



New Jersey School Boards Association

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NJSBA Calls for School Wage Freeze

Also Urges Extension of Millionaires' Tax, Enactment of Benefits Reform

TRENTON, March 18, 2010 — With school districts facing state aid cuts far greater than they originally anticipated, the New Jersey School Boards Association today called on Governor Christie, the state Legislature, and school employee unions to support five strategies that will help local school districts preserve education programs and navigate through unprecedented financial difficulty.

"We understand the extent of New Jersey's fiscal crisis and the need for all levels and branches of government to address the problem," said Marie S. Bilik, NJSBA executive director. "Practical solutions have to take precedent over narrow interests and political ideology.

"The strategies that we advocate are designed to help school districts navigate the 2010-2011 budget year with as little damage as possible to education programs for school children.

"In his budget address, Governor Christie said he wants to give local school districts the tools they need to control costs, particularly the cost of employment which makes up over three-quarters of the average local school district budget," Bilik continued.

"Certainly, education is a labor-intensive service. When we refer to directing limited financial resources to the classroom, we are talking about the major cost of education. That is, the salaries and benefits for teachers, who deliver education, as well as for their supervisors and administrators who manage the schools.

"Governor Christie has proposed changes in school district negotiations and management, designed to help school districts control costs and improve their operations. NJSBA supports many of these changes; they are long overdue. But there is one drawback: the changes are not yet in place. They require legislation. And they will not affect the immediate problem facing school districts: severe cuts in funding for 2010-2011."

"Therefore, we are advocating the five initiatives to enable school districts to provide responsible and effective education programs in 2010-2011."

Reopen Contracts to Freeze Wages

NJSBA is calling on the state's largest teachers union, the New Jersey Education Association, to urge its affiliates to cooperate in the reopening of existing contracts, with the goal of freezing salaries for the coming school year. Local school districts need to take this approach now. Otherwise, the loss of teachers and other staff will diminish the quality of school programs and will hurt New Jersey's children.

NJSBA believes the salary freeze should extend to all employees, including school administrators.

Extend Millionaires' Tax for One Year

The state's fiscal crisis dictates a strategy that will distribute the pain of funding cuts fairly. Today's financial environment is not the atmosphere in which to eliminate a needed revenue source.

An estimated \$1 billion could be generated by extending the millionaires' tax for one year. We are therefore asking the Legislature and the governor to extend the tax for 2010-2011 only. The funds would lessen the program cuts and layoffs that face public schools next year. The extension would also allow the time for the governor's proposed negotiations and management tools to go into effect, enabling districts to cut costs in future years.

Enact S-3/A-2460: Employee Contributions to Health Coverage

Immediate approval of one part of the proposed pension/health benefits reform package, S-3/A-2460, would help school districts right now. The bill would require that all school employees contribute 1.5 percent of their salaries to the cost of health benefits. Health insurance has been the fastest growing area of school district compensation. Enactment of S-3/A-2460 would require such contributions in many school districts, starting next year, and would help districts weather the current financial crisis.

Address the Cost of Post-Retirement Medical Benefits

Each year, a significant portion of the New Jersey state budget is used to underwrite the cost of lifetime health benefits for most public employees, including school district staff. The appropriation approaches \$1 billion. Local school districts never asked for this benefit for their staff; it was given to school employees by the state Legislature.

The pension and health benefit reform package moving through the Legislature would require new hires to contribute to post-retirement medical benefits when they retire. That's a move in the right direction, but it will not start having an impact for at least 25 to 30 years from now. We need action much sooner.

Therefore, we urge state leaders to consider strategies that would reduce this major cost to the state budget and, therefore, provide the funding needed for essential services.

Suspend School Budget Elections for 2010

About a month ago, NJSBA began calling for a suspension of the school budget election for 2010. We did so because of the lack information available about state aid for 2010-2011 and the impact of the \$475 million mid-year state aid cut, announced in February. Yesterday's release of 2010-2011 state aid figures—many far in excess of anything school districts were told to anticipate—illustrates the need for more preparation time for next year's budgets. By April 3, districts must have their budgets finalized for placement on the school election ballot.

Suspending the budget election for this year would provide additional time for school districts to prepare their budgets, and for the state to conduct a thorough review of these proposals for efficiency, as required by law and regulation.

School budgets are subject to a tax levy cap; they undergo intensive review by the state's executive county superintendents, and they are subject to public hearing. These are greater controls than those placed on municipal and county budgets. It would be in the taxpayers' interest to suspend the elections this year, so districts have the time to develop responsible budgets.

The New Jersey School Boards Association believes these changes would enable school district to control costs and provide adequate school programs.

The New Jersey School Boards Association is a federation of 588 local boards of education and includes 44 charter school associate members. NJSBA advocates the interests of school districts, trains local school board members, and provides resources for the advancement of public education.

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