
Committee Meeting

of

JOINT COMMITTEE ON THE PUBLIC SCHOOLS CHARTER SCHOOLS SUBCOMMITTEE

*“To discuss the funding impact of
Charter Schools on school districts in New Jersey”*

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

DATE: May 6, 1999
9:30 a.m.

MEMBERS OF SUBCOMMITTEE PRESENT:

Assemblyman Richard H. Bagger, Co-Chair
Assemblyman Joseph V. Doria Jr., Co-Chair
Assemblyman Gerald J. Luongo

ALSO PRESENT:

Melanie M. Schulz, Executive Director
Joint Committee on the Public Schools



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ASSEMBLYMAN RICHARD BAGGER (Co-Chair):

Appreciation to Senator Ewing for being my gavel this morning.

Good morning, this is a meeting of the Charter Schools Subcommittee of the Joint Committee on the Public Schools. And the purpose of our meeting this morning is to have a hearing on charter school issues generally but with a particular focus on funding issues. Given my other committee assignment and the time of year that we are in the budget season, I thought it would be an appropriate time to have a review and discussion of any issues that pertain to our mechanism for funding of charter schools.

We don't need to take attendance. We've got Assemblyman Luongo and myself present, and others will be in and out.

We want to begin our hearing today with our new Commissioner of Education, David Hespe, who then needs to later go and appear before the Assembly Education Committee.

So, Commissioner, I will turn right to you and look to you for your comments on the status of charter schools in New Jersey, and then I may have a few questions for you.

Commissioner, welcome.

C O M M I S S I O N E R D A V I D H E S P E: Thank you, Assemblyman, I appreciate that.

Assemblyman Luongo, it's good to see you again.

Melanie, as always, it's a pleasure to be here.

I'm always pleased to come before the Legislature and discuss charter schools. Certainly I come here with a great source of pride on my behalf and on behalf of the entire Department as to this initiative.

As you know in January of 1996, at the conclusion of the Governor's State of the State message, Governor Whitman signed into law a bill that created a Charter School Program. The bill was approved on a totally bipartisan basis by both Houses of the Legislature.

Charter schools are public schools. They are developed, however, at the grassroots level by parents, teachers, and community members. They have a high degree of autonomy. They operate independently from local boards. However, in exchange for that autonomy, there is also a higher level of accountability, or we will be providing a higher level of accountability in the coming years.

It is my belief, as well as the belief of Governor Whitman, that parents should have the option of choosing the most appropriate educational program for their children. Charter schools give parents this choice. And I think as that change agent, as empowering parents -- giving them options to benefit their children I think is really where charter schools has the greatest potential. In this school year, we have 30 charter schools in operation with 4300 students. By way of comparison, I think next year we will have 52 charter schools serving more than 10,000 students.

A survey of charter schools by Columbia University has indicated that a very high percentage of parents with children in charter schools are extremely pleased with the education their children are receiving. Further, our Charter School Program has proven so popular that there are often too many applications for the seats available in a given school. The only option in these cases is for the oversubscribed charter school to hold a lottery.

In addition to giving parents a choice by empowering parents with that educational option, charter schools are also laboratories of innovation. They are experimenting with new ways of delivering quality educational programs. Some of the innovations in our current group of charter schools include an extended school day, extended school year, multiage classrooms, emphasis on individual learning, before- and after-school programs, and nonacademic programs focused on citizenship and community service.

In the future years, I certainly expect these areas of innovation to increase. They are laboratories for change, they are change agents, and I believe that these areas of innovation will increase over time as more charter schools come on line, and those charter schools that have been in existence have more time to examine the way they structure their curriculum and operations. After all, we've only had two years -- two years of operation of our charter schools.

And now some of the charter schools also offer an educational program with a specific theme. We have a charter school offering a program based on our ecosystem. There are also charter schools with music and technology as predominate themes.

A third reason -- a third potential for charter schools is diversifying public education by stimulating improvements in our traditional public schools. As charter schools demonstrate success as they provide that innovation and creativity that we are already seeing there is increasing likelihood that traditional public schools will explore these innovations, explore these new ways of accomplishing the curriculum and operations. And hopefully that will lead to greater effectiveness, greater quality for all schools

in the state. Under this charter school law, a review of the formula is not due for a couple of years, but I still believe the time is right to conduct a thorough examination. I think two years gives us a basis to start looking at.

There have been a number of issues raised about charter schools. It's important to look at these issues to determine, for example, what impact these charter schools are having on local school districts. It is important that as you move ahead with any educational reform initiative that we do this, that we look and see what the impact of the innovations are of what this initiative is. And I think it's probably an appropriate time for us to begin that process with charter schools.

I've asked staff and the Department to collect empirical data from the charter schools, from the host districts, from other districts that they may be impacting. This data will enable us to say with certainty what the impact of the charter school has been, both on the traditional public schools, on the nonpublic schools, and certainly on the charter school and the children in that charter school.

It's important that we not rely on anecdotal information to make judgments before we have data that can inform those judgments. Charter schools represent a revolution in thinking about our public school system. The whole idea of competition is foreign to our public school system. It's easy to come up with anecdotal information and say this information should drive our judgments. I think that is the wrong course for New Jersey. It's never been that way in New Jersey. It shouldn't be that way on this issue. If there is an issue, and there are issues, we should look at them, we should collect data, we should make informed decisions, and that's what I'm proposing to you today.

We cannot look at these issues in isolation as well. I think it's also a problem if we just say, "All right, here are the issues. Let's collect data on it." I think if we are going to look at it, we should look at the whole host of issues being raised. We should look at whether trends are developing, and we should then make informed decisions based upon facts.

While I'm a strong believer in charter schools, I will say that again I think they are one of the best things to happen in a long time to our public school system. I do believe that we need to answer the questions that have been asked, particularly about the fiscal impact of the charter schools on the districts in which they draw students.

In addition to the data collection efforts, however, it's important to note that there are other steps we will be undertaking at the Department. Under the charter schools law, each school files an annual report with the Department. The Department reviews those reports and then on-site visits are conducted to corroborate and augment the reports. Our goal will be to assess each individual school's progress towards meeting the mission, goals, and objectives of its charter by examining indicators of school and student success. In addition, a comprehensive monitoring review will be conducted as part of the charter school renewal process in year three of each school's initial four-year charter, which for that initial group of charter schools will be next year.

With all of these measures in place, charter schools have arguably a greater degree of accountability than our regular public schools. Not only do the fourth- eighth-, and eleventh-grade assessments measure charter schools, each charter school is also thoroughly reviewed on an annual basis. Further, if a charter school does not fulfil its charter, as Commissioner I can, and will,

revoke its charter, and the school will cease to operate. This is obviously not the case with traditional public schools.

These are extremely important public policy issues, which I have promised to you today that I will address. They will be dealt with in a way that is sensitive to all parties, school districts who may be experiencing financial consequences, charter schools and parents who are simply trying to provide the best education possible for their children. As we deal with these issues, we should not lose sight of how well the Charter School Program is going right now after only two years of operation.

This cannot, and should not, be a discussion about turf battles. This is a discussion that should focus on parents, children, families in charter schools and in the regular public schools.

I pledge to work with you, members of this Committee, members of the Education Committee, members of the Appropriation Committee in ensuring a successful Charter School Program that provides that highest-quality education possible for New Jersey's children, a program that should be based on peaceful coexistence between our public schools.

Thank you. I appreciate the opportunity to come here and state my views on this. I hope you find my offer of assistance in addressing these issues to be helpful to the Committee. And certainly in the future I would love to come back and speak more about this either personally with you or as a group.

I'm here today with Mike Azzara, Assistant Commissioner of Finance; Jeff Osowski, Assistant Commissioner of Information Management

Services; and Anne O’Dea, our new Director of choice. Any questions I will pleased to answer them.

ASSEMBLYMAN BAGGER: Commissioner, thank you very much, and we gladly accept your offer to work together and examine any issues surrounding charters schools but particularly at this point of fiscal issues.

I turn to Assemblyman Luongo who may have some questions.

ASSEMBLYMAN LUONGO: Thank you, Commissioner, for joining us, and your staff.

COMMISSIONER HESPE: Good morning.

ASSEMBLYMAN LUONGO: There are some familiar faces.

COMMISSIONER HESPE: Thank you, Assemblyman.

ASSEMBLYMAN LUONGO: I will be leaving for the Assembly Education meeting, since I am sponsoring this Lyme disease workshop.

The only question I might have of you -- and it’s not meant to be insolent or anything along those lines. I happen to support public education adamantly in the State of New Jersey, having been a product of that and being an educator for over 35 years.

I don’t have any fault with your idea of competition, but I must question the fact that if the public schools have had the autonomy and the less of a stranglehold that the Department of Education has exerted over them over the years, we, too, would have been as creative, as innovative as the charter schools are permitted to be.

And I think when you look at the great educational plan that once did affect New Jersey in a positive way, I would think that the Department of Education should have pursued the magnet school concept -- to go back to the

idea of where you can choose the school that you want to go within that district that was being funded by the taxpayers where there are all certified personnel from the principal down operating in that school and that the public's money is being used for public education. And I think there are other ways to go about that.

Just as we do not fund private school, parochial schools, Christian schools, or home school, they are also competition. There are many fine Catholic and parochial high schools in the State of New Jersey who have given many public schools the challenge. And I believe, as far as innovative, I believe that we needed to explore that a lot more.

I don't know whether charter schools are the answer. I know there are a great number of people out there who it's new, it's a new idea, and the innovativeness of it brings along the people who say this is a good idea. I just think we should make the public schools No. 1 in New Jersey. And if we didn't have these huge high schools-- I looked at some of the figures. The number of special ed kids in the charter schools is minimal compared to the number of students in the regular school.

Choice is a wonderful thing, but I think you're saying the parents know the best. This is just a prelude to voucher. Soon we will just give the parents a voucher and go to any school you want. And is that really the goal of public education? Shouldn't we be working as a team to make public education the very best, to provide us with the tools, to provide more control over the students and their behavior patterns, and maybe save harmless boards of education, principals, administrators who act prudently in dealing with students?

You can make the public schools a lot better if we had that same kind of latitude that you are giving to the charter schools. And I think that had we had the opportunity to be that innovative or that creative with the same option of selecting students to go here or there -- a lottery-- The public schools open their doors. The kids come in the way they are. They are given a responsibility that no one else has to do. We have to take the child that we are given. That's my only concern about the charter schools. And I am very concerned about taking the public's money into these charter schools. That's the only thing. Because I think we're having enough problems funding the public schools at the level we should be doing, and I think we need to address that issue, also. That's just my opinion.

COMMISSIONER HESPE: Yes, well, certainly I think I agree with you on strengthening the public school system, absolutely. Every dollar that we spend should go into the public school system, and it does. Charter schools are public schools. The children who go to charter schools are in the district of residence. They are going to a public school.

Now, in terms of innovation, I think one of the great things about charter schools is it will allow us to learn a lot of lessons about how to free up the other schools -- it will provide us with that. And also I might add the charter schools are not like a nonpublic school. They are under a tremendous amount of similar accountability to the State and to the locals as well. I agree with you on strengthening the public school system. I disagree with you that charter schools don't do that.

ASSEMBLYMAN LUONGO: Thank you.

COMMISSIONER HESPE: My pleasure, Assemblyman.

ASSEMBLYMAN BAGGER: Assemblyman, thank you very much.

We are joined by the Assembly Minority Leader, Assemblyman Doria, who is the Co-Chair of this Subcommittee.

Assemblyman, do you have any comments?

ASSEMBLYMAN JOSEPH V. DORIA JR. (Co-Chair): Thank you very much, Mr. Chairman.

I just want to apologize to the Commissioner for being late. I just had an opportunity to review your testimony, and I would agree with the comments you made.

COMMISSIONER HESPE: Thank you, Assemblyman.

ASSEMBLYMAN DORIA: I would also agree very strongly with the comment you just made right now that charter schools are public schools and will help to actually improve and strengthen public schools in the State of New Jersey. I believe that charter schools serve a very important purpose within the public school framework, and I think that that's something we have to emphasize. There are those who will emphasize that charter schools are other than public, but the law was very specific. I see Senator Ewing in the audience, and he, together with myself and Assemblyman Rocco, the sponsors of this legislation, worked very diligently to make sure that they were public schools providing for public education and doing all the accountability of public education as it relates to the various types of tests. Whether we agree that the tests are good or bad, they have to meet the same criteria as all schools. So I think that that's important to emphasize.

The issue of fiscal impact, as you say in your statement, is something that we do have to look at. But I do want to reemphasize what you've said, that charter schools are public schools and are serving children of the state through the public school system.

COMMISSIONER HESPE: Absolutely, Assemblyman. I think there is a misinformation that charter schools grew out of a voucher movement. In fact, it grew out of a bill that you had introduced in, I think, 1990 on a teacher-parent cooperative schools, which were public schools. And then over time, as charter schools were being developed, that idea kept being developed as well and put New Jersey at the forefront. So I think there is that mistake that these grew out of a voucher movement. It did not. It grew out of a very much public school concept.

ASSEMBLYMAN DORIA: You have a better memory than I, Commissioner Hespe. (laughter) You're absolutely correct. Now that you mention the bill I remember it.

COMMISSIONER HESPE: Of course, I drafted it for you, in fact.

ASSEMBLYMAN DORIA: I was just going to say he drafted it; that's why he has a better memory. (laughter)

ASSEMBLYMAN BAGGER: Assemblyman Doria, thank you very much.

Commissioner, I know you have to go to the Assembly Education Committee--

COMMISSIONER HESPE: My staff-- I think Anne will be staying for some of the testimony.

ASSEMBLYMAN BAGGER: Let me just ask a question that hones directly in on my concern, which is not a concern about charter schools or about the success of charter schools, but it goes directly to the funding. Our Charter School law that the Legislature passed with broad support states in terms of payments that the school district of residents of the pupil shall pay directly to the charter school for each student enrolled in the charter school who resides in the district a presumptive amount equal to 90 percent of the local levy budget per pupil for the specific grade level in the district.

I have a concern that may have not been anticipated by all of us at the time that we passed this. That if a pupil who is not a public school student in the district and so had never been part of the school budget then proceeded to leave there, private or parochial school, and attend a public charter school in that community that the public school district is losing money from its budget that it really hadn't planned on losing, which strikes me as something of an anomaly. Has the Department looked at that or any estimate of what the fiscal impact of that is?

COMMISSIONER HESPE: Yes, that's certainly one of the principal issues that we need to look at more closely and to collect data on. At the time the law was passed, at least in my memory, we were not assuming that to be large shift of nonpublic school students to a charter school on a particular school or a particular school area within a school district or even between the nonpublic schools in the entire school system.

We thought that there would be some students moving, and the formula, as you know, will account for them but only one year after they move on to the rolls and will continue one year after they move off of the rolls. So

there is a wash in the end. There is -- I know exactly-- There is that first year, that start-up year, where there is no State funding for that individual. And the assumption was that if there weren't large numbers of pupils moving, it would not be an issue, but if there are -- if we find that, we are going to address that issue most definitely.

ASSEMBLYMAN BAGGER: And when you say the formula that catches up within the next year, that's the State aid formula --

COMMISSIONER HESPE: State aid formula.

ASSEMBLYMAN BAGGER: --which is now based on current enrollment. And in many districts -- 240 districts -- there is no State aid based on that formula. And in other districts it varies from percentages -- I guess very small percentages up to very high percentages. But if it was one of the 240 districts that doesn't get Core Curriculum Standards Aid, the formula never catches up.

COMMISSIONER HESPE: With your permission, Assemblyman, Mike can answer that.

ASSEMBLYMAN BAGGER: Sure, please.

A S S T. C O M M I S S I O N E R M I K E A Z Z A R A: It is two different issues. For schools who don't receive the Core Curriculum Standard Aid, in fact, they end up having to fund them through their local budget because the ability to pay formula-- Even when you put the students that are coming from the nonpublic school on their rolls, the formula indicates that their local tax base, their wealth, property wealth, and income, reflects that they have the ability to fund that number of students locally. So they would have to pick it up locally.

Now, other categorical aids such as Special Education, Distance Learning-- If the charter school has a high percentage of low-income students, they would also qualify for the (indiscernible) effect. They would get the categorical aids and any Federal aids with that student, but the program portion of the budget would be absorbed locally.

In any district that receives Core Curriculum Standards Aid, it's because the formula says they have reached the point where they have funded all the students they can afford and every additional student is now aided by the State in the full per pupil amount. So in those districts, what they are going to receive is roughly \$7500 to \$8000 per pupil in State aid for each nonpublic school student that is now coming into their district and being put on their registers. They are only going to have to turn over 90 percent of that. So for them there is a financial windfall -- a small financial windfall by bringing in nonpublic students. Now what's going to happen is they will come in on October 15th and be part of the actual pupil account adjustment. They will be able to book that additional revenue in that year as a revenue in an accounts receivable, and the cash will catch up the following year, and that's the way it works.

ASSEMBLYMAN BAGGER: That's very helpful. I didn't know that it was a marginal cost for additional aid as opposed to the average costs.

ASSISTANT COMMISSIONER AZZARA: A lot of people tend to think of it as a 70-30 split, but really what it is the formula says you can afford the first 30 percent of your kids, and we will pick up everybody over that.

ASSEMBLYMAN BAGGER: Commissioner, as we move forward there are two funding issues that I would focus on. The first is the nonpublic student who became a public student by enrolling in a charter school.

COMMISSIONER HESPE: Yes, we are definitely going to look at that. We are already beginning that process, so that's certainly something we are going to do.

ASSEMBLYMAN BAGGER: And the second would be looking at when you grant new charters if there is an impact -- if there is sort of a shock impact on the resident district budget. If 100 students go to the charter school and then in year one there has been a significant budget impact locally, whether that needs to be phased in or accounted for in some other way.

COMMISSIONER HESPE: Yes, we are going to be able to take a look at our history on that issue on the fiscal impact in that first year of operation, so we will be able to get you some information on that as well as we move forward.

ASSEMBLYMAN BAGGER: How are you proposing that we look at these issues? I know that the Charter School law is not up yet for a review. I hope on these relatively discrete funding issues we can take a look at them in advance of that.

COMMISSIONER HESPE: That's-- Yes, I wasn't planning on waiting until February 2002 to do this. I was actually going to plan on doing this over the next 12 months, so move that up two years.

ASSEMBLYMAN BAGGER: Assemblyman Doria.

ASSEMBLYMAN DORIA: Yes, I think on a collateral issue as it relates to-- As you are reviewing these issues of funding, one of the problems

I think that has occurred is that, unfortunately, the Department has not spent a great deal of time reviewing the actual operation of the charter schools. One of the concepts was that the Joint Committee on the Public Schools, together with the Department, would be on a yearly basis determining how the schools are operating and the effectiveness. That helps everybody because it helps to deal with the questions of the critics, as well as those who support the concept, to say, "Hey, these schools are doing this job. Maybe they are not doing that." If the school is not working-- One of the things I think we said from the beginning is that the very good thing about charter schools, which is different than public schools, is that public schools that don't work we can't close, but if a charter school doesn't work, we should close it.

And, in fact, that makes the system stronger; it doesn't make it weaker. We can't expect everyone to be 100 percent successful. And part of the problem is I think that the resources have not been allocated within the Department of Education to actually do an adequate review of the charter schools that have been created and now are operating into the second year -- and some of them just started, and we are at the first year for some. We are at the end of the second year in many instance. Just to make sure that they are doing what they are supposed to so that we can say, "Well, charter schools are working/they are not working." We need to start making sure that we allocate the resources in the Department -- I know that's not easy -- to start doing a continuous review of the process.

And that helps them because, if they can have some review, some criticism -- positive criticism never hurt, even negative criticism never hurt if you have an outsider coming in. But one of the complaints from charter

schools is that they really don't have any kind of input from the Department, and I think that would be very helpful.

COMMISSIONER HESPE: Yes, actually, Assemblyman, I agree with you. And yesterday I asked the State Board to establish a separate office for choice. So charter schools now is a separate office within the Department, and we will become much more active next year in doing just as you suggested.

ASSEMBLYMAN DORIA: I commend you on that because that's important. And obviously, if we in the Legislature can be of help -- obviously it's a funding issue -- that's something that we -- I'm sure that the Joint Committee will obviously look upon favorably, and I just commend that to my colleagues. I think we need to make sure that if we create something, we actually evaluate it.

COMMISSIONER HESPE: Yes, I think certainly as you move forward with the data collection, I will be reaching out to Melanie and to the members, and I'll let you know what our plans are. And if you would like to augment our plans at all, feel free to ask us to do that.

ASSEMBLYMAN BAGGER: Thank you.

Commissioner, we will let you go now. Let me just ask, as you do the review of the funding issues, I think a very appropriate timetable would be for you to take a look at that, and obviously you would be reporting to people within the administration, but for us to have you back here in the autumn to discuss those issues again. The timing I have in mind is that if you are making recommendations -- if you do an analysis that counts the number of nonpublic students who went into public charter schools and quantified the impact of that or decided to make a phase in of the (indiscernible), that fiscal impact of

that could be included in Governor Whitman's Fiscal Year 2001 Budget that will be finalized, I guess, next December and January, and so that we don't miss that budget cycle. Because the school board budgets and school elections for next April will be impacted by the coming budget cycle. I wouldn't want to miss that year with a study and an analysis of these funding issues that I don't think ultimately is that complicated.

COMMISSIONER HESPE: Yes, I think some of the issues certainly could be on that time frame. Some of the other issues I don't think I can put on that time frame, but certainly some of the more discrete funding issues could be on that time frame. And I think I would welcome an opportunity to come back in autumn, and we could discuss further what I found out over that period of time and what still needs to be done. So that's agreeable, absolutely.

ASSEMBLYMAN BAGGER: Well, thank you very much.

COMMISSIONER HESPE: Thanks, Assemblyman Doria, Assemblyman Luongo, thank you very much -- Assemblyman Bagger, Melanie.

ASSEMBLYMAN BAGGER: Off to another committee for you.

COMMISSIONER HESPE: Off to another committee.

ASSEMBLYMAN BAGGER: And I know Assemblyman Luongo has to leave at some point.

As we turn to our meeting on charter schools, let me share with you that 23 people have signed up to testify. I have grouped you into informal groupings just because I find the meeting moves more smoothly if I call several people up at once. Do not take offense if I grouped you with someone with whom you disagree. (laughter) Just because you are sitting next to somebody

does not mean that I have decided that you've endorsed their views. I'm just trying to make informal groupings.

And I also would like to conclude this meeting by noon. So I would ask people to the extent possible to be succinct in your remarks. And also when there are several people representing the same school district or concern to try to coordinate your remarks. We will be listening attentively, taking notes. We are transcribing this meeting today for the benefit of the members of all the members of this Joint Committee on the Public Schools. So your comments are being taped and will be transcribed for the benefit of other members of the Legislature. So we do value your comments, and it will be an important part of our review of the Charter School law.

With that the first informal grouping I have made is two Senators and a Mayor. We have former Senator John Ewing, one of the sponsors of the Charter School law, former Senator Gordon MacInnes, and Mayor Bret Schundler of Jersey City.

We'll go by seniority and call upon the former chairman of this Committee, Senator Ewing.

SENATOR JOHN H. EWING: Is that age or what?

SENATOR GORDON A. MacINNES: Wisdom.

ASSEMBLYMAN DORIA: Beauty, beauty.

SENATOR EWING: Beauty.

SENATOR MacINNES: None of the above. (laughter)

SENATOR EWING: Thank you for having this hearing (*sic*) and I certainly hope it produces some results for the charter school because certainly they are one of many maybe ways of improving education of the

public schools. And it's just unfortunate that something can't be worked out somewhere other than that we can close some public schools and whether we can close some charter schools if they don't live up to what they are meant to do.

The only thing I would like to request the Legislature to look at and review and see what could be done with the Department is that I think it is very, very unfair that the charter schools which are in *Abbott* districts do not get the *Abbott* money. Those children are absolutely no different than the other children in that district. And the charter school can certainly use the money to a much a better extent than the many public schools are using *Abbott* money. So I hope they certainly review that.

Also, I feel strongly that the charter schools should get the full 100 percent funding and not just 90 percent. When you think of the expenses that the charter school has, they have to do everything possible -- insurance, rental, mortgage, whatever it might be -- completely on their own backs. And certainly the biggest majority of these schools are in areas where families do not have substantial incomes whatsoever. Many, many of them are on very, very minimum incomes, so it is extremely difficult for parents to be raising money.

The last part you can keep in mind is that some way looking at some sort of special formulas some way or another for residential schools, particularly I think of the Proctor Academy over here. What it means to these children is they stay in a safe place and continue their education. It's really tremendous, and we have to see how to do (indiscernible), but for them to operate on the restricted amount of money they get is extremely difficult.

Fortunately, they do have a foundation of other individuals who are helping to keep them going, but I think it's vital.

And it was interesting, I know, when they asked me to -- and Melanie -- to do the drawing of the students on the first selection of first year, two of the students got up after they had been selected, and they asked a question. They said, "What is the security going to be like?" They were worried from the area they came from, around the Katzenbach School in Trenton and everything like that, of security. And it's the young people -- and these were very young children -- having that in their mind. They just cannot make use of a God-given ability they have in their education to keep moving ahead. So I appreciate you keeping an eye on that.

Thank you.

ASSEMBLYMAN BAGGER: We certainly will. Thank you very much, and thank you for your leadership both in the Legislature and now after on behalf of the charter school movement.

Senator MacInnes.

SENATOR MacINNES: Thank you, Mr. Chairman and Assemblyman Doria, trustee, boss.

I appreciate this opportunity, and I want to reemphasize in a slightly different way what has already been said, which is that charter public schools are different from district public schools in many respects. But the most important difference is the fact that if they do not do the job, never mind waiting for the year 2002 and the Commissioner's formal review as required by the statute. If they don't do the job, we are going to find out much sooner than that that they are not doing the job. And it's not a matter that it's

because the test scores are low necessarily. They are going to suffer directly from attrition in enrollment. Parents are going to take kids out of the charter schools that are not working. They are not going to attract students in the first place if they are not conceptualized and if they are not properly and if they are not able to market the ideas that they are trying to implement.

So this is not a simple theoretical matter. It's not a public relations gimmick. I think people who are involved in the charter school movement are dead serious about supporting the notion that if a school is not performing, it should go out of business, period. And we support that idea and encourage the Commissioner and the Department, first, to give charter schools a fair chance, and that's important to remember because these are supposed to be new centers of energy in public education. These are supposed to be places where they open the windows up a little bit and get some fresh air in. And I think that the early record demonstrates that, in fact, that part of the charter school wish is being fulfilled in many towns. But I think, also, that as we talk about the financial impact of charter schools that we ought to put this in context. And I want you, particularly, if you will, to pay close attention to the information that Sarah Tantillo who has created the Charter School Resource Center and has run it for three years-- She is going to be presenting information today based on a recent -- a survey, actually that was finished last night, on some of the questions that have been raised about such things as waiting lists, what is the demand by parents to get into these schools, what are some of the enrollment numbers that everybody is interested in. So when she testifies and gives her written testimony, I think it will be particularly helpful.

But let me just say this. Conceptually, Assemblyman Bagger

mentioned that we have some unanticipated ramifications from the charter school bill. And I think that one of them is that in the districts where we know we have problems, in the *Abbott* districts, and where most of the schools -- 75 percent of the schools are in the *Abbott* districts; 37 percent of them are in the State-operated districts. So that's where parents need a choice because we have already concluded officially that in the case of almost 40 percent of the *Abbott* kids, the districts to which they are obligated to attend schools aren't working, and the State has stepped in and taken them over.

Those are the districts from whom we hear the least complaint because their funding comes so overwhelming from the State. In the districts that are doing better, where they have already had competition, if you will, from good parochial and private schools and are accustomed to competition, that's where the financial impact is so visible. That's where the surprises occur and where the districts have to write what appear to be quite large checks against budgets that are much smaller than many of the *Abbott* districts are operating on, if you get my point.

So we need to address this shock that occurs. And I don't have a perfect answer for it, but certainly one thing that ought to be considered is to have the State step up and to provide the funding on -- have the funding follow the charter school student. And that would be particularly important in the first year where, as I said, this sense of unfairness creeps into such a point that in those school districts where they should be least threatened by the competition of ideas, by the competition of different educational philosophies, where the schools are stronger and there is greater parental satisfaction -- it is in those districts that all sorts of hell is being raised. Charter schools are being

sued just for being there. Questions are being raised about all sorts of extraneous matters in an effort really to address this red flag of the financial costs, the check that has to be written. So I'd like to suggest conceptually that we look at this as an opportunity to calm the conversation a bit, the debate that is raging, and look at what we are really talking about.

We are talking about 4700 kids, roughly, today in a state that enrolls 1.3 million students -- 4700. They operate 75 percent of them in *Abbott* districts, 37 percent of them in State-operated districts. This is not a number that is overwhelming the state even when it's -- even if we reach the full limit of the law, 135 charters. That would be less than 5 percent of the number of public schools, and it will be a smaller percentage in terms of enrollment.

But I think we need to remember that the idea here is to generate new energy, new ideas, and we shouldn't be too quick to try and squash that creativity and that energy. We can all learn from it.

Thank you very much, Mr. Chairman.

ASSEMBLYMAN BAGGER: Senator, thank you very much. I agree with your sentiment that we should not allow some, hopefully solvable, funding issues to translate into a debate that is something different than what -- maybe I will think differently at the end of this meeting -- has always appeared to me as a funding issues as opposed to a debate on public charter schools.

Let me just point out, since there is a record being made of this meeting and for all those present, that former Senator Ewing signed up as testifying on behalf of The Charter Consortium, and former Senator MacInnes

signed up as testifying on behalf of the New Jersey Institute for School Innovation.

Let me turn now to Bret Schundler, the Mayor of Jersey City.

Mayor.

MAYOR BRET SCHUNDLER: I want to thank you for allowing me to share with you today. One of the issues that frequently raised in the charter school debate is that it takes money out of the school system. One of the things I think we have to appreciate is that whenever you build a new school to deal with overcrowding in your existing school facilities that diverts even more money from your existing school facilities than does a charter school.

We are going through a baby boomlet in the State of New Jersey. We have in our *Abbott* districts a requirement that also provides pre-K education to all three- and four-year-olds. We have a further complicated factor in Jersey City because the city is experiencing explosive population growth. All of these things create a tremendous challenge relative to expanding educational capacity to meet the needs of all our young people. The district has proposed spending \$1 billion in capital funds which you would expect the State to cover 100 percent. (laughter) That will include \$300 million especially to expand capacity: some of that will be for the renovation of existing schools; some of that will be for the replacement of existing schools due to the belief that the existing plant is obsolete.

The \$300 million of it will be to build 10 new schools to expand capacity to deal with a severe overcrowding problem that currently exists. The financing cost of that \$300 million per year will be approximately \$30 million

a year. To operate those new schools will cost about \$50 million per year. If we are able instead to meet that need to decrease overcrowding through expanding charter schools in Jersey City, we will save that \$30 million per year in new school construction financing costs and will save approximately \$5 million per year in operating costs because it's only going to cost us 90 percent of what we are spending per child in the regular district schools. That is a combined total of \$35 million per year that we will save if we can deal with this overcrowding problem through expanding charter schools. Can we? The answer is yes.

Every charter school that has opened in Jersey City has immediately gone to capacity in terms of the demand of students to fill the spots that are available. We have a number of charter applications pending, and there is no shortage of entrants who are lining up to be able to create charter schools. So the reality is we can meet that need to decrease overcrowding through charter schools. I might add that we can meet it faster.

We are working right now on building a new school, number three, to replace an outdated facility built a century ago. We have been working on school three now for about 20 years. I have to say that we're, I think, a little quicker about things under my administration than we were under some of my predecessors, and I expect that we will have broken ground over the course of these next two years. And that will be a tremendous victory in Jersey City.

By bringing this up to simply lay out the fact that it is extremely difficult to get public schools built in an urban environment where you don't have a lot of open green space. Where to build any facility you have to

condemn land, relocate residents, knock down buildings, and remediate before you can even get into new construction.

So, in short, we not only can save \$35 million a year, but we can get it done in a time where the overcrowding problem may be addressed within the lifetime of the children who are in the system today. And that would be a tremendous achievement I think. What could we do with the \$35 million worth of savings that the State would experience? Of course, I would love to see increases in State aid for municipalities.

But one of the things we could do is we could increase funding for a child within the Jersey City school district to the tune of \$1000 per year. Does extra spending make any difference in the education of a child within our public school system? Maybe; maybe not. But if anyone believes that it does, well, then we would have an extra \$1000 per child for those who remain in the public district schools. Why not utilize the resources in a way where it makes the most sense, where we can stretch them and have the most positive impact not only to decrease overcrowding now, instead of someday theoretically in the future, but to also make more resources available now and help children in the public district schools? These are some of the financing issues which I'd like to throw on the table.

And I guess I would just like to close with the idea that there is the possibility, not in Jersey City imminently, but perhaps in some cities that do not have the same kind of overcrowding problem we currently confront, that charter schools growth could result in existing school plants becoming underamortized, if you will. Where you have a situation where you have a

school facility which looses so many children that they have bonds to pay but not a lot of students in the school.

I think the way to address that is to mandate that charter schools in a district where that potential problem exists rent from the district. They would be more than happy to do so because it's typically difficult for charter schools to find their space; although, they have time after time after time found one way or another to get themselves space. But if we make it easy for them, it's just better for everyone concerned. So why not allow in those particular districts where a problem may exist -- why not simply have the Department of Education mandate that for the charter to be approved it must rent its space from the district and that way make sure that that facility, which is already bonded for, continues to be able to pay without any impact on the property taxpayer.

Thank you.

ASSEMBLYMAN BAGGER: Mayor, thank you very much.

Gentlemen, I appreciate your testimony this morning.

Assemblyman Doria.

ASSEMBLYMAN DORIA: Yes, I'd just like to thank Senator Ewing, Senator MacInnes, and Mayor Schundler. And I just would want to reiterate the comments as it relates specifically again to the need to spend some time reviewing what is going on in the charter schools and working cooperatively with them -- I think both Senator Ewing and Senator MacInnes emphasized that -- and the fact that again it's all tied to providing the best possible education within the context of the public schools but also provides some choice. And I think that that's important.

I agree with Mayor Schundler on the cost factors and the need to review that when you start thinking about new construction. Because what we see happening in every school district in this state is increasing enrollments which can impact very much on tax rates, property tax rates locally, and upon State aid. And we need to start looking at the ways in which we can do what we are supposed to do, and that's provide a quality education without necessarily bankrupting the taxpayers of the state.

So this system that is presently in existence has to just be tweaked, and I think we are tweaking it through the charter school system in creating the necessary competition, which has a positive impact upon all the schools. And that's something that I know is very important. So I just want to thank the three of them for coming here and commend them for the work that they are doing as related to charters.

ASSEMBLYMAN BAGGER: Thank you very much.

Our next panel will be Sarah Tantillo, the Charter School Resource Center; Jeanne Allen, the Center for Education Reform; and Georgina Finechel, Child Advocates Renewing Public Education, in Ocean City.

We'll start with Sarah Tantillo, since Senator MacInnes precluded your testimony.

The red light means on. (referring to PA microphone)

SARAH TANTILLO: Thank you very much, Mr. Chairman. It is a pleasure to speak here today.

When we talk about funding, we need to consider what we are getting for our money. Even though charter schools have only been operating in New Jersey for less than two years, people are already asking, "How good are

these schools? What results are they demonstrating?” Some critics, in the absence of data, have opted to speculate wildly.

At the Charter School Resource Center, we want charter schools to reach their full potential as high-quality schools. We are very interested in questions about performance, accountability, and results. Because these schools have been open for such a short time, we don't yet have extensive student achievement data. However, other important school characteristics can be measured. And we recently, as Senator MacInnes mentioned, conducted a survey of the state's 30 operating charter schools. We collected quantitative data from 26 of these schools. And as Senator MacInnes mentioned, we did this quite recently, as in we finished it yesterday, which is why we don't have complete data from all 30, but 26 reportings I think is pretty useful information.

Here are some of the findings, and this is based on this school year. Schools are typically small, serving about 151 students. They have small class sizes, 18.6 students on average, and long waiting lists. The average waiting list is 90 students per school with more than 2300 students waiting statewide. Daily attendance for students is high, 95 percent. Likewise for teachers at 96.6 percent. The day is long, an average of 6.9 hours. And the school is open on average for an additional 2.3 hours. Many of these schools have before care and after care available to students and additional programming. The year is also longer, 186 days on average, with several schools going beyond the 200-day mark.

Parental involvement is high. Forty-three percent of the parents are present at any given school meeting. And 85 percent have attended at least

one school meeting this year. When you think about how many parents show up for back to school night in various schools, I think these numbers are fairly significant.

One of the criticisms that critics have is that charter schools are “creaming the crop.” Our statistics show that this doesn’t seem to be the case. That charter schools are, in fact, serving extremely needy populations. Of the 30 charters in operation, 22 are serving students in *Abbott* districts. These students are predominately poor, 59 percent are eligible for free or reduced price lunch, and minorities, 76 percent.

Most previously attended district public schools, 67 percent. Another 14 percent left private or parochial schools to opt for this new public school choice. So when we talked about students who are leaving the private schools to come to charter schools, the number that we have collected so far is 14 percent, and you can do the math. The remaining 19 percent, virtually all kindergartners, did not previously attend school. It’s interesting that their first choice was a charter school.

These findings offer a small but promising snapshot of the charter school movement in New Jersey. At the Resource Center we plan to continue collecting and sharing information about these schools in order to ensure that any decisions made about charter schools are based on facts, not speculations.

Thank you very much.

ASSEMBLYMAN BAGGER: Thank you, very helpful information.

The 30 charters you say that 22 serve students from *Abbott* districts, does that mean that 22 are located in *Abbott* districts, or 22 have at least one student who came from an *Abbott* district?

MS. TANTILLO: No, that's the ones that are located in *Abbott* districts. In fact, I can think of one off the top of my head that serves students from *Abbott* districts that is not located in an *Abbott* district, Clifton.

ASSEMBLYMAN BAGGER: Thank you.

Ms. Allen.

J E A N N E A L L E N: Good morning, thank you for having-- Am I on? (referring to PA microphone)

ASSEMBLYMAN BAGGER: The red light means on.

MS. ALLEN: Good morning, thank you for having me here to discuss charter school financing. And I am happy to provide at any time after my testimony or during it also evidence about charter school achievement and how it's working elsewhere.

I'd like to specifically address the main cause for scrutiny in this state. New Jersey school district representatives argue that they are forced into a hardship position by the statutory requirement that a portion of public school monies allocated to them be directed to charter schools for each child that enrolls. We heard this argued this is unfair, that it siphons or "diverts" funds to charters, and that charter schools should not be allowed to exist unless so deemed by local school districts. In fact, New Jersey School Boards Association has passed a resolution to that extent, and several local groups, including the Coalition to Amend the Charter School outline that charter schools only should exist in as approved by local school boards.

The question to these schools boards appears to be whether it's fair to have children in charter schools funded by taxpayer dollars. What they don't ask, however, is whether it's fair to have children in public schools funded by taxpayer dollars. The questions and the answers to both are the same. Those school officials appealing to you for changes in the charter law, however, don't view them the same because these school district officials are of the opinion that all public education programs are, and should remain, under their direct supervision.

These officials at the district level and their representatives in Trenton argue that they are the only ones who can make decisions about how to set up schools and how to spend money. Gratefully, the courts have found this is not the case. New Jersey courts have thus found that the complaints are unfounded.

There is now available a wide variety of evidence from state to state about how charter schools work. I'll limit my remarks to how the funding does and should work from state to state.

Attached to my testimony is a chart outlining how charters are funded from state to state. Those states that are considered to have strong laws -- in other words, those most apt to have charter schools, where most charter schools are likely to grow and thrive, and which are the preferred kinds of laws by all charter proponents -- require that all the funding which traditionally goes to school districts for student enrollment be transferred instead to the charter school.

In fact, both the U.S. Congress and the U.S. Department of Education strongly directs all states to ensure that Title 1 and other formula-

based and categorical funding be sent directly to charter schools without “unnecessary delay.” The Federal government acknowledges that charter schools are public schools, and they are to be funded with the same dollars allotted to any other public schools.

Despite ample evidence about how charters are treated in other states, and even though the Federal government dictates that charter schools receive their full share of funding, the argument is still being made that charter schools somehow do not merit the transfer of public monies for each child that enrolls in New Jersey charter schools. They argue and lobby for amendments, as we’ve heard discussed so far this morning, to render them harmless as if they view charter schools as harmful. Yet the school districts don’t line up to lobby for additional State aid when children leave for private schools. When enrollment fluctuates from year to year with changes in birth rates and mobility -- what I call the natural causes -- there is no attempt to artificially change the numbers of children people have, to change their minds from moving to another district or a state, or to somehow halt their exodus.

And I have to disagree with someone I have great respect for and I have heard about, Gordon MacInnes, who asked for us to calm the conversation with hold harmless provisions, and I have to equate it with giving a lollipop to a child having a temper tantrum. In fact, despite normal, monthly, and yearly fluctuations in student enrollment, New Jersey schools have continued to grow and continue to be funded albeit in different ways.

There has been an unprecedented golden age in the life of New Jersey schools, and rarely has a penny needed to be pinched in school districts as increased student enrollment has led to increased funding. You have been

generous. New Jersey school districts now complaining about the drain-- And I say generous also, as a result of the court ruling on the *Abbott* districts. New Jersey school districts now complaining about the drain charter schools allegedly pose aren't complaining about increased funding from new students. Each year when new students come to New Jersey schools, New Jersey school districts are covered. They are covered in terms of revenues and expenditures by property taxes; they are covered by State and Federal aid; they are covered by funding and reserves, surpluses that our taxpayer dollars are being banked in case of any enrollment shifts or other financial shifts.

And yet, not every one of the children who arrives at the door of the traditional public school district comes from a family who is paying property taxes or even income taxes. The Constitutions of each state, as they should, require that we educate each and every student that arrives at the door of the public school. School districts getting children from private schools, getting children who have never been in school before, getting children transferred from other states bring revenue with them, regardless of whether or not New Jersey legislators or lawmakers the year before have allocated money. They fluctuate.

And the districts become so accustomed to getting money, regardless of where the child's parents have money, regardless of where they contribute to revenues, or whether the school proves that it is able to appropriately educate the child, that when the continued funding stream is questioned even legitimately they howl.

If the same school officials now arguing about harm done by charters don't oppose increased funding for individual students that attend

their schools for the first time, they can't possibly oppose losing money for individual students that leave naturally or unnaturally.

In other words, districts only cry fowl over the so-called unnatural causes of enrollment changes, those changes out of their control. But they don't oppose the natural causes that they know they can affect, like birth rates and mobility. The question then, is there any evidence that charter schools hurt school districts, and if so to what extent? And I understand that you have asked the Commissioner to do an analysis, and I commend you for that because that is something other states have already undertaken, but what we know from other states is this. Not one school district has been forced to close across the country. In other words, not one school district with one charter school or nineteen charter schools has been forced to close, turned around to raise revenue, or attempted or needed to argue that they had to make up a shortfall across the country.

And how can policy makers hold harmless school districts that in some way fail to meet the needs of children? And like New Jersey Supreme Court, shouldn't you, to be honest, be asking how to fund programs that work rather than funding school districts simply because they exist whether or not they work?

We have seen changes across the country in charter schools in every single district. We have seen behavior changes in typical traditional school districts that suggest rather than harming traditional school districts, the opposite may be happening. Many school districts losing children to charters are working hard to bring students back. In one well-known example, the Lansing, Michigan, superintendent said to the privately run Edison Project,

inviting them in to run one of his schools, "I'd rather have you run some of my schools than risk opening a charter school across the street." The Center has actually collected hundreds of examples of behavior changes by traditional public schools and school officials forced to take note of charter schools.

And I'd also add that states like Minnesota, Colorado, and California are not working because of the support that a myriad of superintendents and school board members have actually given to charter schools in those states. Those states are not under nearly the scrutiny or lawsuits that New Jersey actually is unique in the field. There are lawsuits across the country, about 20 pending. Most of them tend to be concentrated in the East Coast.

Other notable effects of charters on district schools. Many school districts have had to revise their programs to accommodate changes in individual schools or districtwide. Some districts have had to cut extraneous staff or programs. Some have even saved money because the loss of students was enough to change their own spending practices. Others just got smart and looked for new ways to perform services, such as leasing services, buses, sharing transportation, sharing payroll, sharing insurance, even renting facilities. Others have made money, and in some cases in New Jersey where privately schooled children -- and we heard this morning -- where children from other districts have come into their district and brought with them all the per pupil funds. The charter claims a percentage of district and state aid, while the charter school receives the rest. And, of course, the issue of capital funding which do not go to charter schools at all, placing actually the burden on charter schools, not the school district.

In reality, the issue, when we can talk about it in a myriad of ways -- when it comes to how charter schools are affected by every child no matter what grade, no matter what level, and how long they are in, the issue is not one of money. The issue is one of control. Let me emphasize this point. There is not one law or amendment you can enact in New Jersey that will make the concerns of zealous school districts or school boards go away. And this is giving sole authority for the development and funding of charter schools to school districts.

That would yield you exactly the number of charter schools that are open in a state like Virginia, which is zero. There are a few underdevelopment, and those are for the children that Virginia school districts don't want to educate. Virginia school boards, as many school board associations around the country, lobby vigorously, "Don't give the authority to anyone else, give it to us. We should be in charge of starting charter schools. If you are going to take money and give it to charter schools, it should be our money, we should decide."

And yet, Virginia school districts are not home to one charter school, except two under development that are actually not laboratories of innovation, but are dumping grounds for children that Virginia school boards have agreed they have trouble educating.

The task for the committee (*sic*) should not be what to do about school financing. If New Jersey school districts are not able to provide for every child the best available research, teaching methods, highest standards, and best achievement given the money they receive, they should not be held harmless, but should be held accountable.

If parents and teachers choose to attend charters because they prefer them, they find them better, they work better, or any other myriad of reasons we know as to why they leave their assigned school, lawmakers should be lauding their consumer-savvy and choosy nature rather than seeking to restrict it. For it's only by ensuring that all children find the best school and our schools and communities will become as safe and productive as we all want them to be.

Thank you.

ASSEMBLYMAN BAGGER: Thank you very much.

Ms. Fenichel. I'm mispronouncing your name.

G E O R G I N A F E N I C H E L: Georgina Fenichel. (indicates pronunciation) I'm with the grassroots organization Child Advocates for Renewing Public Education, in Ocean City.

I'm not here to speculate wildly, and I'm not here to create pandemonium. I'm here to tell you what is happening at the grassroots level in our district. And Mr. Hesse said that anecdotal information is viewed as less than scientific surveys, but there comes a time when anecdotal information is the only real information you can provide.

As an example, if the refugees from Kosovo are Serbian refugees or Kosovo refugees or Albanian refugees are listened to and allowed to tell their anecdotal tales, I think it is more relevant than the NATO's setting up a review committee on deciding over the next few years what really happened. So I want to tell you what's happening on the ground here. And I really appreciate the time that you allow me.

Just to give you a very, very brief sketch on what is happening in our district. We have a very successful public school system. We have about 1200 students in our high school. Fifty-one percent to fifty-three percent of them come from the sending districts. A few years ago a couple of parents decided to have a charter school for arts and technology. And the Commissioner Klagholz approved the charter. They weren't able to get the zoning board to allow them to convert a department store into the charter school in the middle of our town. So they moved to a different county about nine miles away. And with the stroke of a pen we are given regional status. So here is a regional status still with a sending district from Ocean City.

Our school board did not approve the charter. The citizens-- There was not one person in our community coming to board meetings to agree with this charter school. We are totally opposed to the way it's funded. And when the school was supposed to open initially, almost \$400,000 was set aside for the charter school. And that \$400,000 was guaranteed; it cannot be touched.

As a result of that, the first thing to go was summer school for kids who are most vulnerable. So for the privilege of having an arts and performing arts and technology charter education, the majority of our children would suffer. And this is the inherent problem with the funding mechanism in New Jersey. I do not believe that other states have this mechanism where it is guaranteed funding at the expense of programs for the other children.

And I have a real problem, too, with this whole sense of competition. I come from the health-care business, and we see nursing homes on Wall Street or hospitals on Wall Street. We see insurance companies

competing for business and making a huge profit. Are we going to go from health maintenance organizations to educational management organizations to come in and finally run public education with our tax dollars at the expense of the education of all our children?

Our group is completely in accord with innovation. Where I am very involved with arts, I'm very involved with technology. I work very hard with the most vulnerable children. I'm not a teacher, and I see this New Jersey law as being very disrespectful and very dangerous for the next generation.

If the State mandates a program, the State has to pay for the program. It's an experiment. And when I heard Mr. MacInnes speak about that's it's only 4700 students involved -- 4700 lives affected-- I believe that this charter movement is an arrogant movement. I believe that in Massachusetts-- I read a lot of reports from Massachusetts for -- special ed children are canceled out of charter schools because they ruin the curve when it comes to standardized testing.

I see in our community that the appearance of, let's say, the professional parents who wish their children to go to the performing arts center to that school, to the charter school; whereas, parents who have kids at risk don't have the background and wherewithal to put their children forward so that the public school that remains becomes a warehouse. What happens if the kids don't do well in the charter school? They are bumped back to the public school. What happens to all of the standardized testing? So the public school fails.

And like you said, I think, Mr. Bagger, or maybe it was Mr. Luongo who said, "The public school embraces every child. If there are

changes to be made, let's work within the system and really change it." Let's not short loop from having the Commissioner of Education be the sole person to decide against the wishes of communities whether the charter should be granted. Where is the democracy?

We are at a very, very vulnerable stage here. Children are under a great deal of pressure, parents are under a great deal of pressure. And what we are doing is creating more pressure. I believe we should open the doors, we should look at what we have, what problem areas, release the stranglehold that the State has on public education, and have the will to educate every single child, especially the most vulnerable child to the highest possible level.

I come from Ireland. Some of my great-aunts came here as maids, and their children became ophthalmologists and lawyers because of public education. What we are seeing here is a dismantling of public education. It's going to go from charter to choice to vouchers. And in Milwaukee the voucher is worth \$2000, but a good education is worth \$10,000. So once again it's the most vulnerable who are hit.

So I would appeal to you to truly look at the issues and to truly look at your background, and I'm sure you came through the public school system, and try to bring innovation and all of these great ideas into the public school system and make it good for every single child, and that will be our legacy.

I thank you very much.

ASSEMBLYMAN BAGGER: Thank you very much for that helpful testimony.

I'm going to turn now to the panel from the Highland Park. Sharon Kregel, Coalition to Amend the Charter School Law; Joy Schulman of the Highland Park School Board; Lisa Bennett, Citizens for Public Education in Highland Park; Meryl Frank and Martha Blom, also of Highland Park.

I'll just turn this over to you, and you can tell me how you would like to proceed.

SHARON KRENGEL: Okay, we are all residents of Highland Park, but we will represent different groups, so each of us will speak. We will try to keep our words brief.

ASSEMBLYMAN BAGGER: That's fine.

MS. KRENGEL: My name is Sharon Kregel. In addition to being a resident of Highland Park and a member of the Highland Park-based group Citizens for Education, I am a founding member of the Coalition to Amend the Charter School Law. This statewide coalition of parents, educators, and taxpayers was formed over a year ago to support local school boards who are appealing the granting of charters in their districts by the Commissioner of Education.

Our first united action was a rally at the State House in Trenton last March, and you may know about us from that. The goal was to alert lawmakers to the myriad problems created by the current Charter School law. And in that regard the event, which received excellent press coverage, I think was a success. We followed up the rally with several postcard campaigns to key legislators and the Governor, and you may have received postcards. In

addition, we presented testimony at the Assembly Education Committee hearing on the Charter School law one year ago in May.

One result of the higher profile we brought to this issues was a spate of legislative bills to amend the Charter School law. None of these bills have been heard as yet, but we are confident that with the efforts of your Committee that the necessary changes will be made to the law.

The Coalition came into existence as a direct result of the havoc wreaked in many New Jersey school districts by the current law. Both urban and suburban districts have been forced to earmark scarce funds from already tight school budgets to pay for charter schools, regardless of whether these schools were considered necessary, useful, or even adequate by district residents or by local school boards.

Indeed, New Jersey is the only state that requires local districts to pay for charter schools even though taxpayers and school boards in those districts have no say whatsoever on whether these schools should be established. In addition, charter school funds are siphoned from local school budgets whether or not those budgets are passed by voters.

The current Charter School law requires school districts to take much needed funds out of existing schools to give them to a separate facility that residents did not agree to, have no say about, and cannot effectively monitor. This situation results in budget cuts forced on districts by Trenton, and that puts pupils at risk. The resulting program cuts increase class sizes, and a lack of funds for new and innovative projects are devastating to the education of the majority of children who remain behind in the established public schools.

When talking about issues of school funding like these, many people fall back on the misguided concept that the money follows the child. But the cost of educating children doesn't work that way, with a per capita sum that can be moved from institution to institution without any repercussions. School funding works on a districtwide basis with funds for a variety of programs to meet a variety of needs. Unless a school is closed or an entire class is lost, both of which are unfortunate occurrences, sending district children to a charter school won't help decrease cost, it will only siphon off much needed funds.

My feeling is that the Whitman administration doesn't much care about that part. The money-following-the-child argument is useful to them because it sets the stage for a voucher system where public money is used to pay for private and parochial school tuition. The current Charter School law is simply a stop along the road to vouchers for them and ultimately the privatization of public education. It is important to take a stand now so that later we don't find ourselves further along that road than any of us would really like to go.

Until charter schools have no financial, educational, or social impact on the public schools, they are a de facto threat to their existence. Whether a charter school decimates a school budget or creams the crop of highly performing or privileged students or those with more active parents the result is that the vast majority of children become an afterthought, sometimes left in poorly ranked schools that now must function with fewer resources.

But this wrong can be righted by amending the Charter School law to give local districts a decisive voice in the establishment of a charter school

that they will be obliged to pay for. That way residents and educators can weigh the wisdom of creating a brand-new school, determining whether it truly provides an opportunity not available in existing schools or just makes it possible for parents, often without any experience in the field of education, or corporate interest to take the money and run, in effect fleeing and fleecing the existing public schools.

On the other hand, if another entity apart from a local school district is allowed to establish a charter school, and this includes the State, then the law should require the State to pay for that school. There must be a guarantee that existing school programs and funding are not placed at risk. These provisions are built into the Charter School laws of many other states, and it's time that they become part of New Jersey's. The rationality of this setup should be apparent to all. Accountability will be built into the system, since the chartering entity will also pay for the resulting charter school. Fiscal responsibility will no doubt lead to wiser choices and improved monitoring. It's basically forcing the State and other organizations and charter schools to put their money where their mouth is.

It is imperative that we not lose sight of our civic responsibility to educate all children, regardless of race, social position, intellectual ability, or access to a parent or other adult advocates. The goal of the Coalition to Amend the Charter School Law is to ensure the democratic right to an excellent public education for all the children.

Thank you.

ASSEMBLYMAN BAGGER: Thank you very much.

Joy Schulman.

J O Y S C H U L M A N: Good morning, and thank you for the opportunity to present our concerns.

We had hoped that our Superintendent, Marylu Simon, would be here to give our testimony, but I am giving it on behalf of the Superintendent, the administration, and the school board.

Charter schools have had significant financial consequences for districts like Highland Park for a variety of reasons. First and most important, they are cost-added programs. Why is this? Approximately 20 students from Highland Park attend a charter school. Losing 20 students, even losing 50 students, spread over six grades does not reduce district costs. Even if all the children come from local public schools, which many do not, the cost of running the district remain the same except for a very minimal savings in textbooks and supplies. Maintenance and utility costs remain the same, administrative costs remain the same, teaching costs remain the same, and training costs remain the same. The money spent establishing a new independent school represents additional, not transferred, costs. In many cases, transportation costs increase as well. The net result is an increased financial burden on the district.

Second, for districts that receive minimal State aid, the additional costs of a charter school must be borne either by taxpayers or by the children in the district schools or both. In Highland Park property taxes pay for approximately 82 percent of our budget. We are not a wealthy district, but we are one of the most heavily taxed districts in the state. Our taxes are so high that we qualify for maximum tax relief. We cannot simply pass along the additional costs of the charter school to residents, many of whom are struggling

with the taxes they pay now. Although we have increased taxes, we have also been forced to spend less on programs we need to maintain the success of our students. It is not the State that is paying for the additional charter school costs. The taxpayers and children of Highland Park are paying.

Third, the charter school burden is particularly distressing for Highland Park because we are working diligently to maintain a very successful program for a wonderfully diverse student population. Approximately 42 percent of our students are minorities, 22 percent qualify for free or reduced lunch, and many come from homes in which English is not the spoken language. In most years, more than 90 percent of our graduates go on to higher education, including the most competitive colleges in the country. Our SAT scores are usually the highest in the county and among the highest in the state. We often win statewide chemistry and mathematics competition, and we have an award-winning student newspaper.

The success we have enjoyed is built on prudent and innovative use of funds. In addition to a full curriculum, we offer a broad range of services to our students, including a full-day kindergarten, a transition elementary program for students who are not ready for first grade, a reading recovery program, an after-school program for students who require additional academic support, individualized tutoring, a mentoring program, a gifted programs, and inclusion programs for special needs students. We also have begun a summer program for prekindergarten students who need additional preparation. And we will be opening a preschool program next year.

In addition, we have invested in technology and have renovated an aging physical plant. Our students need these programs and even more to continue their success. Our taxpayers are stretched beyond the limit.

Even worse, in Highland Park the charter school is largely “skimming” the students who are the least expensive to educate, that is, students without significant special needs, who are from English-speaking families that offer them academic support. The “per-pupil” funding is not an accurate measure because all students do not cost the same amount. The charter school formula takes a disproportionate share of funds away from those who require special programs or outside tuition or individual classroom aides. That is, the current formula diverts resources away from those who are most expensive to educate and gives it to those who would be the least expensive to educate in the public schools.

Like many others, Highland Park is a successful district that values education and has taxed itself to the limit. Charter schools have created a real financial problem for us, which could become even worse. What are the alternatives? The best alternative is to do what other states have done. That is to give districts an opportunity to determine whether they need and can afford charter schools. The need for charter schools should be a local decision in the first instance. This could be done either by the board of education or by placing the charter school as an additional question on the school ballot.

Many districts might voluntarily adopt charter schools, but if they do not need or cannot afford the additional cost, the State would always have the option of direct support. It is always better if those who decide a cost is needed are the same as those who pay.

Another alternative is to exempt districts that are academically successful and that have significantly high property taxes. Exemptions for successful districts with limited resources will help ensure that charter schools are not doing more harm than good, that good programs with proven track records but limited resources will not suffer in order to finance unproven experiments.

Finally, a less-good alternative would be to set more realistic per pupil tuition charges. The current abstract per pupil cost does not reflect the reality of differing costs. If per pupil charge continues, regardless of the harm done to the district, they should at least reflect reality and be considerably reduced.

Charter schools create additional expense, and they can create serious financial burdens for districts with limited resources. We urge you to amend the law to protect successful districts with limited resources and the children who remain in them.

Thank you.

ASSEMBLYMAN BAGGER: Thank you very much.

Lisa Bennett.

L I S A B E N N E T T: Yes, hi. I'm Lisa Bennett, and I live in Highland Park, and I'm a member of Citizens for Public Education. My remarks are very short today. First of all, let me say that I'm happy to see that this committee (*sic*) is tackling the issue of how charter schools are funded in New Jersey.

In Highland Park we have seen firsthand the negative impact that the establishment of a charter school has on a community. Last year Highland

Park lost over \$200,000 to the Greater Brunswick Charter School, which in a small district is quite substantial.

I know that many people here today will be talking about the specific problems with the current Charter School law, and there are many. But the reason I took off from work today to come here is to ask something of you. I ask that as you consider this issue that you continually keep in mind that the majority of New Jersey's children will remain in the established public schools and to see that they do not get shortchanged. I also ask you to make sure that the funds are available to reduce class size, to allow for innovative programs in the established public schools, not just for those attending charter schools, and to ensure that any changes to the Charter School law improves education for all New Jersey's children.

Thank you.

ASSEMBLYMAN BAGGER: Thank you very much. And thank you for going to the trouble to be here today.

Meryl Frank.

I know we have your testimony-- The small microphone needs to be closer to you because that's what -- the small one -- that is what the transcript of the hearing is taken from. We have your testimony, and everyone who has submitted written testimony -- complete written testimony will be shared with all the members of the this Committee as part of the record of today's hearing.

MERYL FRANK: Thank you.

I'm Meryl Frank, and I'm here to speak to you today as a parent, as a taxpayer, a former board of education member, and as a candidate for the

Highland Park Democratic nomination for Mayor. I'm mentioning my candidacy to make a point, and that is that the charter school financing in Highland Park has become such a politically potent issue that it is something that is debated among the candidates. It's something both candidates, in fact, are fighting for better financing for charter schools. But in our town no charter school advocate would dare run for office because of the terrible costs.

When you look at Highland Park, you will see a district where our SAT scores are among the highest in the state, and among the highest -- actually the highest in the county. We have an average number of administrators who, by the way, are earning below-average salaries. Our teachers are at this average as well. We have done everything that the Commission on Local Property Tax recommends. We have cut costs, we share services, we've privatized, we've done everything we can to keep costs down. However, over the past two years we have had horribly difficult budget fights.

You know I take offense at the speaker from the Center for Education policy (*sic*). She seemed sort of cavalier about what this costs. To assume that this is about power and not about funding is absolutely ridiculous. I'd live to invite her to Highland Park when we have a budget coming up to see what people are talking about.

We have a dedicated group of volunteers that goes out -- that have gone out for the past two years to fight for our budget. And these people have to explain to the public why there is a tax increase. This year we had a \$52 tax increase. All but \$12 of that tax increase is going to the charter school. Now I would like to invite her to Highland Park to explain to the people that they can't vote down a charter school. They can't vote down sending the money to

the charter school. People are coming to us and saying, “But we’ll just vote down the budget.” And we have to explain to them, “No, you can’t do that; then we lose.”

Charter schools add costs. There is practically no savings when 20 students leave across six grades. Maybe we save a little bit in text, but we are still providing teachers, we are still providing energy costs, etc. I believe that charter schools should be treated like all other public schools, that they should have to come under the same scrutiny that other public schools do. Each year we put our budget up for our community to support or for our community to decide that they are not going to support.

The charter school, however, is voter proof. I have one remedy to this, and that remedy would be to allow public schools to put the charter school out for referendum. We are unable to put out any of our programs that are not necessary to meet the core curriculum standards.

I would like to invite any members of this Committee to Highland Park and ask them to tell us that this charter school is necessary to meet our core curriculum standards. I, in particular, am asking for this sort of a remedy, that we are able to put it out for referendum. However, there is others that were mentioned here. And they also mention that every other state allows some sort of local approval mechanism.

I have with me a survey that came off the Internet from the Center for Education Reform. It’s from last year, so it may be dated, but I would like to point this out to you. Alaska allows for local boards to grant charters for public school approval. Arizona local boards or state boards grant charters funding for charters granted by the state. Arkansas state boards grant charter

with local approval. California, Colorado, Connecticut, Delaware, Florida, Georgia, etc., all allow for--

ASSEMBLYMAN BAGGER: If you give us a copy of that, it would be helpful. Before you leave if you leave me a copy of that.

MS. FRANK: Yes, I'd be happy to.

But all of these states allow for some sort of public approval, whether it is the school itself granting the charter, the board granting a charter, or local referendum granting a charter.

Probably in my view what the best remedy would be for us would be to be able to put it out for referendum like we would any other experimental program/additional program not necessary to meet our core curriculum standards.

I hope that you will consider this sort of remedy.

Thank you.

ASSEMBLYMAN BAGGER: Thank you very much.

Good luck.

MS. FRANK: Thank you.

ASSEMBLYMAN BAGGER: Martha Blom.

MARTHA BLOM: Thanks very much.

I am, as you know, a resident of Highland Park. I'm the President of the Parent Teacher Organization of Irving Primary School, and I am also a founding member of the Greater Brunswick Charter School. I joined that fledgling group in January of 1996 along with a group of other Highland Park residents interested in school reform. I was the parent of a then 4-year-old boy who attended a local parent-run cooperative nursery school. The experience

of hands-on management, a high degree of parental involvement in the classroom, and a high level of parental responsibility for curriculum fit well with my husband's and my ideals of the best of all possible worlds of preschool education for our son. Needless to say we were very new parents.

The new Charter School law presented us with the opportunity to create from whole cloth a new kind of public school, one which embraced the differences in children, respected each one's learning style, and one which would function as a kind of nurturing family of learners. Imagine our surprise when these high concepts exactly match those espoused by our local school district and its dedicated teachers. Imagine our continued surprise when they didn't welcome our radical concept of how to implement these concepts with open arms.

But myself and the other parents who wrote the approved charter application for Greater Brunswick did not know was that great schools, excellent teachers, and exemplary administrative leaders all worked very hard to create just those conditions for all of our children. They do so under grueling economic conditions.

In Highland Park taxpayers shoulder 80 percent of the cost of the local school budget. This is a budget which is down over \$6 million in three years' time despite significant yearly cuts in State aid.

As a dedicated member of a charter school board, I was told over and over again that "the money follows the child." We were led to believe that every school district has a pot of money equal to its average cost per child just waiting to be cashed in to pay for that year's instruction for that child. In fact,

those very words were used consistently by the State Department of Education liaisons when those sceptics among us kept asking about the money.

I truly believe that we were used by a force whose aim is to privatize public education. I also believe that the Department of Education knew full well that the money did not follow the child. That is called a voucher system, not a charter school law.

I started to attend my local school board meetings. I listened to every public conversation about money, curriculum, personnel, future planning, assessment, supervision, and so on, and so on, for almost three years now. Late last winter a bell rang in my head. Aha, the money is spread around the district. I was slow. It's not sitting over every child's head. I couldn't get that scene from the movie *It's a Wonderful Life* out of my mind. The one where there is a run on the bank and Jimmy Stewart's character has to explain to his building and loans' customers that their money is in each other's businesses, each other's houses and stores. It was shared to help each member achieve success.

Aren't the public schools just making the same promise? Some our children cost \$2000 per year to educate, some years more. Some of our children cost the districts \$20,000 per year to educate, some years more, much more. It is the most economical way, not to mention the right way, to uplift each member of the community. I resigned the board of Greater Brunswick Charter School in March 1998.

This charter school legislation that we have in New Jersey violates that public commitment to each other by allowing a select few to control a disproportionate amount of public school funds. It pits -- and this is

essentially a problem in Highland Park. It pits neighbor against neighbor. Everyone is looking to see who supports this. Every other state that has used a local funding formula has changed their legislation after the local fallout was felt.

I know that there are those who say that the real argument is about power; indeed I was one of them. That is a specious argument. But unless you jump into the lake, cloths and all, instead of standing on the shore testing the water with your toes, you never really know the temperature of that water. If well-intended parents throw themselves into changing what doesn't work about their present school districts with the same fervor that they have used to create charter schools, the changes will come. The State needs to support them. Charter schools siphon off this great parental energy and creativity.

The issue is money, and it will be apparent to each one who looks carefully and responsibly at how their school budgets are prepared. And the great teachers and exemplary administrative leaders won't have to struggle to lead the way.

Small towns like Highland Park, which by the way does not receive any Core Curriculum Aid, are at risk for becoming a little more than a speed bump between two large cities, in our case Edison and New Brunswick -- those cities with huge school budgets. It won't matter how seriously Highland Park takes its commitment to its amazingly diverse community, one where 72 different languages or dialects are spoken in the homes of just 15,000 little children.

Children are put at risk when their public schools have to compromise their services to the many students staying in the district in service to a few who choose a Charter School Program option. Please consider legislation that will mandate that the State pay for that option.

Thanks very much.

ASSEMBLYMAN BAGGER: Thank you very much for your very thoughtful testimony.

MS. KRENGEL: Excuse me, I would just like to add one last thing quickly.

ASSEMBLYMAN BAGGER: Sure, please.

MS. KRENGEL: I guess it's fairly obvious to everybody that when it comes to education, Highland Park is a very activist community. But I would like to say that obviously we used our own local experience to explain to you our feelings about the current Charter School law. But I would like to emphasize that through the Coalition to Amend the Charter School Law and in other ways we have been in contact with districts around the state of all sorts that are not similar to Highland Parks in many ways. We are blessed. We have a very high achieving school district, and we know that and we understand that.

But I would just like to emphasize that all of us feel the same way. That particularly in school districts-- Well, let me put it this way. State funding for all school districts is inadequate. And it is an upsetting premise to us that further monies will be taken from these underfunded districts, which include Highland Park, but also include, of course, all the *Abbott* districts, and all district around the state.

And so I guess what I'm basically saying is that, yes, we have spoken from local experience here, and I know that there is a different argument to be made for someone who comes from a district that is underachieving. But we feel that our ideas represent that group as well, especially after having spoken with these people for a year and many months now within the Coalition. And we feel that the important thing is to take into consideration all the children -- the education of all the children and to be sure that no children are penalized. Certainly not that the majority of children are penalized in any way. Public schools are underfunded, and we need to increase the funding and not take away the funding.

Thanks.

ASSEMBLYMAN BAGGER: Thank you very much.

Thank you to all of you for your advocacy. This meeting is being held today because of the advocacy that began and remains in Highland Park. So I appreciate what you shared with us, and this is what we'll be taking a much closer look at it.

Thank you.

I'd like to turn now to Norman Atkins of the North Star Charter School in Newark. George Haffert of Sea Isle, New Jersey, and Mary Jo Kapalko.

We will begin with Mr. Atkins.

N O R M A N A T K I N S: Mr. Chairman, members of the Committee.

ASSEMBLYMAN BAGGER: You are speaking to them through that little microphone that is going to result in a transcript that they will all receive.

MR. ATKINS: Excellent.

I'm really happy to be here today. I'm Norman Atkins. I'm the Cofounder and Codirector of North Star Academy Charter School of Newark. Our school was one of the first of its kind in New Jersey. It opened in September of '97. It offers a longer school day, an 11-month school year, 18 students per class, school uniforms, state-of-the-art technology. Students take art at the Newark Museum down the block; they swim at the Y across the street; they do research at the Newark Library across the park; and they are at the Performing Arts Center quite a few times during the year.

Daily student attendance is 96 percent; 100 percent of parents pick up report cards at the school three times a year; student transfer rate is less than 3 percent over two years. With a student population of 108, we have 400 on the waiting list right now, and it's growing every day. When Governor Whitman and United States Speaker of the House, Dennis Hastert, visit North Star Academy tomorrow, they will see an engaged and engaging study body achieving academically at the highest levels and developing the citizenship skills that they will need to make the world a better place.

All of this is accomplished with 83 cents on the dollar compared to what is spent at the Newark Public Schools. This despite the fact that the intent of the Legislature seemed to be that the charter schools would receive at least 90 percent of the per pupil amount. How is that possible? Very simply, charter schools located in *Abbott* districts are not receiving the *Abbott* dollars intended for its students.

Abbott funding is awarded to special needs districts based mainly on the size of student enrollment. For example, Newark, being the school

district with the largest student enrollment, receives the largest chunk of *Abbott* dollars expected to be in excess of \$30 million in the coming school year. When calculating a school district's enrollment, students attending charter schools within the district are accounted the same as all other pupils. So North Star's charter school students help trigger *Abbott* money to the Newark district, and yet they are unable to see those dollars spent on activities that benefit them. Thus, with only 90 percent of the basic aid funding, North Star students are funded at a rate of 83 percent of the funding spent on their peers. This represents a high degree of unfairness for Newark Public School students whose public school of choice is North Star Academy. It is an inequity that should be set right.

When you consider the charter public schools, unlike traditional public schools, must also make rent or mortgage payments through their operating budgets, our students are really getting about 70 cents on the dollar for the educational program when compared to their peers. The fact that charter schools like North Star are succeeding despite the funding inequity is testimony to this new model of accountability and autonomous public schools that the Legislature, in its wisdom, brought into existence just a very short time ago.

I applaud the efforts of you, Mr. Chairman, to look at how the charter school funding has been implemented so far. And I encourage you to continue to look at how the charter law can be strengthened in the coming years. If you let them, charter schools will be the *R* and *D* arm of public education, a pathfinder to meaningful reform.

In the meantime, I would invite you to join Speaker Hastert and Governor Whitman tomorrow to visit North Star, and I encourage the dialogue with you in the days and years to come.

Thank you.

ASSEMBLYMAN BAGGER: Thank you very much and I appreciate your efforts.

Mary Jo Kapalko with the Academy Charter High School in South Belmar.

MARY JO KAPALKO: Good morning, Mr. Chairman and Committee members.

ASSEMBLYMAN BAGGER: And we have your written statement which will be appended to the record for the meeting. If you are able, in any way, to summarize as you go through with that also is most appreciated.

MS. KAPALKO: I will.

My name is Mary Jo Kapalko, and I'm the Director and Cofounder of Academy Charter High School located in South Belmar. We opened this year with a maximum enrollment of 100 students grade nine and ten. We will expand over the next two years to include grades nine through twelve and a maximum enrollment of 200 students. Our region of residence consists of the eight towns that comprise the Asbury Park sending-receiving district.

Our student body is 78 percent African-American, 11 percent white, 10 percent Hispanic, and 1 percent Pacific Islander. Seventy-five percent of our students qualify for free or reduced lunch. Fourteen percent of our student population receives special education services. Four percent of our

students came from nonpublic schools. The majority of our students tested below grade level upon their arrival, some students are working to overcome a sixth-grade level disparity. Although we do not have a local association, 80 percent of our staff members belong to the New Jersey Education Association.

Our school uses a child-centered approach to provide a comprehensive curriculum which exceeds the New Jersey core curriculum content standards. Our day is longer than the norm, and our year is extended, including Saturday sessions. Children meet weekly with a faculty mentor who monitors their academic, social, and emotional growth. In a block-scheduled format, an interdisciplinary approach to the curriculum is implemented. Our goal is to provide the framework necessary to assist the underachiever in reaching his or her maximum potential.

For 11 years I worked as a science teacher at Asbury Park High School. Hired when the district was already in Level III monitoring, throughout those years I dedicated myself to improving the educational opportunities for the children in Asbury Park. I served as chairperson for the School-Based Planning Team since its inception, as well as a member of the Faculty Council and School Effectiveness Training Council. I worked with the children as an advisor for the junior and senior classes, cheerleading coach, Odyssey of the Mind Coach, coadvisor to the yearbook and literary magazine. I designed the course which was the start of the modern day gifted and talented program at Asbury Park High School. Yet, as chances to bring about true reform and educational opportunities for the children of Asbury Park were attempted, for one reason or another they failed.

Over the years my frustration grew as I saw more and more students fall through the cracks. The passage of the New Jersey Charter School Program Act provided myself and my cofounder, a 21-year Asbury Park High School teacher veteran, the opportunity to put our experience and research into practice for the children we were dedicated to teaching. Neither of us have children that will ever be eligible for enrollment in the charter school.

Academy Charter High School provides the opportunity for all students, regardless of their ability to pay, to obtain a quality education. Charter schools are held as accountable, if not more so, as has been brought up this morning than the traditional public schools.

Even before the completion of our first year, the changes in our students are readily apparent. The children's attitude towards their education is that they can succeed, and they are doing just that. No longer will a child sit idly by while someone else prevents them from obtaining their education. Students say that they have learned more in six months than they did in all of last year or longer. Their self-esteem has boomed, and they recognize that they are part of a caring community. They have learned how to settle problems without resorting to violence, this, without our students share of the \$3,238,544 of Asbury Park's *Abbott* Parity Remedy Aid, which would equate at 90 percent to about \$900 for each of my students.

With a general fund per Asbury Park pupils is \$7900, while when you take Asbury Park's general fund for their 1999-2000 budget and divide by their number of pupils equals \$14,040. A huge disparity. Our children deserve their share of the funding available to their counterparts at Asbury Park High School. We are limited, in many ways, by financial restraints, yet

we manage to create a secure learning environment in which our children can flourish.

We hope that as our students demonstrate success, Academy Charter High School, as all other charter schools, will serve as models for all public schools. It is not acceptable to sit idly by and watch a school fail its children. Those involved in public education need to unite upon the common ground of the best interest of the children of the State of New Jersey.

Thank you.

ASSEMBLYMAN BAGGER: Thank you very much for your testimony and that of Mr. Atkins. As far as I'm concerned, the issue that this Committee is dealing with and the Educations and Budget and Appropriations Committees will be dealing with is how to pay for charter schools. I think the evidence I've seen, particularly in some of the areas of special needs districts, charter schools are providing a tremendous opportunity for children that otherwise wouldn't have them. And I'm glad you're here today to share that experience.

I think what really brings this Subcommittee together is now we will look at how are we going to properly fund the charter schools and so in a way that does not adversely affect the post school districts. And that's a difficult assignment, but that's the one we're going to take on.

Mr. Haffert.

G E O R G E W. H A F F E R T: Yes, my name is George Haffert, and although I did not write it on the form, I'm part of group that's called--

ASSEMBLYMAN BAGGER: If you could point that small microphone towards you again-- Just point it towards you so there it will be part of the transcript.

MR. HAFFERT: --Parents Advisory Committee, which is sort of a shadow cabinet to our school board in Sea Isle City, which is where I come from. I will deal quickly with a few brief subjects.

One of the things that I became involved with our school, because we are a small school district, is the subject of regionalization. The Department of Education has decided that more is not necessarily a good thing, that less is more, that small school districts like ourselves, Sea Isle City, Stone Harbor, Avalon -- these are all down in Cape May County -- are small schools and that we could give the students the same quality of education with fewer schools and accomplish the same educational goals. This is them, not me. Of course I have a different view of this. But this is what got me involved.

But the rationale here was a financial one: just as good an education but economically more efficient. I see a great schizophrenia between that stance where less is more versus the creation of a new educational bureaucracy through the charter schools where now more is better. And I can't understand how they can reconcile one with the other. Although I do not discount -- and I understand those that are advocates for the charter school system and I understand why. I have also frustrations with the public education; that's part of how I became involved.

I think part of the problem -- and I don't know where you politically stand on the issue. Senator Doria obviously is proponent and Assemblyman Luongo apparently was not. I just gathered from their

comments. However, regardless of where they stand, if you want the charter schools to succeed, the funding is going to be the key. We heard from Highland Park and from Ocean City, two areas where those are most upset about is the fact that it is drawing funds away from the public schools and therefore weakening something that will educate the majority of the students regardless of how successful or unsuccessful the charter schools are. To that end I would suggest that you look very seriously at the funding mechanism.

I also would like to say that -- is it Senator Cafiero who sponsored the home rule school boards autonomy in these matters? What Senator is sponsoring that particular bill?

ASSEMBLYMAN BAGGER: I don't know. It could well be Senator Cafiero representing Cape May County.

MR. HAFFERT: Okay, well, regardless of who it is, I think it's an excellent idea. We heard two very good examples, and it would be very presumptuous of me -- I heard these two fine people here and then, of course, the Mayor of Jersey City. Who am I to say what's good for Jersey City? Although I am opposed to charter schools, I'm not opposed to innovation and improving public education.

However, I know that for Ocean City where everyone feels that their high school is excellent, and the same thing I hear in Highland Park, why do we need a charter school? Why then is it that the Commissioner alone would make the decision that affects the local entities when these individuals believe that it is not necessary. There were a couple of people who went and said, "Gee, we'd love to have this charter school." Everyone else-- The school

board, the local school education community, and the community itself didn't want it, but it was thrust upon them, why?

I think the home rule provision would be an excellent one to deal with the situations that you have in Jersey City where he is obviously looking for ways to get around some of the financial problems that he is having there and to create a situation and then school districts, like ourselves, who obviously do not need this.

I would echo what I've heard about fixing public education. I think creating a whole new educational bureaucracy, which I know money follows that and then there is a constituency and you know where this is going to lead-- If it's successful everyone will look back and say, "Well, this was a wonderful thing." But if we are doomed to fail -- if the funding mechanism is not reformed so that you do not hurt the local school districts at the same time that you are trying to improve public education.

This whole mantra that competition is a wonderful thing-- There are many, many areas in the public sector where competition does not work and does not work well, and education may be one of those areas where we have to modify it. But if you were to free up -- if you want to talk about competition, if you were to free up the bureaucracy -- and I deal with the schools. We are always coming in this Parents Advisory Committee -- we are trying to improve things in the school. "Well, they don't have the technology" -- the teachers are as well. "So we are going to bring--" "Oh, no you can't do that." We are constantly being told what we cannot do to aid and assist the school, and they are always pointing back to the bureaucracy.

Address the funding mechanism as I mentioned. Give the public schools the freedom to innovate. Why do we have to create charter schools to do the same exact thing that the public schools could do with the freedom and the funding to do that. And finally, you might even want to come up with some way of rewarding those schools based on their student population who succeed in doing that and take that kind of a competition approach.

Thank you very much for your time.

ASSEMBLYMAN BAGGER: Thank you for those observations and suggestions.

I'm going to call on our next panel with thanks to this one. Plenty of chairs, so I am going to call you all at once. Theresa Burns, Hoboken Public Schools; Rebecca Pocsaji and John Pocsaji, Taxpayers Against Charter Schools in Matawan; Mary Wakeham, also the Taxpayers Against Charter Schools in Matawan-Aberdeen; Dr. James Lytle the Superintendent of the Trenton Public Schools; and Eva Nagy with the Franklin Township Board of Education.

I don't see Doctor--

S H A R O N L A R M O R E, ESQ.: I'm sitting in for him.

ASSEMBLYMAN BAGGER: Why don't you introduce yourself and then please go ahead. It's 16 minutes to 12. My plan was to conclude the meeting at 12:00. That may not be possible. I have to leave at 12:15. We've got just a few people after this panel.

Please, representing the Trenton Public Schools.

MS. LARMORE: Good morning, my name is Sharon Larmore. I am the Legal Counsel for the Trenton Public School District. And Dr. Lytle was here earlier--

ASSEMBLYMAN BAGGER: I need for you to put the big microphone on also. Press it so that the red light comes on. (witness complies)

MS. LARMORE: My name is Sharon Larmore. I am the Legal Counsel for the Trenton Public School District, and I am here representing Dr. Lytle, who is our school superintendent. He was here earlier, but unfortunately, he did have to leave. And he has asked me to make a few brief remarks with regard to charter schools and the impact of charter schools on public school funding.

Thank you for this opportunity to speak today on behalf of the Trenton School District. There are currently six charter schools operating in Trenton. The funding impact of charter schools in Trenton has been dramatic and has affected the ability of the district to maintain existing programs as well as to implement required new programs. There are three significant funding impacts resulting from charter schools in addition to the dollars subtracted from the district budget for each charter school student.

Attached to my testimony -- and I will make sure that you do receive this -- are some supporting documentation. First, a significant number of students attending charter schools did not previously attend public schools in the Trenton district. As a result, the district is required to advance funds for students who were never accounted as being on roll for State aid purposes. State funding for those students is not forthcoming until the following year. Therefore, the district is always a year behind.

It works as follows. A private/parochial student is successful in a charter school spring lottery and obtains a spot for the next academic year. That student enrolls in Trenton in June at the end of the current school year

and begins the charter school in September. For State aid purposes, that student is not counted until October. The district is not reimbursed for that student until the following September. However, the district has already advanced a full year of tuition.

The data provided indicates that one out of six students attending charter schools previously attended private or parochial schools. The problem is further compounded because the district must rely on the charter schools to provide information needed by the district to obtain reimbursement of funds for a variety of categorical sources, such as special education, which the district has already advanced to the charter schools.

Second, the charter school allocation we have been required to reserve in our budget by the Department of Education has exceeded our own projections and expectations. Adjustments for actual enrollments are always calculated in arrears resulting in a cash shortfall to the district. This was particularly significant last year when funds were utilized to support four new charter schools in a single year. When the district is finally reimbursed by the State, reimbursement is for all monies due from the State. Therefore, it is impossible for the district to break out the charter school reimbursement to determine its accuracy.

Third, the district is required to provide transportation for charter school students who live within walking distance of the neighborhood schools. Trenton is not a magnet district which provides transportation to public schools of family choice. Rather, the district relies on neighborhood schools. Many of our students might choose to attend schools in other parts of the city

where that transportation opportunity is afforded. It is not because it is costly. However, transportation is provided at district cost to charter school students.

Finally, although less financially significant than the other three issues, the district is required to provide a two-year leave of absence to staff members employed by charter schools. Maintaining positions presents staffing and planning problems.

Charter schools represent a bold initiative on the part of the State. For both charter schools and traditional public schools to be successful the funding system must be supportive, and the regulatory framework should be no more or less restrictive for either.

Thank you.

ASSEMBLYMAN DORIA: Thank you very much. I appreciate the comments.

What I'd like to ask is that in order to expedite the process-- We have written testimony for a number of you, if you would just summarize your written testimony rather than read it will be appropriate given the time constraints that the Chairman, Assemblyman Bagger, has established.

So why don't we move now to the representative of Hoboken.

THERESA BURNS: Thank you very much for this opportunity. My name is Theresa Burns, and I'm here because both I sit on the school board and I am a parent of children in the Hoboken Public School District.

I believe that Hoboken has been significantly impacted by the creation of two charter schools up in our district. You will look in my written testimony -- in the first year there was a half a million dollars that was set aside

for the first school. By this year we are now talking close to \$2 million that is being set aside for those two schools.

At the same time, because of our changing demographics, we've lost enrollment in our schools and also because of the funding formula we have lost State aid. As a result of those cuts and having to fund these charter schools, we have had to lay off teachers, we've had to cut back costs in our budget in every area. Next year nine teachers have retired, and they are not going to be replaced. We have on-site certified staff members that will be let go. We have lunch aides that will be let go, and these are people's lives.

We have an early childhood program that is going to be scraped, a 10 percent cut across the board to everybody's budget. And a good portion of this is the amount of money that needs to be funded to the two charter schools. Of course, we have other things that are impacting our budget, but this is severely impacting us because we are a very small district.

The enrollment in our schools is declining; however, the charter schools are projecting an increase in enrollment. And because of that they are currently at 67 percent of their projected enrollment. We're having to front and fund children who will not then come to the charter schools. So this is money that needs to be deducted from our calculations and our staffing projections for next year to fund the charter school. And if they don't have the full enrollment projections that they make, then this is money that we had to set aside for no good reason when we really do have things that are in place that need to be funded, good quality teachers that we may have to let go next year--

Hoboken is typically urban. We have all the social problems that many urban districts have. That's reflected in our free and reduced price lunch numbers. Seventy-five percent of our children fit into that category. However, when you look to the charter schools in Hoboken, those numbers are down: about 30 percent to 33 percent of their children are on free or reduced price lunch. I think that is very significant when you look at the populations that they are serving and the populations we're serving.

Therefore, I just want you to know that we are doing our best to educate the most costly children that there are to educate, but we are having to do it on the backs of those children and take money away from them in order to keep this charter experiment going. We have supported charter schools in severity.

Thank you.

ASSEMBLYMAN BAGGER: Thank you very much for sharing that with us.

Eva Nagy.

If you could pass the small microphone over.

E V A M. N A G Y: Yes, thank you for the opportunity to speak. I'm President of the Franklin Township Board of Education, and this year we will realize the opening of a charter school in our district. But before I talk about the charter school, let me give you a composite of what our district is made up of.

We are a district that has magnet schools. We are a district of choice. We also have one of our magnet schools, which is a national blue-ribbon-awarded school which the new charter school is modeling itself after.

So many of the arguments or examples that were given earlier about charter schools and the need for charter schools we already had within our district.

We are fortunate to have a very diverse population. It's one of our strengths, and it's something we are very proud of. We are diverse socioeconomically, ethnically, racially, and that's our strength. Our concern is that this will not be represented in the magnet school that is being planned. The process of per pupil funding does not have a basis of reality. It's merely a calculation, and it's made up of a composite of programs, services, supplies, maintenance, and other items which are provided to the children districtwide. If one child is removed from the school district, the district would not automatically save the per pupil costs.

In our district we have had to set aside \$800,000 for the next school year for 100 perspective students. This money set aside we consider is a financial loss and without any savings that would be incurred by the students leaving the district. The loss of 100 students does not translate into a savings of four teachers. These students may be sprinkled over many grades, thus, reducing class size a bit but not eliminating a whole class.

The loss of 100 students does not translate into reducing four classes, nor does it open up four rooms to the district. We just opened up this September a 900-student elementary school, and it's crowded. We are looking into building a new high school, which will alleviate the problems in our high school spacewise but also open up more elementary. And yet, as a school district, we would not be allowed to rent and use the same facilities that the charter school is proposing to use, which would be a warehouse with some

office space in an industrial park, to alleviate any of our problems with class sizes and space.

Also, there is an additional cost for us for students who are not enrolled in the district. The family starting the charter school -- their children do not go to our district. We are concerned that a large number of kids from outside the district will -- from parochial schools or from home schooling will come into the district and then thus go to the charter school.

Our district is incurring additional costs to charter school kids that are not only going to Franklin Park School, but also New Brunswick schools. So, again, for us this is an additional loss of aid or of cost. There is a fallacy the money does not follow the child.

Due to the \$800,000 this past year, we were forced to put on an additional question for the voters. We cannot -- because of past eight years, six defeated budgets, we cannot continue to provide the same services that our students and parents expect out of our regular budget. So therefore we had to put out an extra question. If our budget would have gone down and if the question would have had to gone down, we would have lost some teachers. Also, the charter school would not have had any cuts as the district would have had to face in the budgets going down. Last year the town council forced us to cut \$1,090,000. Nothing like that would have even proportionatewise come out of the charter school.

We say that the charter schools are public schools. To me the one word missing is public. There is no public scrutiny on the finances or the programs of the charter schools, and that is a great concern. We, as a district, have identified deficiencies to the Department of Education and curriculum --

the selection process that does not reflect the diversity makeup of our district, whether it's ethnic or socioeconomic. The needs of special students -- and we have a high number of kids in special ed in our district and the lack of facilities. We are concerned there is a difference in criteria for us as a public school and for the charter school.

If the State wants to experiment, and that's fine, if the State wants to establish schools for this purpose, then the burden should be borne by the State and not on the overburden property taxpayers whose only recourse may be an emotional one, but it's a very direct one where their frustrations on many issues is to vote on public school budgets and most of the time they are voted down.

Thank you.

ASSEMBLYMAN BAGGER: Thank you very much.

Turn now to the Taxpayers Against Charter Schools in Matawan-Aberdeen: John Pocsaji, Rebecca Pocsaji, and Mary Wakeham. I know you have submitted written testimony and just to let you proceed in the order that you wish, but recognizing that we have your complete testimony. If it's possible to summarize that would be most appreciated.

MARY P. WAKEHAM: I thank you for the opportunity to speak this morning because I've listened to everything that everyone else has said and we have just a little bit more of a unique perspective.

First of all, my name is Mary Wakeham. I'm a parent with two children in the Matawan-Aberdeen Regional School District in Monmouth County. For your background, Patrick Douglas Charter School was granted a charter to open in Matawan-Aberdeen last September. They were unable to

secure a site, and this was because there was no site that would adhere to the necessary zoning, fire code, safety, and occupancy regulations. The point that I'd like to bring out to you especially is that the fact that they never, not even once, contacted the planning board to begin this absolutely necessary protocol.

Despite this fact, as late as July 1998, their trustees were telling prospective charter school parents and the local newspapers that contract negotiations were in a final phase. For your information, you should know that the site they proposed has a history of toxic issues, wetlands, close proximity to high-tension electrical wires, etc. It was a reasonable deduction to anyone familiar with the protocol that must be complied with the charter school would have been unable to open until these troubling issues were addressed to a satisfactory conclusion. However, the Matawan-Aberdeen Regional School District was forced to freeze \$1.5 million to hold for the charter school.

Approximately \$400,000 of this money for the charter school was to come from the elimination of safety busing. Previously, the district had provided safety busing to the many children in Aberdeen who, although they did not meet the State's mileage requirements for busing, were being bused because their route to school would necessitate crossing major highways such as Route 34, Route 35, railroad tracks, over the Garden State Parkway, or many dangerous streets.

It took significant man hours and computations to decide who was and was not eligible for busing. Mailers needed to be sent home informing parents that their children would no longer be eligible for safety busing and

that they would now have to send a \$50 deposit for each child to secure a seat on the bus if they still wish to have their children bused.

Since the final cost could not be determined at the time the letters were initially sent, parents were informed that they could expect the cost of busing to be in the range of \$275 to \$375 per child. Many parents were shocked to learn that this added expense would be piled on to our already stratospheric school taxes. This constituted an unbearable financial burden, and consequently, many outraged citizens besieged board meetings to voice their anger.

It was pointed out that a senior student who was walking to Matawan Regional High School in early June 1998 had been hit and killed by an oncoming train as she was crossing the train tracks. These were the same train tracks that many younger students would now have to cross on their way to school if safety busing were to be eliminated. Also, a special article in the *Asbury Park Press* -- a reporter detailed the route to school of two children who would no longer be eligible for safety busing, and he detailed how dangerous this route was.

Many teachers were given reduction and force notices in anticipation that they could no longer be afforded by the district if the charter school were to open in September 1998.

High school students were placed on alert that anything that was not absolutely essential toward their obtaining a high school diploma was up for consideration to be canceled. Included in this category are low-enrollment AP classes, clubs, after-school sports, band, and all the things that make school

fun and worthwhile. Needless to say, both teacher and student morale has dipped to a low point.

I ask you now to fast-forward to the present. I regularly attend charter school meetings, and despite the fact that charter schools are considered to be public schools and must adhere to the Sunshine law, also known as the Open Public Meetings Act, no information has been provided by any Patrick Douglas meeting regarding the facility site they claim to be in negotiation for at this late date, either as a rental or a purchase. In fact, Patrick Douglas Charter Board of Trustees make it a point to go into executive session to discuss facility matters, which they did last night.

And yet again, as recently as May 3, 1999, the planning board has not been contacted to begin the protocol required for the approval of any site by the charter school. It should be noted here that the most routine approvals from the planning board usually require a minimum of several months to be processed and completed. Since schools house our precious children, every required zoning would have to be stringently adhered to and would most likely require more than usual routine approvals.

Matawan-Aberdeen Regional School District has a feeling of déjà vu. We are again being held hostage to freeze \$1.2 million in funds for a charter school whose opening in September 1999 is highly questionable and, realistically, most unlikely, while we face the problems of a defeated school budget, and draconian cuts threaten the education of our 3700 children who are served by the Matawan-Aberdeen Regional School District.

If the State Legislature fails to act to change the funding of charter schools in New Jersey, the inequity of this farce could become a recurring tragedy for the 3700 questions in Matawan and Aberdeen.

Thank you.

ASSEMBLYMAN BAGGER: Thank you very much. It sounds like a significant problem you are facing, and we will certainly take a look at it.

MS. WAKEHAM: In fact, our superintendent wanted to be here today, but because the budget has been defeated, there is time pressure now to make the cuts. But the charter school money is guaranteed.

ASSEMBLYMAN BAGGER: Thank you very much.

REBECCA POCSAJI: Basically I have almost everything Mrs. Wakeham has. In addition, I am a parent -- a grandparent. I am involved with the High School with the parents' club. Most of your kids in the school right now have very low morale. They are sitting right now -- \$700,000 has to be cut from each of our schools in addition to the money that went down with the budget. Thirteen teachers are being laid off from the high school, most of them are your young teachers who just graduated from college. And your highest teachers do not go; it's all your young teachers. Most of the teachers who these children love are going to be let go, and once they go, they don't come back.

And last night we were at the charter school meeting, five people showed up -- a big secret of where their building is. We'll know where their building is on September 7th when their school opens. It's a big secret. This is our point in Matawan.

JOHN POCSAJI: I'm Mr. John Pocsaji, and I am resident of Matawan. We have grandchildren who attend the Matawan-Aberdeen Regional School District.

First of all -- I'll make it short -- less than two minutes -- we have a budget that was defeated. Our Matawan budget was defeated, and it's going to go up 17 cents per hundred. Aberdeen's went up 12 cents per hundred. This is-- Also with the money we have to set aside -- the \$1.2 million we have to set aside for the charter school, we are going to have a tremendous cut.

We have had our aid cut for the last few years. Our taxes are going up; aid is going down. I don't have to pitch these stories to you or what that's going to mean. We are in big trouble in Matawan-Aberdeen Regional School District.

I thank you very much for giving me the opportunity.

ASSEMBLYMAN BAGGER: Thank you for coming here today. It's important that you did because sharing what is happening in your community and the other communities represented here today helps inform us of changes that might be needed to the law. So it is helpful and important, and we thank you for that.

MR. POCSAJI: What I was going to say, also, was that our Governor was on television recently when she says she had an asset of \$1 billion. Why don't she try to fund a charter school?

ASSEMBLYMAN BAGGER: That is a point.

Our last panel -- don't be upset we put you for last. The State House pros we put at the end because we wanted to give the public folks who had come from all corners of the state a chance to speak to us today. But to

wrap it up and put it in perspective and maybe help point us in the right direction, we have Edwina Lee, the New Jersey School Boards Association.

Is David Nash here? (no response) I saw him before.

ASSEMBLYMAN DORIA: He has written testimony he gave us.

ASSEMBLYMAN BAGGER: David Nash, the New Jersey Principals and Supervisors Association has submitted written testimony.

Linda Kassekert and Rich Brown of the New Jersey Education Association, and Lynne Strickland of the Garden State Coalition of Schools.

Why don't we start with Edwina Lee.

EDWINA M. LEE: Thank you, Mr. Chair, and thank you on behalf of School Boards Association for the opportunity to raise and to discuss this issue of charter school changes in terms of funding.

ASSEMBLYMAN BAGGER: And recognizing that today I am really looking for the four of you to sort of be the capstone to our public hearing (*sic*) and maybe that will then create a segue to another meeting where we will be sitting down with you to really look at the specifics of whether and what changes to the law are necessary. But if you have written testimony that will be added to the record, you can summarize that and maybe reflect a little bit on what we have heard today. And do not be upset when in about eight minutes I leave because I have to go to another meeting.

Edwina.

MS. LEE: I'm going to summarize by thanking the public for doing basically the job that the education community is here to represent. What has happened, unfortunately, is that the innovative program and ideology behind charter -- the reason that I think Assemblyman Doria and

others put the bill into place was to offer another alternative and the many alternatives for education. And that is certainly how School Board views the choice available through charter.

Unfortunately, the funding mechanism that was also used in the New Jersey law has created the problem and the challenge that we are facing today. There is benefit to an innovative program that allows you to (indiscernible) rules and regulations. The problem is the school boards locally still have to protect, defend, and then, under defeated budgets, try to continue to educate all of the students within their district.

The bottom line is there needs to be different funding source for charter schools to give the innovative program an opportunity to show its merits and districts that choose to do that. And I think our number one thing is that school districts should have the opportunity to consider charter as an alternative and to fund it. If however the State of New Jersey and other authorities believe that charter is an innovative program worth doing, then, the funding should come from them.

ASSEMBLYMAN BAGGER: Thank you very much.

We'll turn now to Lynne Strickland with the Garden State Coalition of Schools, which speaks for the 240 districts that receive no Core Curriculum Standards Aid. These are the school districts that when a charter school is opened or a child leaves the public school to go to a charter school that all comes from local property tax dollars to support the charter schools funding. I'm interested in your perspective on that.

LYNNE STRICKLAND: Thank you.

And the bad news is that this year now it's a firm number of 250. Every year we keep graduating more into that realm. And additionally there are about 175 districts that receive 10 percent or less aid. So when you put them together, it's 425, close to 70 percent, of our regular operating districts that are at least under the threat of this imbalance of the funding mechanism.

And clearly you have heard from a lot of local districts, not only today, but I'm sure as time has gone on, about funding being the tantamount issue, and we think it is. We respectfully disagree, perhaps, with Jeanne Allen who respectfully disagreed with Gordon MacInnes. We do agree with Gordon.

ASSEMBLYMAN BAGGER: Respectfully.

MS. STRICKLAND: Very respectfully. (laughter)

We represent, as you said, these districts. But also with grass roots. I'm the only staff. And so being grass roots I have to rely on what I'm hearing, and I'm hearing from the grass roots that this is a real problem, the funding. And what it has done is it's put up a red light, and it's really stymieing any productive turn that people could take together.

And one of the things in the charter school bill, or the intent, is that good practices and good things that are happening in those districts would emerge and be shared with the traditional schools and perhaps point some positive ways to go in education, and perhaps also if things would emerge that weren't working, we could learn from that, too. The benefit of all that has stymied right now, and funding keeps stopping it.

So we would like to see a table provided by a way of dealing with the funding mechanism where families, parents, children, community taxpayers alike, in the same community, aren't pitted against each other, but have a fair

place to go where they can deal with each other at least in good faith as neighbors.

Lastly, a suggestion. I think that the Commissioner said earlier that he was planning to undertake a study within the next 12 months, and you requested an autumn report on the funding issues. We'd like to work along side of that I think that perhaps as a way to look at some temporary way to alleviate or stabilize some of these districts that are hit by such shocks right now and then look forward to a more positive and permanent funding mechanism, concluding to that the school choice bill has some pragmatic perimeters already in it in terms of funding the students who come from districts that don't receive Core Aid. There was up to \$3 million built into that bill that is -- at this point, got tabled. And that was considering about 4000 students at the *T* and *E* amount -- the full *T* and *E* amount. So some work may already have been done in this direction.

Thank you.

ASSEMBLYMAN BAGGER: Thank you very much.

Linda.

LINDA M. KASSEKERT: Thank you, Mr. Chairman. I'll be brief as well.

The one thing that I had to do today was to bring the apologies of my Director, Delores Corona (phonetic spelling), who really wanted to be here but had to go to Chicago. She wanted to have me let you know how important this issue is to NJEA, and I know that Assemblyman Doria knows that having worked so closely with her as the bill was being drafted.

Just to make a couple of quick comments about funding. We agree with what has been said about the first-year students and the problems that have occurred as a result of parochial students and nonpublic school students coming into the charter as well as new students.

I thought the comments by the Franklin Township Board of Ed President were really right on point. Because of district's loss of money where there are a significant number of children leaving the charter school, these losses are really proportional and really based on economy of scale because you can't just start laying off staff when children are coming out of various grades. So we would ask the Legislature to look carefully at that issue.

Just a couple of more comments with respect to some of the things that were also discussed today. We appreciate Commissioner Hesper's willingness to begin looking at monitoring the charter schools more closely. That has always been one of our biggest concerns because we have been hearing a lot of anecdotal information.

And we would also ask the Legislature -- this is sort of an issue that has not been discussed today -- to look carefully at the issue of privatization. We are seeing charter schools have wholesale turnover of the charter schools to private entities. And having worked closely and being very involved as the bill was being drafted, we believe that that was really not the intent of the sponsors to have private companies to come in and just wholesale run the charter schools.

With that being said, I think I touched upon my major subjects and hopefully under your two minute-- Oh, and I also wanted to -- one more subject -- agree and I was interested in hearing about the concerns raised about

the applicable laws and regulations with respect to the Open Public Meetings Act and the local contracts, the bidding laws. And we would urge the Legislature to look at that as well to ensure the charter schools are following those laws which they are supposed to do as public schools.

And Richard is only here to answer questions on funding, which I don't think you'll have time for anyway.

ASSEMBLYMAN BAGGER: Let me ask you a question--

MS. KASSEKERT: Yes.

ASSEMBLYMAN BAGGER: --on the funding. I don't know if you were here two and a half hours ago when I was asking the Commissioner about funding, and I was focusing on two areas. First, when a district is charged in its production and its State aid for the full 90 percent for a student that was in a private or parochial school last year and now this year he is in a public charter school, but the public school district, which never had that student enrolled in the public schools, now has just had \$8000 or \$9000 taken away from it. People talk about anecdotal evidence. That anecdotal evidence I have heard from a number of communities, and it just doesn't seem fair.

And the other thing I raised with the Commissioner is whether there should be some -- how we should deal with the newly funded, newly created charter school. And there is a shock the first year at the local school district that can be pretty severe. Any thoughts on either of those or both of those?

RICHARD BROWN: Well, a couple of things, yes.

First of all, funding, in general, whether it's for charter schools or for any schools for that matter is pupil driven in the State of New Jersey,

entirely pupil driven, whether it comes from State sources or local sources. That's the way our funding formula works.

That creates a problem because, when students leave, and they leave to charters on that basis, the programmatic part of education is impacted, and they are not funded on programs. And that's a problem not only in the charter school transfer on a per pupil basis, it's a problem in our funding program as well. Many states also fund a basic per pupil amount. In other states, and in similar as New Jersey, that per pupil amount is usually established not what it costs to give a good education, but generally how much available money there is divided by the number of students in the state.

So it's not related to the programs. And some states do, however, have components to their funding formula that fund program components like they will give so much for teacher salaries, or they will give a certain amount for a classroom unit rather than all totally on a per pupil basis.

As far as the first-year start-ups of new students, it's not only charter schools that cause that problem. Any district has that problem. If a new housing development moves 500 new students in, the school district still has that burden that very first year because the students are not counted in the funding formula.

There needs to be some method developed, at least with the charter schools, and it could be done very well and easily with the charter schools I believe, more so than with a housing development possibly -- but to include those projected enrollments in the charter schools -- in the projected enrollment for the resident districts when their State aid is calculated.

ASSEMBLYMAN BAGGER: Thank you.

Assemblyman Doria, questions and then closing comments on the meeting.

ASSEMBLYMAN DORIA: I'll make closing comments, thank you very much.

I want to thank my Co-Chairman, Assemblyman Bagger.

I just want to just point out that as the charter school legislation was created, there was a great deal of discussion about the issue of funding. And there was an attempt on the part of a number of us who are supporting charter school legislation to get additional funding from the Governor. The perimeter she established when charter schools were created is that no additional money would be allocated.

That was a perimeter that came from the Governor's Office. The legislators understood that there could be a problem and didn't realize it was going to be as significant as presented and as has been testified to today. But the issue of additional money to deal with charter schools and to deal with some of the problems that we foresaw in the creation of charter schools was something that the legislators, both Senate and Assembly, understood. They felt that something should be done about that, but unfortunately, we have directive from the Governor's Office and the Commissioner at that time, Commissioner Klagholz, that there was not to be one additional cent spent.

Now, as was pointed out I think very succinctly by someone earlier, one of the people from Matawan-Aberdeen, there is more than sufficient money in the budget right now to deal with that issue, and we should address it.

I think Assemblyman Bagger has hit the nail on the head and the testimony from the NJEA representative has also followed up that -- especially during that first year in the transition when new students are coming in and where students may be not coming from the public school, a problem exists in the public schools right now, and that's something that we should deal with also.

But there is that problem of additional enrollment that suddenly appears. Public schools have to eat that whether it's within their own school buildings or within a public charter school, and that is a problem. Some districts -- I know in Bayonne, my town just went through that 1300 students in three years. We couldn't even get even next year the money because of the cap. This year the cap was taken off, but that created a difficulty.

The other point that I want to make, and it's something that everyone should be very careful about because you might be giving the advocates of charter schools a very good argument, is when you start saying, "Well, these students are coming from outside the public school system from private schools and parochial schools and they are costing us money."

That's a very good argument for saying that those schools should get bigger because that would save money. And, thus, the advocates for vouchers might well say, "Well, we can save significant money by keeping those schools larger and providing a lesser amount of money for vouchers to keep those students out of public schools or out of charter schools." So I think those people who are supportive of public schools might not want to emphasize that argument so significantly because you may be giving the advocates of the opposite point of view a very good argument for why vouchers would save

money to the citizens of the state and the taxpayers of the state. So that is something just to think about as you through these arguments and have these discussion.

There may be a good argument one way, but it may work very much against you in another way. And that is something that all of us have to understand as we go through this process.

I want to end by saying that I appreciate the fact that the Chairman of the Joint Committee, Senator Martin, set up this Subcommittee and that we need to have this discussion further. There are some very legitimate concerns that have been expressed here today. There is a need to see how we can deal with those concerns. The priority has to be the quality of education our children receive. And my concern from the beginning, and why I introduced legislation beginning in 1990, which the Commissioner reminded me was the predecessor of charter schools, was because we need to deal with failing public schools.

We tried to do it with school takeover. I lived with that. I supported it against a lot of other people because I believed it was a movement in the right direction. Unfortunately, I don't think it's worked as effectively as it should. I believe we need to look at this Charter School Program as a way to help revitalize the public schools, not as an alternative. There never will be any number of charter schools to any way equal traditional public schools. But we need to look at traditional public schools and look at magnet schools and look at how we can make them more vital, how we can make them more effective, how we can make them more attractive to our children so that they get a better education. And if we don't realize that the way we have been

doing things for 100 years is not necessarily going to work once we enter the new millennium, the 21st century, we are going to continue to guarantee that our children are not going to get the best quality of education.

When you still have in some districts in this state only 40 percent of the ninth graders graduating from high school, we have a serious problem. And when you realize we spend more per student in the schools in the State of New Jersey than any other state, you begin to realize that we have to begin to deal with the problem and solve that problem by looking at new ways to deal with it.

And obviously I am concerned about the property taxpayers, now as a Mayor even more so. But that is an issue that has to be dealt with. We have to balance it all.

So I just thank everyone for their participation and thank Chairman Bagger.

ASSEMBLYMAN BAGGER: Thank you, Assemblyman Doria, and thank you for your participation in today's meeting. I know you are a very busy legislator as the Democratic Leader of the Assembly. It was awfully good of you to participate throughout this morning.

To everyone who attended and participated in this meeting let me thank you because it is very helpful to us in trying to carry out our responsibilities. Let me also congratulate you because I think any time that people who disagree, and sometimes disagree strongly, about a public issue can come together and have a thoughtful and intelligent discussion about their differences and to try to look for solutions in a creative and balanced way. You

should be congratulated because all too often in public discourse in this state and in this country that doesn't happen.

I thought this was a very helpful meeting this morning. It brought out a number of perspectives and information. I learned some things, and good suggestions were made. And what I anticipate would happen is that this Subcommittee, working with the Department of Education and the groups that are represented here today, will work on this over the next several months with an objective in mind of making a recommendation to the Education Committees and to the Appropriation Committees. And a number of members of both of those committees, the Education Committees in both Houses and the budget committees in both Houses, serve on this Committee so that we'll be well positioned to do that.

So with that, if there is nothing further, I thank you all for your participation and have a nice day.

ASSEMBLYMAN DORIA: Thank you.

(MEETING CONCLUDED)