.

There's a funding formula that comes in place because of the acceptance of Federal money. It's not highly negotiable, and we may not even have the right to cut or diminish a variety of programs. But one thing that happens every day is school districts provide services; but if they provide them inadequately and the parents believe the child is not receiving a free and appropriate public education, then and only then does out-of-district placement, which is so expensive, come about.

And here's my fundamental point: Out-of-district placement, as I wrote twice in this testimony, out-of-district placement is not a function of severity of disability. Out-of-district placement is a Federal death penalty for school districts that are recalcitrant in their failure to provide services. And what they do oftentimes is litigate -- maybe \$100,000, maybe a quarter of a million dollars -- a case against a parent, whether it's an example, or a service, or whatever. And the whole bottom line is that those school districts are not providing adequate services. Put a cap on the use of funding for that purpose, and then require assisted technology, some of which is very cool and amazing, I will tell you, such as the technology that tells me to stop. But that's your hemorrhage in the public education system.

ASSEMBLYMAN CONAWAY: If you take the cap off, won't the spending just go--

MS. FEITSHANS: I think the fact that the school districts do not have a limit at this moment on their outside counsel-- Because what happens, for example, in my district, which is a relatively affluent district--

And I hope the time allows me to respond to the question.

To be very simple, because we are short on time-- The outside counsel will, in fact, exceed whatever was allocated for that service of outside council. And then the whole budget will have to be reassessed and reapportioned. And then, of course, when the budget comes back to the voters, the voters in my district voted against the education budget.

Now, the education budget is extraordinarily high. And, it is -- guess what -- litigating against the very parents that are expected to vote for it. But it's higher than expected, because the cases are so expensive to litigate. They're just expensive. And it's not like when my son was starting school he needed three teachers in a classroom of eight, in a private setting, in another state.

Today, there are tons and tons of really cool and wonderful assistive technologies. But as Bill pointed out, you need staff who know what they're doing. And as we heard before from the Special Education Review Commission, they need the up-to-date and state-of-the-art information. They need to be given the incentive to be abreast of the most recent information. But they cannot run and hide, using my tax dollars to litigate to make up for the fact that they haven't been trained well enough in the most cool and wonderful new technologies -- that are not labor intensive and that will reach many students, and can even be used in a mainstream classroom.

ASSEMBLYMAN CONAWAY: Very good. Thank you.

MS. FEITSHANS: Thank you. (applause)

ASSEMBLYMAN CONAWAY: Who is going to come up for Excellent Education for Everyone? Anybody? (no response)

My list is exhausted here. So if someone wants to speak--

Please, sir, come on up.

We'll get you next.

**G R E G O R Y   A .   B R U N O:** Thank you. My name is Greg Bruno.

And there should be a two-page--

I work with Cherry Hill Zone PTA as a budget rep. And I am also working with the South Jersey Citizens for Property Tax Reform.

There's a four-part presentation, but I'll just highlight, because I know everybody is exhausted.

I would like to make a suggestion, in a fund-raising manner, that if you take a look on Page 2, Item 3, I'd like to recommend and appeal to the Committee that we consider immediate legislation that would enable individual districts to tax developers on residential development. I propose a ground-breaking fee, or a ground-breaking tax on every bedroom of residential housing that's not age-restricted. I would like the tax to equal the State's average cost of a single year's education and be applied to a per-bedroom basis, less the master bedroom. That is: for a four bedroom home, three times the average tax rate to the builder on ground breaking -- not on zoning, but on ground breaking. The reason I'm proposing this is because we, in Cherry Hill -- an older district who is struggling to build schools or to house students -- we're getting smashed with new development. Thousands of new homes are slated to be built in the next few years -- literally thousands. A small portion are age-restricted, but the majority are not.

I believe an impact fee law would help our builders redefine what their fair share is, believing that they want to pay their fair share. I'd also consider, or recommend, or suggest that the real estate transfer fees,

which we collect to the tune of \$476 million, be allocated to education; again, to capital investment in education.

The other two suggestions-- I'm kind of glad the room has cleared out, because I'd be afraid to say this earlier tonight. And that would be Item No. 2. In order to help us in our post-S-1701 days, I would ask that this Committee consider strong, no-strike legislation with our teachers. We're struggling to balance our budgets every year. And the threat of a strike by our master educators is really -- it's difficult to manage. I believe that if we eliminate that right -- which is a right under the current law -- we would have a little bit better negotiating capabilities.

In line with that, I'd also suggest that possibly the Committee consider statewide negotiators to be available to the districts to enable our districts, who are managed by taxpayers, to negotiate more fairly with professional negotiators.

Thank you.

ASSEMBLYMAN CONAWAY: Thank you.

Come on.

**V I C B E L L A C E:** Thank you for letting me testify.

My name is Vic Bellace. I am a citizen. I'm a taxpayer. I have no special interest. I'm not an educator. I'm just a highly over-taxed retired citizen.

I think we can congratulate our political system for creating government in the State of New Jersey over the last 200-plus years with State employees -- with the highest ratio of State employees per 1,000 citizens of all the states in the United States. And that's why I take great

pity on the citizen who is retired on a fixed income, who has to support the system.

I am a retired director of marketing for three different international corporations for over 37 years. So I know a little bit about running a business. Our problems here, in the educational area, are systemic. No Band-Aid is going to fix it. The Harvard Business School teaches how to fix these situations. And all you have to do is look at the best-run corporations in the United States to know what they do. They restructure. They don't take small steps, they take big steps. They don't make small changes.

We have 651 school districts, including charter schools, in the State of New Jersey, which I'm sure you're aware of. The U.S. Census Bureau reports, in March of 2005, that New Jersey State and local government, full-time employees totaled 501,643 people, which I think the woman from the NEA commented on. Of these, 347,538 -- or nearly 70 percent -- were full-time employees of New Jersey local government. Elementary and secondary instructional staff total 151,542 employees, or 43.6 percent of New Jersey's local government employee workforce. This produces far and away the most State and local employees per square mile of any state in the United States. Now, certainly, that has something to do with the density of the population in our state. But that's not the only reason.

A major impediment to flattening the local government is what many people call *home rule*, which really does not exist in the New Jersey Constitution, the New Jersey legislatively enacted law, or any New Jersey case law. It's a perverse influence-- Its perverse influence is advanced, to



this day, by a cynical class of local government elected officials, local government employees, and such organizations as the New Jersey League of Municipalities and NJEA, all seeking to maintain their positions irrespective of the need or public cost.

As property taxes will exceed \$20 billion over the next 12 months, the abandonment of the largely imaginary concept of home rule, leading to a reduction in property taxes, is a trade-off that no longer requires a campaign to convince New Jersey voters of the current worthlessness of the home rule mantra.

We must reduce the 651 school districts if we're going to attack the big number items. It's very easy to classify the school districts in our state by population, by number of students, and then build some parameters and reduce it to what I did -- to easily 184 school districts. And I think that's the answer.

The Department of Education reports that administrative costs comprise 12.6 percent of per-pupil expense. With a Fiscal Year 2007 education budget of \$27.6 billion, administrative costs total \$3.5 billion. It is inconceivable that a 71.7 percent reduction in the number of school districts would not yield at least \$1.75 billion, or a 50 percent administrative cost reduction.

ASSEMBLYMAN CONAWAY: Anything else in particular you need to tell us?

MR. BELLACE: Pardon me?

ASSEMBLYMAN CONAWAY: We're getting down through your points-- Because other people--

MR. BELLACE: Oh, okay. Yes, I'm almost finished.

ASSEMBLYMAN CONAWAY: Other people get upset with me for letting you go so long.

MR. BELLACE: Other school district savings would result from a more efficient use of combined fixed assets, with an intended reduction in maintenance and utility costs to total another billion dollars in savings. The total of this type of reduction of school districts would be \$2.75 billion. That's a big number that could be used toward property tax reductions.

ASSEMBLYMAN CONAWAY: Great. You have written testimony there, and we'd be glad to take it.

MR. BELLACE: I don't have it to give you now, but I'd be more than happy to summarize my comments and forward them to you.

ASSEMBLYMAN CONAWAY: Very good.

SENATOR ADLER: Thanks so much.

ASSEMBLYMAN CONAWAY: We appreciate it very much. Thanks for waiting.

And Margaret Jackson.

UNIDENTIFIED SPEAKER FROM AUDIENCE: She already spoke.

ASSEMBLYMAN CONAWAY: That's what I thought.

I thought you told me it was Margaret Jackson.

Who is left?

**J O A N N E M c K E O W N:** I didn't register.

ASSEMBLYMAN CONAWAY: You didn't register. Okay.

Ladies first, and then we'll take the gentleman in the red shirt.

I'd move forward, if there's something that you want to say.

SENATOR ADLER: We're going to call on people to sit in the front couple rows. So just come forward. We're going to call on you in a second.

You're going to be first, don't worry.

ASSEMBLYMAN CONAWAY: State your name and where you're from.

SENATOR ADLER: We're just trying to quantify how many people are left that need to speak. So come all the way up if you want to speak.

MS. McKEOWN: My name is Joanne McKeown. I live in Washington Township, Gloucester County.

I hadn't planned on speaking tonight, but you've given the opportunity.

I'm the parent of six children, five of whom received their education for 12 years in the Catholic school system -- wonderful education. The sixth child was eligible to receive special education services. And for 18 years she received those services. We were encouraged, right away, from the beginning -- when she was 3 and identified as needing those services -- to send her outside the district. And I'm sorry, after-- She's 25 and I can still get emotional about it.

All through her educational career, we kept being encouraged to send her outside the district. I never believed for a minute that my child should go on the small bus. It was our personal opinion that she needed to be educated in the district where she lived so she could be known. And that happened, unfortunately through some litigation.

So I'm asking that you encourage -- I don't know if it will help with the budget, help to pass a budget. But I would think there has to be a way to encourage school districts to put the supports in home so the children whose parents -- or through the IEP process -- determine she should be educated in district. It wasn't rocket science to me. I wasn't asking her to be -- for them to teach her to be an algebra teacher. I wanted the supports for her to be educated in town.

So, somehow -- as evidenced by other states -- we can build capacity in our own districts to educate some of those children. If not-- I won't say all of them. I know, for instance, in our county, we've just spent \$7 million to build a special services school district that certainly some people want to use; but not all the people want to use it.

If our districts could just show accountability, as someone else said -- responsibility, change of attitude-- She's not from Mars. She belongs where she lives.

So, again, I didn't intend-- I have nothing prepared. I hope there's a way for this to happen.

Thank you.

SENATOR ADLER: Thanks so much for coming.

ASSEMBLYMAN CONAWAY: Thank you very much. Your testimony is consistent with what we've heard in testimony in Trenton: that we need -- that part of the solution is to build capacity in district. So we hear you.

MS. McKEOWN: Just one other thing. I didn't hear a beep.

I believe that our New Jersey Department of Education -- this isn't helping you with your budget. I believe they do -- Office of Special Ed

Programs. As a parent, I think they do a wonderful job in their trainings of educating the districts. I know many would disagree. I believe-- I sat on the State Special Education Advisory Council for several years. And in hearing that, and going to the different meetings-- Anyway, that's my belief for the Office of Special Ed Programs.

ASSEMBLYMAN CONAWAY: Thanks.

Sir, in the red.

**C H A R L E S   L E H M A N:** Good evening.

Thank you for giving me the opportunity to speak.

My name is Charles Lehman. I'm the President of the Oaklyn Board of Education.

SENATOR ADLER: Times up. Thank you so much. (laughter)  
(referring to timer ringing)

MR. LEHMAN: Okay. That was quick.

We are a classic, small school district. We have 500 students, grades K-9. And we send our youngsters to Collingswood High School.

My concern is the testimony that I've heard this evening and also have read in the press that the way to solve the problem of property taxes is to dissolve small school districts like Oaklyn. The criteria seems to be population. If you're a small school district, you don't deserve to be in business. If you're a large school district, you can remain as a viable institution.

I think the criteria ought to be fiscal effectiveness and fiscal efficiency, rather than population. We have one of the most efficient school districts in the state. We have very low cost per-pupil expenditures. And I think that when you ladies and gentlemen begin to grapple with this

very serious problem of property taxes, rather than looking at population of the school district as your principal criteria, again, you ought to look at how fiscally effective the school districts are. And, in fact, some of the smaller school districts -- Oaklyn being one of them -- work with economies of scale and are able to produce and enjoy a very effective school system at very small -- at a very low cost per pupil.

Thank you.

ASSEMBLYMAN CONAWAY: Thank you.

SENATOR ADLER: Thank you so much for coming.

ASSEMBLYMAN CONAWAY: Thank you.

You've got a quick one, I gather. No one has gone up twice.

MR. McCONAGHY: It's only a quick one.

ASSEMBLYMAN CONAWAY: Please, I know-- I remember that you did say that there was something you wanted to say that you forgot. And so you have 10 seconds.

MR. McCONAGHY: It's a question: Have any of you people have access to the meetings that were held down at the Camden County College last year? There was a lot of knowledge on this very same subject, how to take the burden of financing schools off the backs of seniors and homeowners. And there's a wealth of knowledge in those statements. If you have access to those books or those records-- There was -- 19 representatives from all over the State of New Jersey were there.

SENATOR ADLER: Mr. McConaghy, do you remember who hosted that event? Was it legislators, was it freeholders? Do you know?

MR. McCONAGHY: Well, I looked for the list, just like I took everybody's name here.

ASSEMBLYMAN CONAWAY: I'm thinking that was at-- I remember when Glassboro State -- or something--

SENATOR ADLER: We'll try to track that down, because that's a good--

ASSEMBLYMAN CONAWAY: I have a vague memory of that.

MR. McCONAGHY: Well, Senator Madden was one of the speakers, and Assemblyman Mayer was there. But there were a lot of good suggestions.

ASSEMBLYMAN CONAWAY: Got it.

SENATOR ADLER: Thanks so much.

ASSEMBLYMAN CONAWAY: Yes, sir.

**R I C H W O L F:** Hello. Good evening, now.

My name is Rich Wolf. I'm a teacher, but that's not really why I'm here. I came for an education tonight, just to hear the discussion going on. And a question was raised to me that I would kind of like an answer to, plus an observation over the last 20-some years.

First of all, the question-- I understood this would be property tax reduction -- the whole purpose of it. And suddenly -- during this session I suddenly realized my property tax may increase, from a comment that was made regarding land assessment for small property owners. I have, for instance, six acres in Franklinville. And we have horses and we have handicapped riding. One virtue of that is that my property tax has been mitigated on the land access of that, just on the -- basically on the house itself.

Would somebody like myself, with that kind of small acreage, see an increase in what you were talking about, in what's happening with legislation now, as far as land use taxation?

SENATOR ADLER: I think the proposal they're looking at would just -- I don't want to get too technical -- would just shift the tax for those sections of the state that are considered Planning Areas 1 and 2. And I know Franklin is not a 1 or 2. And without being too technical, there's a State map that was designed by State people, and county people, and local people. And mostly urban areas are Planning Area 1, and densely populated suburban areas are Planning Area 2.

I live in Cherry Hill. That's a 2.

You live in Burlington Township--

ASSEMBLYMAN CONAWAY: County -- Delanco.

SENATOR ADLER: That's a 2.

Franklin, I think, is a 3. The Pinelands are mostly--

MR. WOLF: Because there was a consorted effort in Franklin Township to maintain the open kind of land. And the people there would not want to see an increase of that nature.

SENATOR ADLER: And, logically, we wouldn't want a lot more additional development in Franklin--

MR. WOLF: Absolutely not.

SENATOR ADLER: --on a State planning basis, because you have to expand roads, and sewer systems, and you just spread the traffic out to more places. You want more development and redevelopment in the Camdens and -- as Collingswood has done so magnificently -- and some of



the older communities that already have infrastructure in place. So I think that's the plan.

Fair question.

MR. WOLF: Right. So the last thing the property owners would want to see is an increase in property tax on an agenda that was intended to decrease it.

The second thing is really--

ASSEMBLYMAN CONAWAY: Just a proposal, that was.

MR. WOLF: The second thing is really a generic observation. Since the 1970s, I saw an 800-pound gorilla standing at the door. And this has just been my own personal observation. I'm not speaking from any standpoint whatsoever right now, except my own observation. And it seems tonight that I saw that 800-pound gorilla grow in huge immensity.

And what I'm referring to is the agenda, from a national Federal agenda, and something that we're strapped into with No Child Left Behind and so forth -- but something where we've had an extreme agenda of some 200 objectives in a thorough and efficient education from the late 1970s. And I saw this as something that someday the taxpayers would have a revolt -- when they finally realized what was going on -- how expensive education was. And I'm an educator. And I'm really promoting education, and I really want to see funding. However, I think it's the expectations -- and this is not politically correct, I know. This is not something that's going to get anybody votes, and it's not something that's going to make me popular in this room. But when we make the agenda -- equality-- I don't want to say equality. But when we make the agenda the same for every individual that comes through-- And a case in point: In our own district, I've seen where a

school can become a school in need, a school at risk, one year; become a school of excellence the next year, simply by the relocation of several students. And it's a game of testing that's being done. And it's the way assessment is being done with students.

I see 500 to 700 students in a given week in what I do. So I have taught an incredible number of students. I've seen an incredible number of situations. And sometimes the expectation of what we see as goals, and the cost of obtaining those goals, is an extravagancy that I don't think the public can really understand. And I'm not really proposing something here -- but just to make a general observation that we really have a huge gorilla that's growing, and growing, and growing. And I think it's the idea that every single person is going to achieve every single goal that we set out in front of them. I think we have to have more reasonableness in the goals that we set forth and the way we assess those goals.

ASSEMBLYMAN CONAWAY: Great.

MR. WOLF: So, at any rate, that's my (indiscernible). I hope it's helpful.

Thank you.

SENATOR ADLER: Thanks for coming tonight.

ASSEMBLYMAN CONAWAY: Thank you very much.

Yes, sir.

**W A R R E N   S T R U M P F E R:** My name is Warren Strumpfer, Blackwood Estates, Camden County.

And I believe transportation is a factor in controlling school costs. I believe we need to assess transportation and community impacts that reduce the dependence on automobiles and buses.

When these new school districts are built, they're often built outside the local communities, which encourage sprawl. And the communities eventually build up around the schools. But, initially, there's a big transportation cost for these regional schools that are built outside the community areas. We as taxpayers pay for public busing and school buses. Why? School buses sit idle a good portion of the day. Public buses frequently run empty. This is a big inefficiency. I think it may provide benefits to your Committee to look at this area.

There are State and Federal programs that mandate that we have safe routes to school. I believe in this system for walkability, riding bikes to school safely. I think it will save us some money. We need to encourage these children to walk or bike to school for health reasons. Yet we have too few of these safe routes to school. I do believe, as others have spoken, regionalization of school districts to fit optimal school sizes will, indeed, save us money. And I think you should also consider the best practices of other states with lower tax rates than we currently have.

Thank you.

ASSEMBLYMAN CONAWAY: Thank you.

SENATOR ADLER: Thanks for coming.

ASSEMBLYMAN CONAWAY: Thank you for your testimony.

Anybody else who hasn't spoken?

Yes, sir. Come on.

**J O H N   K E N D A L L:** Hello.

Good evening.

Greetings.

My name is John Kendall.

I'd like to take this opportunity to express my views. I currently serve as the President of Camden County School Board Association, and I'm a member of the Haddon Township Board of Education. I found out about this meeting from the newspaper today, so I haven't had time to consult with anyone from -- specifically from Camden County School Board or Haddon Township Board of Education to give an official statement from these groups. However, I feel compelled to come and express my personal views this evening.

First, I would like to ask the Committee to contact New Jersey School Boards Association and work with their representatives on this issue.

ASSEMBLYMAN CONAWAY: They've testified.

MR. KENDALL: Thank you.

I personally feel that New Jersey schools and taxpayers would best be served if the State government would pay for one-half of all local school budgets by shifting that much of the tax burden from property taxes to the State graduated income tax. This would provide immediate and significant property tax relief, while spreading the burden of school taxes more fairly across income levels. I am against consolidating school districts and municipalities, because I feel that most citizens want a sense of home rule for their schools and municipal services.

Thank you very much for your time.

SENATOR ADLER: Thanks, John.

ASSEMBLYMAN CONAWAY: Thanks.

MR. KENDALL: Good evening.

ASSEMBLYMAN CONAWAY: There's a U-shaped curve. The smaller you get, the higher costs you are. And if you get too large,

you're also high costs. There's a nice medium in the middle. And, of course, consolidation is going to be a problem, but we certainly need to look at it.

You also talked about equalized funding. That will run against our Constitution -- our State, other states. People have called for it. I've restrained myself in mentioning that. But if we were to equalize funding across all the districts, it would undoubtedly be struck by the courts.

Anybody else who hasn't spoken?

SENATOR ADLER: Our last speaker of the night.

Thank you so much for being here.

ASSEMBLYMAN CONAWAY: He's last, right now. So speak up now.

**DANIEL FREEHLING:** I will be very brief.

Like the previous speaker, I read about this meeting in the newspaper. And I find it horrendous that it was not advertised more thoroughly by this Committee and by the State, in general -- to have opportunity for people to speak at these Committee hearings.

But I do thank you for the opportunity.

In business, the only way to adjust for problems in business is to either increase revenue or decrease costs.

Schools are equally a business. I am both a parent and a taxpayer, and a member of a board of education. So I see things on a lot of different sides. One of the things that would both -- would best be served is to increase incentives and reduce barriers for shared services. If there were matching funds for every dollar that was gotten by shared services, that would be an immediate decrease to the tax burden in the state.

Additionally, if insurance for teachers, board members, or administrators and such were purchased on a countywide basis, you would have a much larger group and, thus, everyone would get a cheaper rate. As it is, school districts negotiate their salaries, as well as their insurance rates. Salaries, I certainly see, as we have one of the lowest costs in Camden County, at \$8,900 per pupil, in Oaklyn. We have done an excellent job of controlling our costs. But insurance is not one of them that we can control effectively. We're not large enough to get a good rate. By reducing -- increasing the numbers of people in the group, we could have a consortium that could get lower rates for everyone in that group.

We do that in Philadelphia, in my current job with the Penns Landing Corporation, by belonging to the Philadelphia Chamber of Commerce, which negotiates for over 500 businesses, and, thus, lower rates for everyone.

You cannot talk about school funding without revamping the tax structure. Increased participation must accompany how we fund schools. I.e., one of the biggest problems in every district, in every borough, are renters. While they are usually fixed-income, while they are usually on the lower to moderate income, they do provide students into the school district without funding in an adequate way. Those renters pay, via their rent, but the landlord is the one who pays the taxes, and thus not proportional to the number of students from an individual family that may be in that household attending a school.

We need to look at a graduated system that looks at renters, mailbox -- maybe a mailbox tax. But renters that have children, renters that do not have children, property owners that have children, and property

owners that do not, thus-- This would be more equitable in the funding structure for those who use the school -- will pay more versus those who do not. Additionally, by increasing the number of people in the system -- we're paying into the system -- you can then cap for lower incomes, and you can cap for senior citizens, because you have a greater number of dollars that are going toward the problem.

Lastly, all schools should be designated as 501c3s and 501c4s. That way, they will be eligible to go after grants and moneys from corporations, and offer tax breaks for those moneys that they receive. Currently, schools are not eligible to go after moneys from funds like Green Acres. Why not? We must lease our land to a borough where -- to fund how we use our playgrounds, our ball fields, and everything else.

In Oaklyn, specifically, our school fields are used by our soccer -- town soccer; by the school; by the Oaklyn Cougars, which is a private organization; by Little League, which is a private organization -- yet we are the ones that maintain that field in the school district. Why are we not eligible to go after funds, specifically from Green Acres, to help fund those? But I've been told that the only way we can do that is to lease our land to the borough for 25 years in order to be eligible. Make the school districts eligible for every outside dollar that they can get their hands on, and that will directly decrease the amount of the tax burden.

I thank you very much for the opportunity to speak.

SENATOR ADLER: Thank you.

ASSEMBLYMAN CONAWAY: Thank you for your testimony.

SENATOR ADLER: Ladies and gentlemen, thank you so much. This is a complex set of issues that we're grappling with. And the

fact that people came out and spoke passionately from their different, legitimate perspectives really enriched our thinking on this whole process.

So for those of you who did testify, thank you very much. For those of you who just came to see democracy in action, it's a pretty good form of government sometimes. So we really do appreciate your patience, your forbearance as people spoke at length tonight.

And, really, thank you so much, all of you, for being here tonight.

ASSEMBLYMAN CONAWAY: We're adjourned.

**(HEARING CONCLUDED)**