
Public Hearing

before

SENATE EDUCATION COMMITTEE

AND

ASSEMBLY EDUCATION COMMITTEE

*“Comprehensive Plan for Educational
Improvement and Financing”*

LOCATION: Eastern High School
Voorhees, New Jersey

DATE: January 24, 1996
3:00 p.m.

MEMBER OF ASSEMBLY EDUCATION COMMITTEE PRESENT:

Assemblyman John A. Rocco, Chairman

ALSO PRESENT:

Assemblyman Louis A. Romano
District 33

Assemblyman Joseph J. Roberts Jr.
District 5

Darby Cannon III
Office of Legislative Services
Aide, Senate Education Committee



Hearing Recorded and Transcribed by
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ASSEMBLYMAN JOHN A. ROCCO (Chairman, Assembly Education Committee): I would like to call the hearing before the Joint Committee -- the Senate Education Committee and the Assembly Education Committee -- to order.

At this time, we have with us Assemblyman Lou Romano, who has joined us all the way from North Jersey, quite a distance, quite a ride. Louis, we appreciate your coming down and being a part of this. Lou Romano has had a great deal of experience dealing with school boards and school business officials, and he will certainly have a great deal to add to this process.

Today, what we will basically do is-- We will not expend too long a time in terms of the hearing -- speeches from up here -- but we are here mostly to hear what you have to say and to get your information, which will be transcribed. We will have written documentation of all that is said here today. We will also put into the record any documents that you present to us, all of which will be available after transcription has occurred.

The critical nature of the issue before us -- the "Comprehensive Plan for Educational Improvement and Financing" -- is one where all of you, obviously, have a great concern with regard to how it is going to impact the schools and what kinds of programs are going to be established; what will be thorough and efficient, what will not be; what is included, what is not included.

I can tell you directly that the administration is wide open to recommendations, as are the members of the Legislature -- wide open to recommendations, improvements, deletions, additions, whatever may be worthy in terms of restructuring the Plan before us. This is simply a start and,

in no way, as I see it, will this be the ultimate document. It will have numerous changes as we move along.

Many of you have contacted me personally, and will continue to do that. We will continue to look for ways to see whether or not this process and this proposal will bear the weight and strength of its position, because, certainly, there are a number of things that are good about the Plan and program, but there are also a number of things that must be changed, and we will attempt to do that.

We all know the number of commissions that have tried to resolve this issue, the latest one, of course, the Funding Commission with Al Burstein, who is an absolutely competent individual. However, no resolution occurred at that point.

So we move ahead with this, hoping to find a resolution that will, in fact, resolve the questions of the Court in terms of the Court position in Abbott v. Burke, and also to try to clarify what is really a safe, secure, and fair proposal.

Lou, do you have a comment? It may be your last chance to say anything, so, since you have driven this entire way--

ASSEMBLYMAN ROMANO: Thank you, Mr. Chairman.

Actually, I have nothing to say. As you have indicated, I am here to listen. From that, we will go forward.

I do not sit on the Education Committee. I sit on the Appropriations Committee. It will come to us on this funding proposal, and I want to be as well versed as possible. I am very anxious to hear your comments.

Thank you.

ASSEMBLYMAN ROCCO: Thank you, Lou.

We will start off with the host Superintendent, Dr. Barry Galasso.
Dr. Galasso?

By the way, before Dr. Galasso starts, we have some 38 people to testify. We are going to try to hold you somewhere around five to six minutes. If you represent a large group or organization, we will extend it beyond that. I am not going to hold hard and fast to numbers, but we want to try to get to all of the speakers. We will get, I promise, to all of the speakers, if I have to stay here until 12:00 tonight. We want to get information, but try not to be repetitious of things that have already been presented.

With that, Haskell, you will be the timekeeper. You will let me know, and I will take it from that point.

Dr. Galasso.

B A R R Y J. G A L A S S O, Ed.D.: Thank you, and welcome to the Eastern Camden County Regional School District. We are pleased to have Assemblyman Rocco and other Assemblypersons here today on this very important issue.

I want to start out, just briefly, by describing the situation at Eastern Regional. Helping me with the presentation is Rex Donnelly, Assistant Superintendent of Black Horse Pike Regional. What we did was take a look at the impact of the proposal and its effect on two regional school districts in South Jersey. Let me make a few statements about Eastern Regional:

The Eastern Regional School District is recognized as one of the State's and region's academically finest institutions. In addition to that, we

spend \$2500 less per pupil than the average regional in the State of New Jersey. We also spend about the same amount of money per student as the State's touted K-12 model, which is remarkable when you consider that we are charged with the most expensive range of the educational spectrum, 9-12 education.

When we put the formula to the test and increased the amount proffered in the report by 3 percent compounded yearly, the Eastern Regional School District, by the State's own criteria, which is deemed to be efficient, would have to put out to its voters 12.3 percent, or \$1.8 million, of its budget as excess foundation funding, or excess educational funding.

We do not find that to be an equitable solution to the school funding situation. It is impossible for a district which is deemed to be efficient to be asking the voters for those amounts of money to sustain programs.

In addition, under the State's proposal, the Eastern Camden County Regional School District would lose its at-risk aid. There is no mention of its gifted and talented programs in the proposal, as well as advance placement courses. We should be challenging future leaders and helping our most challenged students. The Eastern Regional School District would lose that particular funding.

In addition, we have just been notified that we are going to be losing our Title I aid, because we have less than the number of students who qualify for a free lunch.

In order to sustain the excellence at our Regional School District, we need an equitable funding solution. Dr. Esbrandt will be following me in a few minutes, and he will be talking about the positive things in the Plan. I

will not take the Committee's time today to do that, but there are many fine things that are proffered in that particular foundation Plan. It just needs to be refined; it needs to be expanded; and it needs to be funded at levels that are consistent with excellence. We are not interested in leveling down education. We are interested, in the State of New Jersey, in providing the best possible opportunity for kids.

Thank you.

ASSEMBLYMAN ROCCO: Thank you, Dr. Galasso.

May I ask just a few questions?

DR. GALASSO: Sure.

ASSEMBLYMAN ROCCO: The model calls for about 7200?

DR. GALASSO: Right.

ASSEMBLYMAN ROCCO: So, right now, you are below that amount?

DR. GALASSO: No, we are above that amount. We would have to put about \$1.8 million of our existing budget out to the voters in excessive education costs, as the Plan calls for.

ASSEMBLYMAN ROCCO: Unnecessary expenses?

DR. GALASSO: Unnecessary expenses, excessive educational funding.

We are \$2500 less than the average regional in the State of New Jersey. We spend less than the average regional. We spend about the same amount of money as K-12 districts, which the State is touting as the most efficient model.

ASSEMBLYMAN ROCCO: Okay. That clears up one question.

Another question I have would deal with free lunches. You would be using that as a criteria to establish at-risk. I have kind of put this question out to as many superintendents as possible. Is there a better way to do it?

Camden County superintendents have always been so helpful in so many things that have occurred in the State, unbeknownst to all of you up North. Much of it came out of Camden County. But the question is: Is there something better to use as a trigger point than the free lunch? If so, I would like to explore that and hear from the Association.

DR. GALASSO: Off the top of my head, I would think that we would look at real need. When we had the educational test data, that indicated in each school district in our State students who need additional remediation or help. I think it would be easy to come up with a formula that would allow school districts to receive dollars based on the students in need, rather than the fact of assuming that because you happen to have -- or qualify for free lunch, that you are an at-risk student. I am not so sure that there is a direct correlation there.

ASSEMBLYMAN ROCCO: That could be pursued further, you know, and other alternatives.

Thank you very much, Dr. Galasso.

The next--

R E X A . D O N N E L L Y: I am Rex Donnelly. I am supposed to be sharing part of Dr. Galasso's five minutes. I guess if he has used it all up--

ASSEMBLYMAN ROCCO: Oh, you're part of Barry's group? Okay. I'm sorry, Rex.

MR. DONNELLY: That's okay.

I am Assistant Superintendent of the Black Horse Pike Regional School District, which is another very fine school district in Camden County -- one of four. We also -- as Dr. Galasso did -- performed an analysis of the Commissioner's hypothetical Plan and model, and applied the numbers to our own budget. Our requirement would be about \$1.3 million additional moneys that we would have to put out through the electorate.

I would like to call attention -- without apologies -- to the 12-page treatise I offered you, because at the end of it I tried to take another step. It is too easy to sit down and criticize the work of someone else. All of us can do that. I proposed a funding Plan, if you will. It is not a new idea. It is a concept that has been offered before, but I have tried to speak to it in terms of the Commissioner's Plan, that is, the weaknesses and problems in the Commissioner's Plan, as well as the directions of the Supreme Court in its presentation.

One of the areas where Black Horse Pike Regional is suffering-- There are two in particular as this formula works out. One of them is special education. The Department's analysis and hostile comments concerning the school administrators of New Jersey with respect to special education are -- I don't like to use unfair terms, but I think complete and utter nonsense just about does it.

The categorical aid for the Black Horse Pike Regional School District for special education was about \$1.4 million last year. If you add the foundation aid to that, why, of course, it is a higher number. Our actual costs were \$5,851,000 without the cost of employee benefits and other things. So if you begin to do the arithmetic of that, you see that we are diverting more

and more funds from our other structural accounts to pay for special education. It has become an alarming problem for us.

Certainly, we concur with the Department that no incentives should exist for classifying pupils, but we have to quickly add that the Department needs to understand the real costs for special education and to provide for them -- as does the Legislature need to do that -- and provide for them in a final funding formula.

The only other comment I would like to make with respect to facilities is: The Plan does not speak to debt service, facilities, or even transportation, and the Black Horse Pike Regional School District, if you know anything about us, has had a long history of facility overcrowding. We were one of the very first districts to have, as you have probably heard, triton red and triton blue, a number of years ago. We operated two high schools--

ASSEMBLYMAN ROCCO: I know it well, yes.

MR. DONNELLY: --in the school day -- two six-period high schools. We are about to have to go to something similar to that again. Our facility problems are tremendous. We feel the Plan should address construction, facility needs, and debt service in a little different way than it has been addressed. The Department, presently, is decreasing the debt service. You know, Formula I uses 71 percent of the debt service you are entitled to, and that sort of thing. That is unfair. The same thing is true of transportation. It is unfair to decrease those percentages, because the districts that do not have transportation are not affected by it. The districts that do not have as much debt service are not as affected by it. That is the kind of thing

that we would beseech the Legislature to speak to, so that funding becomes a more fair proposition for all of us.

I thank you for listening.

ASSEMBLYMAN ROCCO: Thank you.

We know the new Special Ed Task Force report is out. There are a number of ways by which we can save money in special ed. We are going to look at all of that, as well as the fact that Child Study Teams, of course, classify students, and, as a consequence, I don't believe districts ought to be penalized when students are classified. To a large degree, it is out of their hands.

Let us now go to the Camden County superintendents in whatever order they wish. I guess Ray Brosel, Phil Esbrandt, Barry Ersek, Roy Dawson, and Linda Steenrod. Barry Galasso has already been before us, as has Mr. Donnelly.

Ray?

RAYMOND J. BROSEL JR.: Thank you, Assemblyman Rocco.

I am Raymond Brosel, Superintendent of Schools in Voorhees Township. I am also the Chair of the New Jersey Association of School Administrators' Legislative Committee.

Today, I would like to take a few moments to outline some questions that my colleagues will expand on and pick up on any I may miss. Dr. Galasso has already spoken about students classified as "at risk," and the concern we have with that part of the funding Plan.

But the funding Plan before us raises several questions. First of all, what state does the model fit? We do not see it fitting New Jersey. We can identify about 7 percent of the districts that have around 3000 students and

are K-12. There are over 80 K-12 districts with more than 3500 students, and this information comes from the Department's Comparative Spending Guide, which was just released in January of this year.

ASSEMBLYMAN ROCCO: So, Mr. Brosel, you're saying that actually only 7 percent of the schools fit the model?

MR. BROSEL: That is all we can find. We are certainly open to discussion on that.

So it raises a second question: How many districts does this model envision? Are we talking about changing Cherry Hill to three more districts instead of one, or are we talking about reducing, or changing Camden City? We have some questions about what model this funding Plan represents.

Then we ask the question: If it represents another state, or if it is another state's model, at what level of funding does that state provide to implement their plan, and what level of funding will be required to implement this Plan? These are some of the questions we think we should not forget about as we work together to try to implement this funding Plan challenge and what has been before us for years. One of the other questions that comes to mind immediately -- and it was touched on -- is special education. To cap a federally and State-mandated program and to put in penalties and disincentives to provide what the law requires makes it extremely difficult for us to figure out how that is going to work.

We also must not forget -- it has already been mentioned, and we cannot forget it -- is that you must provide us with a consistent debt service funding. When we go out and ask the public to support a referendum, we give them an estimated cost impact on them. That is based on a funding level.

When you change that funding level, we cannot change the payment on the debt service, so it has to come from other tax dollars. Transportation services are mandated. We cannot forget to include them in the funding formula, unless there is going to be a change in that mandate.

Another area where we have a major concern is the politicizing of the school election. Yes, more people vote in November than vote in April, but 100 percent of the people voting in April are voting on educational issues. Please don't confuse quantity with the quality of the voters.

We also cannot understand the extremely negative rhetoric in a State Plan for funding. It is demeaning to communities, students, and people working in this field to be told that we have excessive and unnecessary costs. When young people are provided excellent educational services, most community members think their schools are doing an excellent job and like their schools, and we find it difficult to understand why certain areas of excellent districts are considered excessive and unnecessary. Hostile words in a State Plan do not endear anyone to work toward a solution, rather than reacting to the charges put forth.

Finally, we have one last question. With most proposals, we would work and try to resolve them. We sure would like to know what the financial impact is, and why wasn't it included with the Plan? Better yet, why don't we have the financial impact yet?

We thank you very much for the opportunity to speak. We stand willing to work with you, or with anyone working on solving the challenge of funding education in New Jersey.

Thank you.

ASSEMBLYMAN ROCCO: Mr. Brosel, I would be glad to respond, and maybe Lou would too.

November elections, I think, are just basically a big mistake. They will definitely politicize the system. I have great concern about that.

The term "unnecessary expenditures," I agree with you, and it is negative and unnecessary to have it in there. So your comments are on target on some of the issues that I have basically discussed with the Commissioner.

Lou, do you have any questions?

ASSEMBLYMAN ROMANO: Mr. Chairman, I agree with you wholeheartedly.

I would like to make another point: It would warm my heart if this school were the model for the rest of New Jersey. I am from north Hudson County. When we look out school windows, we do not see what you see here. We see double-parked cars. We do not have the fields. There is always criticism when one wants to put in sports turf to allow for sports year-round. You know what it is when you raise grass and you only have one stadium, if you will. Here, you have many fields. You have much going on. I am concerned that when they look at the funding proposal, where does all this fit into the panoply that is being set up by the State with a core curriculum?

You know, I am not going to go into the advantages of sports, but for many students in my area, sports have been the vehicle by which they have gone ahead to college scholarships. Sports have -- how can I say it? -- provided a safe haven for them to be interested in some sort of sport, rather than hanging out on some corner somewhere.

As the Chairman has indicated, my thoughts are your thoughts. I am just concerned about how this is going to play out to those areas which do not have this model school. What does it mean? What will they be criticized for, as the famous criticism for lights on the football field, which I have argued against? Who knows? That field, you know, may be the only field. So where do we draw the line as to what is the core curriculum? Where do we draw the line to those costs which are incumbent upon a school district, actually in a human services type of area, to make up for where they came from?

We in Hudson County have immigrants coming from all over, from all the islands you can possibly think of. For many students, this is the first time they ever sat in a classroom. We see it in our shopping areas. The people don't even know how to behave in a shopping area, with the waiting for lights, etc. For us, it becomes more than a culture problem. We are democratizing our students. They deserve everything we can possibly give them. They do not come to us ready for us to have a finished hand.

Here -- I marvel at this place here. I would love to be able to look at schools like this within the north Hudson area. We just do not have the space.

Thank you, Mr. Chairman. I'm sorry if I became rather prolix in my remarks, but I get rather vented.

ASSEMBLYMAN ROCCO: Lou, although not on the Assembly Education Committee, is on a very important Committee -- the Appropriations Committee -- which will ultimately be voting for the funding. It will have to go through that Committee, and we will certainly appreciate Lou's input.

Dr. Esbrandt?

P H I L I P E S B R A N D T, Ed.D.: Good afternoon. We have distributed copies of our testimony, and it would be helpful if you had them so we could check the numbers as I go through it explaining what they mean. It is titled “Joint Public Hearing Before the Assembly and Senate Education Committees,” Eastern High School, testimony by Phil Esbrandt. G o o d afternoon. I wish to thank the members of the Legislature for providing us the opportunity this afternoon to give testimony about the Comprehensive Plan. My testimony will include seven parts. First is a description of the context and framework in which this educational finance problem in New Jersey exists. It is a difficult one.

I would like to mention a few things about the Plan, its impact on local districts, including Cherry Hill, and then I want to deal with the concept of fairness that the Chairman mentioned earlier, because fairness is a concept that has to be addressed for all school districts in New Jersey for this funding systems or for a new one. To be effective and to be accepted, it needs credibility, and without fairness it will not happen.

If you look at the first section -- I will just go through a little part of it in the description, rather than you having to read it -- this complicated context for funding involves several things. Number one is the recognition that rapid expenditure growth for governments and agencies, such as schools during the 1980s and early 1990s, is finished. There is a changing, more competitive global economy that has led to stable or shrinking family income. In just the Inquirer report this morning, incomes today are just a fraction over

what they were in 1988. So the recession that began in 1990 isn't finished probably in some people's minds.

Government spending and growth of debt have become a drag on the economy. The spending burdens have been shifted from Federal to State levels, and now they are being shifted from State to local levels. We at the local level are looking at, where do we shift it to? Local taxpayers are saying, "We have had enough of your shifting responsibilities and support to us."

The New Jersey Supreme Court has declared in New Jersey that the school funding mechanism is unconstitutional, and has mandated increasing aid to 30 special needs school districts. Legislative, agency, and court initiatives have continued to burden State and local districts. More money is needed. The local residents now have two concerns, they have told us.

1) "If you have to increase local taxes more, will my house be worth as much?"

2) "If State aid and additional aid does not come to schools and my houses cannot attract buyers because of the schools, will my house be worth as much?"

It is a catch-22 almost. So it is within this particular political, legal, and financial context that the Commissioner of Education, the Department of Education, has developed this Comprehensive Plan. They try to address everything in it. I think it is a noteworthy effort. They take a very broad view. If you look at Section II under the Comprehensive Plan in the report I have given you, the Plan takes a broad view of what traditionally has

been included in the funding formula and expands upon it. It puts in: additional moneys for special education services; support for recognition and rewards for student achievement; support for students and schools impacted by poverty; stability of funding spread over a two-year period; recognition of the importance of professional development. All of this is now in this Comprehensive Plan that was not recognized before as being part of the funding formula.

This Plan attempts to provide a thorough educational opportunity for all students. By adding proposed curriculum standards which will challenge students and extend program offerings in many school districts, a new definition of “thoroughness” at the school district level would evolve out of this particular Plan -- but it causes us some problems.

I think efficiencies are built into this Plan as well. An attempted efficiency is to cap special ed spending at 10 percent of the population of the school district. Another is shifting pensions and Social Security costs from the State to the local level. An example of that, the shifting of burden.

The Plan provides a strong incentive to keep expenditures down by eliminating the public referendum on budgets when the proposed budget is established beneath the T&E, or thorough and efficient foundation budget.

In summary, the Commissioner and staff members have truly begun to address some of these educational opportunity concerns more comprehensively, and have provided recognition to the many components for successful education in our State.

Now, in support of this Plan, the Commissioner stated to a statewide superintendents' group in December three basic principles which underlie this particular Plan:

1) An equalized funding mechanism that defines the expenditures and the essential programs needed for all students.

2) Special considerations for poverty, and the districts that have strong emphasis on trying to reach the needs of poverty students -- they would be met with more money.

3) Fairness to everyone. Decisions should be made which reflect the moral and ethical commitment to support education in this State and provide a T&E opportunity for every student. I think this is great, and I think the Plan tries to address it. However, the Plan goes in a direction which says, "We are going to put money up to a certain limit. Therefore, T&E is going to have to be achieved within those money limits."

Now, we have a local definition. Lou, you referred to this particular school. That might be an example, and it would be nice if it were the T&E example. Cherry Hill has a long history of being successful with students, and is a fine example for thorough and efficient education. But it is interesting that that thorough and efficient education is going to be defined in new ways.

For instance, one trend that seems to buck this direction and the ability to meet these T&E needs is what should be a fair share split between the State's contribution and the local district's contribution, on the whole for the State. The theoretical background on most educational finance is that the State should supply a large amount and so should the local. If the local does,

people will support the kinds of programs that that local shares to support. So a 50/50 split has been proposed over the years.

However, in New Jersey that is the proposed split that existed in the 1980s, the early part of 1981. It has gone to a 40 percent share for State and 60 percent local, and I think this past year it has dropped to 38 percent State share. Significantly, the funding mechanism in Tennessee, which is touted as one of the state's programs to design this particular Plan, has a 75 percent share, 25 percent local.

Now, where are we going to go down the road? Are we going to continue with a shrinking State share or a subsidy paid by the local level, creating a burden on local taxpayers which will result in fewer votes supporting schools?

This issue of fairness is also expressed in a couple of different ways. In QEA I and II, wealth was determined in a local district by looking at income wealth, and also property wealth. The local district could not call on the income wealth to support its support of education, only property wealth. However, in the QEA, the income wealth was put in as a factor to reduce the amount of aid going to mostly suburban school districts. So it put a greater burden on those districts to support money being transferred from one local area to another. So the transfer of payments going from Federal to State, State to local, also proceeded to go from local to local, from some school districts to other school districts.

This current Plan includes using income factors. It does not say what percentage, but includes the factor in it. So districts that have been hurt by QEA will continue to be hurt by the Comprehensive Plan funding system.

Using property tax as an equalized comparison would provide an equal amount of wealth behind every student so that the calculation of aid would be based on the comparison of a taxing wealth districts can touch. That is a distortion that is continued from QEA into the Comprehensive Plan.

Another example: This Plan calls for shifting the burden of the costs of certain pensions, Social Security costs, and teachers' salaries from the State to the school district if it goes beyond a certain level. Let's say the average salary is \$45,000 in the State. If a district spends \$50,000 on an average, that is going to cause certain burdens to be passed back to the State and local areas. That is a major concern as well, because some of these concerns have been created not by the local district, as implied by its stronger and tougher negotiations, but is implied by the fact that the demographics have changed. Their own district enrollment went from 18,000 to 10,000 students in a decade. Salaries of employees were high. The lower and newer teachers and employees were furloughed. So we have reached a salary arrangement where 70 percent of our employees were at the top of the salary guide. Now it is about 60 percent. However, those are demographic concerns, and yet the State is saying that because we did not control salaries at the local level, it now is something that we should be penalized for.

An interesting thing about curriculum standards, curriculum standards and what local school districts do to meet them: Our school district has quite a bit of achievement. I will use a couple of examples. In the new Plan, there is a dance standard, so part of the arts program includes dance proficiencies. Now, when our high schools had 3600 students and 2800 students, dance was a part of the curriculum. However, we have declined in

enrollment to now 1770 in one high school and 1350 in the other. Dance is not a requirement. If dance is restored as a requirement, will additional aid come to our district, or will we have to take something else that is determined to be thorough and efficient and transfer it over to cover the dance program, and something else gets cut?

In the chart, our school district is compared -- and this is on page 8 -- with the model Comprehensive Plan: elementary weighting, middle school, and high school; \$5872 should be spent in elementary, \$6346 in middle school, and high school \$7200, as was mentioned earlier. In our district, \$6092, or about \$220 more, is spent per child in Cherry Hill at the elementary level; \$7169 is spent at the middle school level, which is approximately \$823 higher than the model; and in the high school, \$8640 is spent, \$1436 more than the model. Much of that difference is reflected in those salaries. Our average salaries are higher in Cherry Hill than in the State, in large part due to its demographics. However, we have larger class sizes than the average, and our staff to student ratio is higher in Cherry Hill compared to the State average. So there are some concerns that are not addressed that we are not so sure we have total control over, where the Comprehensive Plan says, "Cherry Hill, you are going to be penalized."

An interesting irony: The concept of excessive expenditures was raised by other speakers and by members on the stage. It is a bit of irony in the program that the funding of our district, which is a District Factor I Group, is compared to the Camden school district, a special needs district. The Educational Law Center, on December 5, provided some statistics, and those are attached to my report. Using the 1993-1994 school year T&E funding

compared to actual funding in our district and Camden, it is reported that we have \$14.5 million in excess of spending that would have to be placed before the voters. Camden is expected to lose \$14.9 million in State aid because of this formula. The bit of irony is, over the last four years, Camden and Cherry Hill spending have become very close and are practically the same per student. So the goal of the original QEA, philosophically, has been achieved. Yet, this particular Plan will out-penalize both school districts as it would go on to this new funding system.

ASSEMBLYMAN ROCCO: For the purposes of clarification, Dr. Esbrandt--

DR. ESBRANDT: What I will do is get the recommendations--

ASSEMBLYMAN ROCCO: Before I go on, Joe Roberts has joined us, an Assemblyman from Camden and a member of the Appropriations Committee, also very, very important to the critical nature of this legislation. As it goes through the legislative process, we will ultimately end up by some vote by Joe and Lou, so it is very critical that they are with us as we move ahead on this program.

For the purpose of clarification, if you take the model where elementary school, I think, was 21 students per class -- and I know that Cherry Hill is significantly above that -- and if you take other factors such as achievement -- where Cherry Hill is also above the State average -- the potential penalty of \$14 million looms out there, even though you are meeting all the basic requirements. The question of fairness does arrive, very much so, at our very doorsteps. It is one we will have to deal with, because it is not as though we are taking a plan with a blank slate and starting from scratch. We

are starting where each individual school district has its history and, certainly, it is important, as you pointed out, what has occurred in the Cherry Hill district with the declining enrollment, since I happened to be there when it was about 18,000 students, or--

DR. ESBRANDT: I would just like to draw the group's attention to page 10 in summary, and I will finish up.

In the middle of the page, it says: "I have tried to analyze reasons why there is such strong reaction against this Plan," and I think it comes down to the last paragraph on that page:

"There are approximately 20 concepts built into the design for the proposed new financing mechanism. The concepts range from foundation aid and at-risk aid to technology aid and full and extraordinary special education aids. There are great concepts to include in a funding formula. Yet, the proposal to fold the special education costs for speech within the regular education weighted per pupil amount shows why the entire Plan is flawed. It focuses attention on a mandate which will still need to be met without any financial support. Actually, mandates will exist while fewer dollars are made available, and if new curriculum standards are adopted, too many needs and too few dollars will exist to meet them.

"The general reaction to the Plan has been negative, because we feel like the customer who hears an advertisement for an all-inclusive, 20-volume encyclopedia set and finds out what is really being sold is a two-volume dictionary. Excitement over the prospect of acquiring access to a full knowledge base has given way to the realization that what will be available will

be a dry, nondetailed reference set. This is an affront to our basic concept of fairness, and the view that many have is that the customer will get cheated.”

So my recommendations for your consideration are:

1) Determine a comprehensive and accurate composite picture of the economic conditions affecting the State, and have that picture discussed among the many publics that are interested in public financing.

2) Update all relevant data to be used in any new funding proposal. Include current market value of property, definition and assessment of all mandates and regulations, as well as current student enrollment. Use that, instead of some previous year data.

3) Foster open discussion about the curriculum standards and develop effective cost-efficiency models to implement them, because all of us are going to have to change our practices in order to accommodate these changes.

4) Determine what should be the State and local fair share support.

5) Determine a funding mechanism without reference to income wealth. If there must be some reference to income wealth, use the income from the community of the median level, not the mean or average.

6) Create a funding mechanism which challenges us all. Get rid of inequalities to achieve a fair and cost-effective support of education.

It is a difficult job. I thank you for trying to help us out.

ASSEMBLYMAN ROCCO: Thank you, Dr. Esbrandt.

Barry Ersek, I believe, is next. By the way, the Camden County superintendents may work this any way they so desire.

Dr. Ersek.

BARRY R. ERSEK, Ed.D.: Thank you, Assemblyman Rocco, and thank you for this opportunity to speak before the Joint Committee.

First I am going to speak generally about special education, and then I am going to introduce Ms. Jane Kershner, President of the Haddonfield Board of Education, who will speak specifically about Haddonfield and the effect on Haddonfield.

I am the Legislative Chair of the Camden County Association of School Administrators, the Treasurer of the Garden State Coalition of Schools, and the Superintendent of Schools in Haddonfield.

You may also recall that I helped to prepare a report for the Camden County Association of School Administrators' Special Education Committee which documented a 47.5 percent increase in the local property taxpayers' cost of underfunded State and Federal mandates which occurred from 1993-1994 to the 1995-1996 school year. The study included 29 of the 37 school districts, which represents approximately 85 percent of Camden County's public school students.

We have continued our study of special education costs and the "Comprehensive Plan for Educational Improvement and Financing's" approach to funding special education. My testimony today will focus on special education and the need for full funding of all special education mandates.

On pages 43 and 44, the proposed Plan lists special education funding assumptions. There are positive aspects to these assumptions, for example, and I quote the report: "The funding system should support the extraordinary costs associated with some highly specialized programs. State

special education aid should be provided to reimburse school districts for all of the reasonable excess costs for educating students with disabilities within the efficiency limits prescribed by the T&E model.” We certainly agree that extraordinary costs for severely handicapped children should be State supported and that all reasonable excess costs for special education programs should be provided through State funding. So we certainly provide our endorsement of those statements.

However, the application of these assumptions yields a different result. On pages 44 and 45, limits are placed on the percentage of students who would be eligible for full funding of reasonable excess costs and students eligible for speech therapy would no longer be funded as a special education cost, but included in foundation aid. Speech therapy, therefore, would be partially funded or unfunded -- not funded at all -- depending upon each district’s foundation aid eligibility. Also on page 45, a single cost factor is proposed as the method of calculating funding for all students in the State, regardless of the cost of delivering the programs. This may provide a very simplified way of calculating funding, but it would result in overfunding districts with a low incidence of children with expensive programming needs and underfunding of districts with above average incidence of children with severe disabilities.

A single cost factor--

ASSEMBLYMAN ROCCO: Dr. Ersek, for the purposes of the members of the Committee who may not be familiar with it, do you have any control over the Child Study Team placements within a district’s classifications?

DR. ERSEK : When they identify the needs of the children, they also recommend the school placements. One excellent example in Haddonfield, because the Bancroft School is located there, is autistic children. We have a high incidence of autistic children. In fact, I know one family that told me they moved from Florida to Haddonfield to be next to the Bancroft School because of its autistic program for their three-year-old son. That runs between \$57,000 and \$60,000 per year per child. There is no opportunity for us to provide that within the school district, and we have no control.

ASSEMBLYMAN ROCCO: One of the things I am trying to point out to the members of the Committee -- Joe and Lou -- is that on page 45 it shows 10 percent being the threshold. Then, as you increase in percentage, you lose a factor in the funding. So if a Child Study Team were to place your district at, let's say, 12 percent, do you have any control over that as an administrator?

DR. ERSEK: No. It is based on the needs of the children and the identification of those needs through the child study team.

ASSEMBLYMAN ROCCO: You have no control. Therefore, this whole scale is absolutely bogus in terms of its weighting, because the district, the superintendent, the administrators, the school board really have little or no control over who ends up in special ed.

DR. ERSEK: I think it would fit the parameters identified by an accountant, but not an educator with experience with special education students or child study teams.

ASSEMBLYMAN ROCCO: So if you go far enough, if you go to 15 percent, you are down to zero in terms of reimbursement after you reach the 10 percent factor.

DR. ERSEK: There may be some communities where there is a high incidence of low-birth-weight babies or poor prenatal care, and consequently we always see a follow-up of a high percentage of special education needs. Those communities would be disenfranchised by this.

ASSEMBLYMAN ROCCO: Isn't there a wave of crack babies now? We are probably about seventh or eighth--

DR. ERSEK: That is what I understand.

ASSEMBLYMAN ROCCO: I just wanted to point that out to Joe and Lou, because that is a critical factor.

DR. ERSEK: I would like to continue now.

A single cost factor is inappropriate in a State where there are 16 different classifications and an even greater variety of individual student needs. We believe that a special education funding Plan cannot be equitable if it is built on a single cost factor, as you pointed out, Assemblyman Rocco. We propose that a formula be developed that would account for all reasonable excess costs to deliver the special education programs that each individual student is guaranteed in their I.E.P.

If cost factors are to be used, we recommend that no less than four cost factors be developed that accurately reflect four levels of programming needs. Programming costs that are in excess of the four levels should be

provided as an extraordinary cost. We also recommend that speech corrections services remain as a fully funded State mandate.

If mandates and regulations can be reduced sufficiently, a four-level cost factor plan could possibly be appropriate for 90 percent to 95 percent of the special education students. The most severely disabled 5 percent to 10 percent could be funded through the extraordinary cost option.

Pupil transportation funding is described on page 46. Although it appears logical in its approach, it would result in continued underfunding of those districts which only transport special education students, because it is impossible to efficiently group students when there are only a few students being transported to each location when these locations are spread out over three counties. The principle of fully funding excess costs is appropriate for special education pupil transportation when transportation is required in the I.E.P. because of a child's disability.

Commissioner Klagholz has presented the Plan as a working draft and invited interested parties and the legislators to work together in crafting a final plan. We welcome the opportunity to work collaboratively with you in the mutual goal of improving New Jersey's school funding law and hope that together we can reverse the trend of underfunding special education mandates.

Thank you, again, for this opportunity.

At this time, I would like to introduce Ms. Jane Kershner, President of the Haddonfield Board of Education.

ASSEMBLYMAN ROCCO: Thank you, Dr. Ersek.

JANE KERSHNER: Gentlemen, good afternoon. I thank you for this opportunity.

One small thing occurred to me while Barry was speaking: As many of the districts around here struggle to educate our special needs children as best we can, many of us end up doing a very good job, which then gives us a reputation which attracts more special ed children moving into the area and further skews the spiral of the costs.

As Barry said, my name is Jane Kershner. I am President of the Haddonfield Board of Education and Vice President of the Garden State Coalition of Schools.

The Garden State Coalition of Schools is a grassroots organization of superintendents and board representatives from over 100 transition aid districts. The Garden State Coalition of Schools began in 1992 with a mission of assuring excellence and equity in educational opportunity and public school funding. We believe that districts throughout this State are under continuing pressure to cut programs, reduce services, increase class size, and raise property taxes to make up for the continuing decline in State funding. In fact, Assemblyman Rocco, you experienced our motivation and commitment when you were our key speaker about 18 months ago. Many of these districts' expenditures are equal to or below the State average.

Haddonfield, right now, is \$869 below the State average expenditure, according to the information released by the Department of Education for the most recent school report card. Yet, student achievement is among the highest. For example, the December 1995 report on the 11th grade High School Proficiency Test lists Haddonfield Memorial High School's class of 1996 with the highest mean score in reading and writing and the third highest mean score in mathematics in the State.

During the last five years, we have cut programs, reduced administrative positions, and increased class sizes. At the same time, due to increases in enrollment at the elementary and middle school levels, we have had to serve more children with special education needs with no additional State funding to meet these mandates. We have done everything possible to contain costs, transfer costs, and build alternative income sources.

If the proposed “Comprehensive Plan for Educational Improvement and Financing” is implemented, Haddonfield will face additional State funding reductions. Our remaining \$162,000 of transition aid and \$75,000 of at-risk aid will be cut. Approximately \$30,000 of speech corrections special education funding will simply be eliminated. Special education funding may be further reduced by the application of the single cost factor being used for all special education students. Special education transportation aid, which is at an all-time low in Haddonfield at approximately 20 percent of the actual cost, may be reduced further by the Comprehensive Plan.

The ultimate result will be increased property taxpayer resistance to any increases in taxation, even if it is caused by a decline in State funding. Throughout the State, transition aid districts will be caught in a downward spiral of declining State support and increasing voter resistance, resulting in program cuts and voter resentment.

It is interesting to note that New Jersey may have the unique distinction of being the only State in the nation where regular education students in private and parochial schools will receive more direct State aid than public education students in transition aid districts. Private and parochial

schools currently receive approximately \$106 per student for textbook and nursing services. Private and parochial schools also receive, through Chapter 192/193, full funding of compensatory education and special education services, while at the same time, many districts across the State are receiving less than 50 percent of the cost of special education programs.

It is simply not fair to cut all State funding of regular education programs in any district. Underfunding of special education mandates throughout the State is unfair to all public school children. Please develop a plan that funds public education for all children regardless of residence, provides full funding of all State mandated special education services, and reduces the burden on local taxpayers.

In closing, I would like to point out the inequity of an equalized property tax rate in Haddonfield that is 123 percent above the State average, while spending per student is approximately 10 percent below the State average.

We realize you are faced with very difficult problems and decisions. Your creativity, commitment, and stewardship are essential in assuring a quality tomorrow for today's children.

I sincerely thank you for being here today. I have every hope that you will listen to us and understand that we are the ones involved in educating your children, and we just need some help from you.

Thank you.

ASSEMBLYMAN ROCCO: Thank you very much, Ms. Kershner. We appreciate your work on the School Board.

It might be interesting to the Committee to know, I believe the last time I talked to Dr. Ersek, they only receive about 5 percent from the State.

DR. ERSEK: Between 5 percent and 6.5 percent. It depends on how you count.

ASSEMBLYMAN ROCCO: Thank you. But it is still very important, obviously.

DR. ERSEK: We cannot afford to lose anymore.

ASSEMBLYMAN ROCCO: Roy Dawson, Camden City Superintendent. Welcome.

ROY J. DAWSON JR., Ed.D.: Good evening. It is indeed a pleasure to be able to stand before you and share some of our views concerning the Plan.

My colleagues have addressed a number of the issues that I am concerned with, and that is certainly the special education area, which I think was handled very well and I will not speak to that. But certainly in Camden City, that would be a concern as it is spelled out in the existing Plan.

Environmental concerns, the issues of poverty, certainly would have an impact on our students. When we start to address the issue of special education as it presently is in the Plan, that, I believe, would be detrimental. I think we need to give some more attention to that.

What I would like to do is just take a few minutes to speak to the fact that our enrollment is 20,000 students. That number is holding steadily. That number tends to change in the sense of the different ethnic groups that may come in -- Vietnamese students, a number of different groups of students

that are periodically coming in and out of our schools. We certainly have to address that.

I want to be able to show the fact that the resources that you have been gracious enough to provide to the Camden City public schools, that we are utilizing those resources in the most effective and efficient way.

Since we have been receiving those resources, we have been able to have full-day kindergarten, which is very necessary -- Dr. Rocco, I know you have supported that over the years -- in all of our elementary schools, thanks to the goodness of the Legislature and the State which have made that possible for us.

We have been able to bring about what we call "family schools," where we treat the entire family in the school with health needs, and all of those kinds of concerns. We have been able to do that in 8 of our schools -- 8 of the 34 schools we have.

Through the resources that have been provided to us, we have been able to put computer labs in our elementary schools, and we are very thankful for that.

Many of our students have tremendous needs. They come from correctional institutions. We have been able to establish a transition school as of this year, just as last night we were able to get the Medical Arts High School bond referendum passed by the voters of Camden City.

I just want to state up front that we are making good use of those resources, because far too many times, as a responsible educator, I hear that the money comes to districts like Camden City and it is lost and not spent correctly.

ASSEMBLYMAN ROCCO: So the Medical Arts building has been approved? I have not had a chance to read the paper, but that is very good news, since I worked with Sister Elizabeth on that.

DR. DAWSON: Right. We are very excited about it.

ASSEMBLYMAN ROCCO: That's very good news.

DR. DAWSON: I just want to point out a couple of things about the Plan, more so in the at-risk area. That is where we tend to be concerned, and I want to put a little bit more attention on that.

I understand you are going to expand the 30 special needs, perhaps coming up with some 180-some-odd districts that will meet that particular need. I am concerned whether the resources will expand accordingly, because the needs of the children in our urban areas are very great. I do not want to be devious. That is not the issue here. We want to make sure that all of our children are funded adequately in the State of New Jersey.

However, I want to also say that certainly we are doing an awful lot with very few resources. If you are going to cut those resources and we are expected to do more, then I have to be concerned. So the at-risk area is very much a concern of mine.

The bilingual education area is not addressed significantly in the Plan. I would like more attention to be given to that, if at all possible. Many of our students come to us oftentimes who have not been in a school for maybe five or six years, and we have to meet their needs. We cannot close our doors against them. We are trying to do that.

That is why I say that the at-risk area tends to be a real concern to a district like Camden City, which tries very hard -- which tries very hard, I want to make that very clear. The transportation costs-- Because many of our children are special ed, when you reduce that, that puts a tremendous burden on the budget.

As you very well know, the facilities are not really addressed significantly in the Plan. I believe more attention needs to be given to that. In our urban areas, we do have to be concerned about school security. When our teachers want to teach, or are trying to teach, and when our students are wanting to learn, when you have older buildings with a number of doors, it becomes very difficult. I am not sure whether or not the Plan considers that, because I see no mention of the issue of security or school climate. So I am bringing that to your attention.

I believe there are a number of good things in the Plan. I also believe there are some areas that we can talk about and improve upon. I would like to have the opportunity to work along with my colleagues, with you, improving what is there.

I also want to say that because of the support we have been able to get, our test scores are constantly moving forward. In our high school last year, we met all of the math standards, the reading standards, and the writing standards. In the fourth grade, all of our schools -- there are 34-- There are 20 schools at the elementary level. All except three, I believe, met the standard at the fourth grade level. Most of our middle schools met the standard. There is constant improvement. But if we are going to reduce those resources, then those things that we have improved upon, we are going to lose.

I am simply saying that maybe there are some ways by which we could look at the Plan so that all of our children in the State of New Jersey can benefit from this Plan.

Thank you very much.

ASSEMBLYMAN ROCCO: Thank you, Dr. Dawson.

Certainly no one wants to do anything but continue to to help to improve the districts.

One of the things I think we will talk about in the future will be based, basically, upon the issues of at-risk in terms of security and human services, or social services, and whether or not they should be charged against the education budget. That is a very critical issue that we will be looking at.

Linda Steenrod.

LINDA ALDRIDGE STEENROD: Good evening, and thank you.

Before I begin my prepared remarks -- a copy of which is being brought up to you -- I would like to make a comment about your question to Dr. Ersek on special education. I think it might be a good example that in a district the size of Laurel Springs, which has approximately 170 elementary students and a total of 350 students K-12, this year alone, since October, we have five new students in our district, all of whom are requiring out-of-district special education placement at a cost of over \$100,000 to our district, which was unanticipated and not budgeted for.

As far as my prepared remarks are concerned, I am going off in a little bit different direction. As has been stated, I also see many good points in the Plan, both financially and educationally. In fact, as it stands now,

Laurel Springs would get increased funding. That is one fact that worries me, because I am pretty sure that means the Plan will be changed dramatically before its final form.

Also, there is an advocacy by the State for regionalization. Giving more money to a district the size of Laurel Springs and advocating regionalization to eliminate small districts does not seem to be compatible.

My concern is with the model district and with the idea of regionalization. In a district as small as Laurel Springs, there are many advantages. Every staff member knows every child by first name. We know their needs very individually. Each one of our children, whether in kindergarten or in 12th grade, can walk to school. But there are also disadvantages. Because of the amount of taxpayer burden we have in our district, primarily because we have no industrial and very little commercial tax base, the residential home owner has to bear the brunt of the property taxes, which are constantly increasing.

In spite of that, we try to put the educational dollars to best use. However, our students are not afforded certain programs that are afforded to students in other districts, because our tax dollars are spread over a fewer number of children. So programs like technology are a little bit less affordable for us. Therefore, the programs that our children are afforded are different. Grant moneys are limited, and because of limited staff, the paperwork for most grants is overwhelming. We can't even think about applying for grant moneys.

We recognize that each child has a need for a basic education, each child has individual needs, and more and more elements of a child's education are becoming the responsibility of the school, and not the responsibility of the

parent and the community. This is as a result of State mandates, as well as a result of parental and community expectations.

In the Plan, as well as at hearings and meetings that I have attended, and discussions I have participated in, the State has taken a position of advocacy toward small districts moving in the direction of regionalization. My district is one that would like to consider that. We are already sharing services with another district, and it is working very well. However, even if the district with which we share services and my district should decide to look more closely at regionalization, the procedures that have to be followed and the laws that exist now are nearly prohibitive, because the first thing that is required is a study. With reduced funding, particularly for Laurel Springs in the form of an administrative penalty as a result of the State Efficiency Act, our available funds are steadily decreasing. If we want to move in the direction the State is advocating, we need to have some help, some assistance, and some direction from the State to even begin that process.

As far as the administrative penalty is concerned, I did mention that we are already sharing services. The only way for my district to reduce administrative costs further would be to eliminate me. I am the only administrator currently in the district. If there were none, it doesn't work that way. So we are looking for assistance in that directive.

I would like to suggest that in lieu of penalties, maybe the State would like to consider offering incentives to districts which are interested in regionalizing. Taking a step-by-step approach, every step that is taken in that direction, every effort that is made in sharing services and in moving toward

regionalization, maybe there should be a reward for districts that can accomplish that.

As I stated earlier, each district has its own special character and its own unique situation, so maybe regionalization is not right for all districts. However, I am aware of the fact that my district might be more efficiently financially run better if we were to regionalize. Even at that, that would be a short-term financial benefit to the district. We are willing to look at that, because we think that with the size of our district and our neighboring district, it would be an advantage to both districts.

One of the advantages which I feel is more important than a financial one that looking at regionalization would provide for my district, as well as for the pairing district, would be a more fully articulated curriculum and educational programs for the students.

I would like to see the State act as a facilitator, rather than an inhibitor, to districts that want to continue in the direction of regionalization and shared services, and to stand by the advocacy that you have taken on this Plan.

I believe the State and the school districts can act as a team working together, rather than as adversaries. We all have the same goal, the best education we can provide for all of our students. We want to provide that education as adequately and equitably as possible.

I would like to end my comments with a footnote that I feel is appropriate and a brief story. One time in discussion with friends and some new acquaintances, someone said to me, "So what is it that you do?" At the time I was a teacher and I proudly said that I was a teacher. This gentleman --

and I use the term loosely -- chuckled under his breath. I said, "What is so funny about that?" He said, "Well, that is really not an important business you are in. It has no effect on the gross national product." All I could say was, "Talk to me in 15 years when one of my students is your boss."

We are in an important business. We are in the business of building the future. It is an educationally important business, it is a financially important business, and it is an important business for the children we work with.

The footnote that I would like to add is: On this day, January 24, eighty years ago in 1916, the Supreme Court determined that an income tax was legal.

Thank you for allowing me the time to speak. I would certainly appreciate any opportunity to discuss any of these concerns further with anyone.

Thank you.

ASSEMBLYMAN ROCCO: Thank you. We appreciate your input.

Are we finished with the Camden County superintendents?

D O N A L D T. F A L A T O: One more.

ASSEMBLYMAN ROCCO: We have one more.

MR. FALATO: Thank you, John.

Linda and I represent the K-6 districts. She, obviously, is the better looking half of this duo, so I apologize.

ASSEMBLYMAN ROCCO: Please give your name for the transcript.

MR. FALATO: I am Don Falato, the Superintendent from the Pine Hill schools.

As I sat on December 13 listening to our Commissioner address the issues set forth in the new funding Plan, a number of things struck me as the chief school administrator of a K-6 district. It seemed quite clear to me that K-6 districts are not in the plans of our Department of Education. Despite the fact that we are the one public school entity that is most responsive to the wishes of our communities, we do not fit the model. Despite the fact that the people we serve tell us that they like the fact that they have more control over how their tax dollars are spent, we do not fit the model, which stresses K-12.

John can probably give testimony to one of the ways in which our district tries to be responsive, in that we just opened one of our school libraries as a means of providing that service to our communities. John was there. That is just an example of one of the things K-6 districts can do.

The Plan presents a leveling down in funding unless we fit the model. We can get extra funding in the foundation aid component if we offer full-day kindergarten and preschool programs. I wonder how I do that without the rooms to put those programs in. The Plan calls for funding for facilities and a different approach to debt service. However, it does not help us now.

If I have more than the model of special education students I will get less funding based on a declining scale and, John, you alluded to that earlier. I assume I can choose to not classify more children, not accept students who transfer in already classified, or find the funding, as I do now, from somewhere else in the budget. I won't fit the model. I wonder how many

advocates and judges will listen to my, "I can't place the child or classify the child, because I don't fit the model."

I would use my colleagues from Clementon as an example of an attempt to try and not place a student appropriately based on the parents' input.

I am comforted by the Commissioner who says if I want to offer a program perhaps currently in place that isn't included in the core standards or funded by the definition of T&E, I can ask my community to pay for it. Suppose the community says, "Yes"? I now offer a program my neighboring district does not, and doesn't that sound like what we have now? The haves have it and the have-nots don't. Isn't that pitting one district against another? Isn't that why we are trying to have a new, fairer funding Plan? Will this concept find itself fitting together with the idea of vouchers and -- excuse me, John -- charter schools? I do not want to suggest that there is a master plan somewhere where all this fits together.

I was also told I need to save money by doing a better job of using buses. I think this addresses the overlapping of routes and courtesy busing. I should, I am told by the Plan, only transport those over two miles and stagger school times to make better use of the same bus. I am told that it is the responsibility of the municipality to provide sidewalks and safe walking routes. I guess nobody told the municipalities that. I wonder how I save money now.

What I also find very scary is the fact that the Governor and the Legislature can always inform us, as they do now, that the money is not available and we are going to cut your funds. I call your attention to the fact that the only year we have gotten full funding since T&E began, was when

Governor Kean ran for office the second time. I hope this Plan calls for some assurance that we will get full funding, but I do not see it anywhere in writing.

Mr. Brosel mentioned that of the number of districts we can account for in this State, only 42 fit the model. I know that as legislative people when you try to design a bill, you try to design one that will serve the most people. So I have a little problem with this Plan which, at the moment, fits 42 of the 600 districts we have.

I also have a problem that there is a K-6 district that serves its community very admirably and at less than the State averages, but I cannot get a reward. It does not fit the model. I can get a penalty, and almost did because I have guidance counselors. Within the past month, my district suffered a tremendous loss in that we lost one of our staff members, a 28-year employee, President of the Association, to a very unexpected death. My guidance counselors came to the rescue under that circumstance and did a tremendous job in keeping the students and staff together. I almost got penalized for having guidance counselors. I have a problem with that.

Legislative people make the rules. A long time ago you said it was okay to be a K-6 district. How come now it is not? It does not appear that there is a way for us to be successful and to continue to function down the road, and we are very concerned with that.

I appreciate the opportunity to offer you my thoughts. John, you know I am always available whenever you need me.

Thank you.

ASSEMBLYMAN ROCCO: Thank you very much.

All of these items, by the way, will be further pursued, and we will have our usual discussion with the superintendents formally to add or delete as we move ahead.

Robert Halpern, Maple Shade School Expense Sharing Committee.

ROBERT P. HALPERN: I have to change my prepared remarks to say, good afternoon, members of the Assembly. I am very heartened by the fact that two members of the Appropriations Committee are here for this subject.

I am Robert Halpern from Maple Shade in Burlington County. I am the Legislative Chair for the Maple Shade Board of Education.

ASSEMBLYMAN ROCCO: Robert, I have to interrupt you just for a moment. You don't plan to read this whole thing, do you?

MR. HALPERN:: No. Part is just an addendum for your edification, sir.

I also serve as Chair of the Maple Shade School Expense Sharing Committee. This committee is part of the Maple Shade Community Development/Redevelopment Commission, an arm of the Maple Shade Town Council. I appreciate the opportunity to address you on the "Comprehensive Plan for Educational Improvement and Financing".

Our committee has spent the last 16 months researching and developing ways we might fulfill our charter of "doing those things necessary to reduce the cost of education now supported by Maple Shade citizens." Our recommendations have the full support of both the Maple Shade Town Council and the Maple Shade Board of Education. It is as Chairman of that committee that I address you this afternoon.

I would like to commend Commissioner Klagholz for his forthrightness in many areas of the Comprehensive Plan. Our committee agrees that it is necessary to define a core curricula in order for our public education system to function as a statewide system. Our committee also noted the need to trim administrative excess and duplication of functions/services. Furthermore, our committee welcomes the four points necessary for the modeling of a new system as presented by the Commissioner: identification of desired educational results, programs designed to achieve those results, determining the amount of money required to support those programs, and targeting moneys to the programs they are intended to support.

Regarding curriculum standards, the Commissioner states that the design of an educational funding system “must begin with an identification of the knowledge and skills all students are expected to acquire in each subject by graduation and at key intermediate points in their education.” Our committee agrees, but feels the Comprehensive Plan does not go far enough in its explanation nor intent.

Every child in the State of New Jersey is constitutionally entitled to a thorough and efficient education in a statewide education system. This means that core curricula must be designed for not only all grades, but for every type of student. The special needs students have the same need and the same constitutional right to prescribed core curricula as do general, academic, and gifted and talented students. If the Commissioner truly wishes to cut administrative excess and duplication of services, then have the Department of Education provide economies of scale by centrally developing curriculum guides for every type of student in every grade for any discipline determined

by the State to be included under the term “thorough and efficient.” It’s either that or 600 districts will each now require a curriculum coordinator, and under State mandate/State pay that is a lot of State pay.

This is not the only area in which the DOE could save our taxpayers money. Statewide adoption of textbooks has many possibilities for lowering costs, as well as providing greater efficiency in student movement within a truly statewide system of education. No longer would the transfer student be at a disadvantage in his new school, nor would his classmates’ progress be slowed while the new student catches up.

Unfortunately, our committee finds little new in the Comprehensive Plan concerning the funding of education in New Jersey. Basing funding on district property wealth and district income has proven unfair and unsatisfactory, or we would not be gathered here today. Issues concerning the development of formulae to use such a basis, such as how to determine the student population, became highly inflammatory with the voters.

Our committee’s recommendation is that in a statewide education system the State should be responsible for the definition of a thorough and efficient education, the plans to provide a thorough and efficient education, and the funds to deliver a thorough and efficient education. Except for regional cost-of-living differences, the money required to educate a student in Bergen County should be the same as the cost to educate a student in Burlington County. Get the 600 districts out of the middleman business in education. Create a truly statewide system of education to deliver the core curricula, and stop paying for it via the local property tax.

The role of the local district should focus on local interests. These interests lie outside of the core curricula, outside of thorough and efficient, and, therefore, are not the concern of the State. If District A wishes to provide course work in automotive repair, they should be free to do so without NJDOE intervention. Likewise, if District B wishes to provide course work in archeology, they should be free to do so without NJDOE intervention.

Furthermore, each district should be allowed to pay for these courses in ways determined by the local boards of education. Some ways could be direct tuition charge, or property tax, or via corporate giving, or any other creative and responsible means which best suits that district.

In consideration of time, I have attached a copy of my testimony to the New Jersey Department of Education hearings on the Comprehensive Plan, which more fully details our committee's recommendations.

Thank you, again, for your time.

ASSEMBLYMAN ROCCO: Thank you, Mr. Halpern. Apparently, you have put a great deal of work into this, and we will certainly review it carefully.

Thank you.

We are now going to go to Dennis Testa, from NJEA.

DENNIS TESTA: Thank you, John. It seems to be the "R" caucus up here with Rocco, Roberts, and Romano.

ASSEMBLYMAN ROCCO: That's true.

MR. TESTA: Thank you for the opportunity to testify.

I am Dennis Testa, President of the New Jersey Education Association, which represents 149,000 active and retired school employees.

John, before I go into my prepared testimony, I want to question the model. This is not in the packet. We will send you some of the written statistics on it. We will mail that out to you.

We went back to 1992-1993 and looked at the average expenditure per pupil in the State for elementary, middle, and high school students. Now, if you extrapolate that out, the averages have changed little, if any at all, in the last three years. We suspect they may not change much this year. The funding was flat two of the three years. It was not adjusted for enrollment, and they remained about the same.

Using those numbers and subtracting out the pension and Social Security costs which were included in those numbers but were not included in the model, we find that the model calls for a decrease in the per-pupil funding of \$360 on the elementary level, \$560 on the middle school level, and \$1253 on the high school level. Now, we are moving five years forward, and we are presenting a model that substantially reduces the averages we had in 1992-1993. I think that may be one of the reasons why so many of the districts are dissatisfied with the model. It simply provides less money for education. I think--

ASSEMBLYMAN ROCCO: Well, that is why we have Joe Roberts and Lou Romano here today, who are on the Appropriations Committee.

ASSEMBLYMAN ROBERTS: Thank you very much.

MR. TESTA: I think we need to relook at the model and ask the Commissioner where those numbers came from, because it does not seem to fit realistic costs to educate today's children.

ASSEMBLYMAN ROCCO: On the figures, the \$5800, the \$6372 for seniors-- Do you think that is off by a significant amount?

MR. TESTA: Off from the 1992-1993 numbers that we are basing them off of.

ASSEMBLYMAN ROCCO: Can we somehow get together at some point to get the calculations on that?

MR. TESTA: Yes. We have a staff person from our Research Division here, Rich Brown, who did some of the calculations. He can sit down and go through them with you. Okay?

ASSEMBLYMAN ROCCO: Okay.

MR. TESTA: This is the third public hearing at which NJEA has testified on the Department's funding Plan. At this point, I feel like the party guest who has been blindfolded and asked to describe a large object in the center of the room. We can sense it, but until we actually see what we have, we are just really guessing.

We are deeply concerned that the State Department of Education has released the Plan without the financial data necessary to understand its fiscal impact on school systems. We are certain that the Department did not create this proposal without running some computer simulations. That information is critical to understand the Plan.

We formally call on the Department to release its numbers, so that we can do a more careful analysis of the Plan. We ask you in the Legislature to help us in this effort. We ask you to request from the Commissioner the information needed to make sense of this Plan. We do not issue this call

lightly. We do so out of grave concern for the impact the Plan will have, especially on our special needs districts.

It is impossible to understand the Plan's full impact on all districts without the appropriate numbers from the Department of Education. However, we calculated estimates of foundation aid by assuming that the school tax levies remain unchanged, made a CPI adjustment to the Department's foundation amounts, and then utilized the 1994-1995 enrollments. Using these rough numbers, we saw dramatic shifts in resources around the State.

We believe the special needs districts could lose more than \$125 million according to this Plan, or over 14.5 percent of their funding in foundation aid alone. Trenton would lose \$16.7 million under our estimates; Camden would lose \$10 million; and Paterson would lose \$15 million. Using these rough calculations, two-thirds of the special needs districts would lose millions in foundation aid. An injustice of this magnitude to our poorest children could cause a tremendous reaction not only with the Court, but also with the public, and certainly with school employees.

We fear that many other districts would incur great losses as well. Many districts will face severe and immediate shortfalls. We recognize that some districts would gain, but that would not soften the blow for those districts that lose aid. They will need to cut programs and cut them quickly. In addition, there will be other threats to school districts. The State Department of Education has predicted an increase of about 25,000 students next year, and we are still waiting to hear the bottom line on Federal education cuts for New

Jersey. These may not be decided until next November, but they could conservatively amount to another \$45 million to \$55 million in cuts.

Few communities today can afford to shoulder additional burdens. Students would lose both academic and athletic programs. Class size, regardless of the averages suggested in the Plan, would skyrocket. The pressure on districts to charge for extracurricular activities would grow, making participation impossible for thousands of poor children.

This Plan apparently reshuffles resources, and it is only fair to let the public know how the cards will fall. We believe the Department has the data available. It is unfair to even hold public hearings on a Plan without the most important information about that Plan. We ask you to have the Department release those numbers, and release them immediately.

The second issue I wish to discuss is the range of teacher salaries across the State. We were surprised when the Department implied that salaries vary too widely in New Jersey and need to be centrally managed by a bureaucracy in Trenton.

I would like to share with you information the NJEA Research Division has found about this matter. As the material attached to this testimony shows, a large majority of teacher salaries fall within a 12 percent range of the average statewide salary. How large is this range? To answer that question we compared the range of salaries across the State to the range of housing costs across the State. Here we found an eye-opening comparison: Housing costs varied by a whopping 35 percent of the average, significantly more than the salary range.

These numbers suggest that salaries are responding to regional costs of living, since the single biggest cost-of-living factor is housing. Between North and South Jersey, salary costs vary considerably, but housing costs vary much more. While we concede that there may be a few exceptions, we should not design public policy to respond to just a few exceptions.

There are many other aspects of this Plan on which I would like to comment. Its provisions for budget elections are especially troubling. They create a process designed to make it difficult, if not impossible, for those who wish to provide a high quality education to take their case to the public.

We will hold these and other concerns, however, for another forum. Right now, we need data in order to understand this Plan.

Once data is available, we look forward to working with you to create a funding Plan that will meet the real needs of our children and ensure a bright and prosperous future for our State.

Thank you.

ASSEMBLYMAN ROCCO: Thank you, Dennis.

We will certainly take all of the information that you have given us in determining the final decision. Suffice it to say that, as always, with all of our legislation, we will work carefully and closely, and will have a fair and equitable Plan at the end.

One of the things I can tell you is that I have indicated to the Commissioner and to the Governor's Counsel as well that whatever Plan we come up with we have to make certain that it does not deviate to any great degree from where we are at this point. Without that, I think our districts are going to really be upset and you will find, I think, the residents of those

communities that lose a great deal of money reacting in a very, very negative way.

I think we have to be fair and equitable and on target and not lose money in these districts.

MR. TESTA: I think that as you have analyzed it, there are districts in this State that would have to place \$4000, \$4500 per student before the public if they left their present spending plan flat, without any increases at all. They would have to tell the public that this is excess spending above and beyond the Commissioner's Plan, and hope that it is approved. It would, as you know, devastate many of the fine districts we have in this State.

Thank you.

ASSEMBLYMAN ROCCO: Thank you very much.

At this time, we will turn to the New Jersey Association of School Business Officials: Ed Meglis, Gene Keyek. Do you have someone else with you, Gene?

EUGENE J. KEYEK, Ed.D.: Jim Cummings, our President.

ASSEMBLYMAN ROCCO: Jim?

I have to admit before you start your testimony that Gene Keyek and I sat down for two or three hours yesterday and he kind of briefed me on some of your major issues.

JAMES CUMMINGS: Thank you.

Good afternoon. My name is James Cummings. I am the President of the New Jersey Association of School Business Officials, and a Business Administrator for the Central Regional Board of Education in Ocean County.

I want to thank you for the opportunity to present the views of the New Jersey Association of School Business Officials concerning the Comprehensive Plan.

There are a number of issues contained in this Plan that the Association recognizes as essential in the delivery of a thorough and efficient education for all the children of the State of New Jersey. Foremost among them is the decision to define thorough and efficient from a programmatic point of view, rather than solely relying on a fiscal definition of that term. I will not comment or attempt to speculate on the potential reaction of the Court concerning this proposal. Our main concern is the process utilized by the Department to prepare the proposal.

The Commissioner of Education has emphasized that the Department of Education would define the curriculum standards, identify the programs necessary to implement the curriculum, and then calculate the cost of these programs. I believe that student achievement should be a priority for all school districts. The process to obtain that student achievement for all students should be defined first.

The process, however, seems to have been reversed and a suggested cost model has been presented without steps one and two. This would seem to suggest that the Department started with a set of established financial parameters and then maybe backed into this cost model.

The model presented as “illustrative” describes very few districts in New Jersey. We will reserve further comment about the model until the Department releases its fiscal impact statement and we have an opportunity to review that data utilized in the development of this model.

A second area that NJASBO believes needs extensive review is that of transportation. The current allocations have made a mockery of the State's obligation to fund one of the more costly mandates. The proposal contained in the Comprehensive Plan does not improve the process. In fact, the formula actually penalizes a district that provides courtesy busing without regard for the reasons for that transportation.

Part two of the proposed formula, the maximum vehicle utilization base, needs to be revised to recognize the extenuating circumstances facing each district in the transportation of their pupils. The suggestions contained in the Plan, which would supposedly lead to maximum efficiency, are in place in many of the school districts. Attempts to coordinate calendars, especially the public and nonpublic calendars, are difficult and will be a contentious process.

The development of a two-part budget is a good concept, except for the process utilized to identify the components of the parts. We view the thorough and efficient segment of the budget as lacking, and again question how the Department can determine the costs for these items when the driving force behind them, the core curriculum, has not been reviewed and approved by the State Department of Education.

It is our recommendation that the Legislature consider a three-part budget with the addition of the cost of the Federal and State mandates as a separate component. It is futile to include the cost of these mandates in either part of the proposed budget, since they have first priority and cannot be eliminated if a budget should be defeated by the voters of the district.

There are other issues of concern that will be addressed by members and staff of our Association. We are prepared to provide assistance in the development of any legislation necessary to implement a funding formula that will provide a thorough and efficient education for the children in the State. We respectfully request that the Legislature provide this opportunity to us and all stakeholders in order to ensure that the final product will be a cooperative effort. It is our desire that it will be a collaborative effort, not an adversarial one.

I thank you very much.

ASSEMBLYMAN ROCCO: Thank you very much, James.

Ed?

EDWARD MEGLIS JR.: Thank you, Mr. Chairman.

For the record, my name is Ed Meglis Jr., Executive Director of the New Jersey Association of School Business Officials. Our organization represents the majority of school business administrators throughout the State of New Jersey.

Before I get into my prepared testimony, a few observations: It is nice seeing Assemblyman Roberts here. I see that Assemblyman Romano has left. I was going to make a comment about Hudson County, since we have a few things in common. He formerly being a school business administrator, I would then commend the Legislature for placing him on the Appropriations Committee. Secondly, having been myself reared in Hudson County and now migrated to South Jersey, I have moved away from the concrete and the clay into the grass and the allergies that come along with it.

As far as some other areas, I am going to digress a little bit from the prepared testimony, in that many of the points I wanted to address have already been addressed, or completed, by some of our constituents and colleagues. But I would like to touch upon three items and break those out.

Number one is the organizational structure, or model, as addressed within the Plan; secondly is the salary model; and third is basically the facility model.

As far as the organizational model, let me give you some general concerns: First of all, we question the availability of any empirical evidence which would substantiate the DOE's contention that a K-12, 2500- to 3000-student model is the only one that, in fact, would work.

Earlier, someone mentioned about smaller K-6 and K-8 districts and the problems they face. What the Department is really saying is that these districts, for all intents and purposes, do not exist. My colleague was correct in stating that they do not qualify for any kind of rewards, even though they may be exemplary in the kind of programs and services they deliver. Yet, they qualify for the administrative penalty. This is wrong. What they are basically saying is, districts up and down the White Horse Pike, districts such as Mount Laurel, Voorhees, Evesham, are not really delivering services to their students and are not really being cost efficient and effective. Again, that is the wrong assumption to make.

Another point that I would like to discuss is the construction of the cost model itself. The procedures that were utilized to arrive at the price and core spaces are based upon averages. Averages do not work. The use of

the CPI -- the Consumer Price Index -- is also a poor tool, or a poor indicator, since it does not reflect the costs associated with the operation of a school district.

One example: The cost of paper products, which schools certainly buy heavily, purchase heavily, has gone up substantially, and in no way is there any kind of relation to the CPI.

It is our recommendation that the DOE, along with all of the organizations, cooperatively develop a cost of education index which would reflect the actual variables utilized in the operation of a school district. There are sufficient resources available within the State that could provide the data for such a cost model. Completion of this task would further the attempts to adequately identify the components and cost parameters of education within our State.

The second issue is that of the salary model. The method of selecting salary is, again, suspect. If you recall, back a few years ago, we had a law that was passed that raised the threshold for minimum salaries to \$18,500. That certainly caused a ripple effect on all the salary structures within the respective school districts, and even on a statewide basis. Now, we are not saying that that, in fact, was incorrect; we believe that some of that was necessary. But again, we did not create that legislation. Districts, in fact, have lived within the letter of the law.

Now, to look specifically at setting statewide caps based upon geographic areas and organizational structures, i.e., elementary, middle, and secondary schools, that is not a correct assumption to make. That also ties into pension and FICA costs, regional cost differences. People have alluded to the

fact that New Jersey is a high-spending State. We are probably second or third in the nation in per capita income. I would challenge the DOE to tell me what is really lower in New Jersey. If we look at medical services, cost of living, housing, yes, we are high in all of those areas, but you cannot compare us, say, with the State of Iowa when it comes to cost of living. Again, unfair assumptions to make when we get talking about salaries and salary comparisons.

We would suggest that the pension and FICA costs, which have always been the responsibility of the State, remain under its jurisdiction.

The last concern, as far as my presentation, is that of facilities. Many people have already spoken to that issue earlier today. Again, we seem to talk about it, but nothing seems to be done about it. Our contention is that you can't have quality education without quality facilities. If you want to expand and even go into all-day kindergartens, you have to have room, space, to provide that kind of a service.

Secondly, the infrastructure problem in our State is growing by leaps and bounds. There was a study done, I guess in the late 1980s by Uniplan, that put a price tag of over \$2 billion on the infrastructure problem to bring our facilities up to code. I would say, now, who knows? Is it \$4 billion, is it \$6 billion, is it \$12 billion? No one seems to really have a handle as to what the infrastructure problem is within the State of New Jersey as far as school districts are concerned.

What do we suggest? Number one, we need to look at the debt service aid. Debt service aid has been reduced to approximately 60 percent. We think, again, that that does not really fit the model. Basically, it is a

disincentive for school districts to try to go ahead and repair and replace facilities.

When a school district goes out for referendum, it basically sets and establishes a rate for their debt service payments. They anticipate that and, in a sense, they depend upon the State and the obligation and the promise of the State, so that, in fact, that debt service would be recognized and paid. What we are suggesting is that whatever the debt service is that is established at the time of the referendum, that district should receive that aid, not a decreased portion of that aid.

Secondly, lease purchase. There are some districts that, in fact, go into lease purchases for a variety of reasons, which I will not articulate today. However, the way the State currently treats lease purchase payments is detrimental to a school district. The State treats lease purchase payments not as a debt, which it really is. There is a debt to, in fact, pay, but basically under the general basic -- your current expense budget, which restricts a district later on from raising their net current expense budget, it affects caps, and it affects a variety of other areas.

Lease purchase should be treated as a debt as far as the accounting system is concerned under the generally accepted accounting principles which are now in effect within this State.

Lastly, we make some other suggestions regarding facilities. There is, at least to our knowledge -- and maybe it will have to be explored further -- within the State a Public School Trust Fund, which has about \$70-plus million sitting in it right now growing with interest. The purpose of that Fund initially was, in fact, to cover bond defaults. To our knowledge, there has not been a

bond default in this State at least in the last 10 to 15 years, and we do not anticipate, with the bond rating of the State of New Jersey, that there is going to be one in the very near future.

I think that is one area that could be looked at, tapped into, maybe set aside a reserve if, in fact, there would be any bond defaults, but is \$70-plus million necessary to keep in that specific pot? Why couldn't some of that money be utilized to develop interest-free types of loans with a short payback period for school districts so they could at least tap into that -- not grants, but again, loans. That Fund would, in fact, be something that would be perpetual.

Secondly in that same regard, Assemblyman Rocco, you, in fact, sponsored, or were considering sponsoring a ballot question which would have put \$250 million, I believe, on the ballot for the voters. If, in fact, that was going to be acted upon, it did not move forward, but we support that kind of an initiative, that kind of a creative initiative to say that there has to be something done. Basically, some of our problems with facilities need creative solutions.

So we would encourage you to again resurrect that specific piece of legislation -- you certainly would have our full support -- which would add a quarter of a billion dollars to the pot.

ASSEMBLYMAN ROCCO: By the way, that bill has been prefiled and did, in fact, pass the Assembly and sat in the Senate Education Committee for a year.

MR. MEGLIS: We would hope that some consideration on both sides of the aisle, both Senate and Assembly, would move that in a positive direction. Again, I offer the support of our organization. I think probably all

educators would say that that is something that is essential, because unless we start to address the infrastructure problem, it is only going to grow progressively worse and, really, there is no end in sight. We need to do something to at least give districts an incentive.

By the way, the Plan is very silent on the whole issue of facilities. It really does not go deep at all into this, and yet it is one of the most pressing problems we have today.

I will stop there. Thank you for the time and the opportunity to testify. I will now turn it over to our Assistant Executive Director, Gene Keyek.

ASSEMBLYMAN ROCCO: Dr. Keyek, my friend.

DR. KEYEK: That has changed since the last time we spoke.

My name is Gene Keyek. I am Assistant Executive Director for the New Jersey Association of School Business Officials.

In the interest of time, I will omit some of the comments, since they have been addressed by prior speakers.

The Plan you have before you has many positive recommendations that our organization can support. The overall proposal is a giant step in defining what schools are supposed to do and what resources are available to pay for these services.

Now for the “but.” While we are in agreement conceptually, there are numerous areas where we have suggestions for improving the implementation of the Plan. Before I present our review, please allow me the liberty of an editorial comment. I am dismayed by the tone and substance of many of the justifications for action contained in the proposal. There are

many unsubstantiated perceptions, illogical assumptions, and gross generalizations that could not possibly stand up to direct examination. The most glaring of the perceptions is that the State could do a better job of managing the schools than is currently being done by the local boards of education and administration. The references to waste and efficiency are as much an indictment of the State Department of Education's inability to remedy the problems as it is the fault of local districts. One only has to look at the results of the State takeover in Jersey City to understand the magnitude of problems facing school districts and the difficulty in achieving improvement. End of editorial comment.

In terms of the issues I would like to address, since three of them have already been discussed:

The proposal for the funding of special education seems to be based on the assumption that the local boards of education have some authority to modify recommendations of the child study team. It is obvious that they do not.

Our recommendation is that the Committee and the Legislature look very carefully at the report prepared by the Special Education Task Force and consider the funding proposal included in the report, which is more in line with the realities of providing a sound education, rather than some arbitrary cutoff figure of 10 percent.

We feel that the Special Education Task Force spent hundreds of hours with 14 people from a variety of positions, advocacy groups, developing what we think is a very thorough approach to the funding of special education.

The next comment: The assumption that districts should bear a part of the TPAF and Social Security costs because they have higher salary guides is erroneous. It fails to recognize that some districts have a high salary account because of seniority and longevity, rather than a high guide. This point I think the two Assemblymen who are on the Appropriations Committee should consider. The fiscal impact of this recommendation in the future will be devastating to districts. The districts will be a source of revenue to cover the shortfall caused by the decision to reduce the funding of the pension reserves by the State.

It is anticipated that the amount of money necessary to fund the pension fund in the next six years will rise to 12 percent. This is an attempt, as far as we are concerned -- our Association -- to cover that shortfall by taxing the local school district to make up for an ill-advised decision not to provide proper reserves for the pension fund. I think this is an issue that stays hidden, and it needs to be addressed and brought to the fore by all of the Legislature. This cannot benefit education, if the local districts have to utilize their dollars to pay for a decision made at the State level.

Next issue: The budget process can be improved. We are a little concerned about the process. In keeping with Senator Jack Ewing's request, "Do you have a better plan?" yes, we do. If you will turn to Exhibit A very quickly, our recommendation for a budget approval process is, the budget should be approved by the voters. Remember that Mr. Cummings pointed out a three-part budget. That part that goes to the voters, if the budget is approved in year one, the tax rate is established and serves as the basis for

future funding. The tax rate will remain the same for future years, unless the board of education decides to present a request for a rate increase to the voters.

So the only time that the board of education would come in would be for a rate increase. The dollar amount would stay the same. So it is conceivable that if a tax rate raised \$1 million in years two and three and the board decided they could live with that money, they would not have to present any budget to the voters. I think what that does is take out a little bit of the unknown as to how the voters are going to react to a particular issue in a budget election.

If the budget is defeated by the voters, we want to take it out of the political ring. We want to see a person from the municipality, a person from the board, and then a third-party neutral appointed, or selected by these two people to decide what the tax rate would be. I think what this does is say that we do not have to place the onus of making decisions about education on the municipal official, who has very little knowledge about what it takes to run a school district.

Year two and beyond: If the board of education is able to maintain the budget with the current tax rate in effect, then no vote is required. If it is defeated, then the process outlined in year one would take effect. I think that is a much clearer approach to presenting a budget to the voters, and it will provide for some continuity in the programs.

Our Association, similar to NJEA, is anxiously awaiting the dissemination of the fiscal variables for the model by the Department of Education. It is our belief that the model does not reflect actual expenditures or appropriate distributions for certain line items.

Again, a very strong recommendation: It is recommended that an independent cost analysis be completed to verify the DOE allocations.

Example -- special education: The Department does not recognize child study team expenses as a special education cost. Now, if we did not have special education, we would not have child study teams. Our recommendation is that perhaps one of the colleges or universities might want to sit down and take a look at all of the cost allocations and provide a third-party, independent analysis of the cost allocations. It is essential, because there are segments of the model in which it is evident that the figures arrived at were backed into. Most of us who work with budgets know that it is quite easy. If you tell me you want a five-cent tax increase, I start from the bottom line and work up. It is our belief that the Department did the same thing.

We are prepared to provide the Legislature with any assistance. I think the real issue is a funding formula that will provide a quality thorough and efficient education. Again, it is our Association's belief that the implementation of the proposal as presented by the Commissioner will actually develop a dumbing down of the education system in the State of New Jersey. We cannot afford that.

Thank you very much.

ASSEMBLYMAN ROCCO: Thank you, Gene.

Lou, do you have a comment?

ASSEMBLYMAN ROMANO: Mr. Chairman, I apologize. I had to use the phone, and I ran into a problem. You know, being from Hudson County, I am not used to the acronyms they have in South Jersey, so I had to impose upon someone from Nancy Becker Associates who lent me a cellular

phone, because I just couldn't get through. I hope it is less than the amount I have to report as a gift.

In any event, just let me say this: My colleagues who just spoke-- You are on target, Mr. Chairman, when you indicate that there are many costs incurred by a school district which rightly belong to another agency or another division, those not being education. Gene charged my mind with the idea. You know, we have special education students who are sent for physical therapy. Excuse me, they call it "occupational therapy." Because it is called occupational therapy, it is a cost that has to be absorbed by the school district.

So we have all these nuances that go into what a school district pays for. Obviously, what a child study team envisions as the E.I.P., that is the way it happens. A board secretary or a superintendent does not have the wherewithal to impose and say, "No, you are not going to pay for that." It just doesn't work that way.

So far -- and I hope to hear more -- we have heard many interesting comments here today. I think what Dennis Testa alluded to, as well. In this entire Plan, Mr. Chairman, the devil is in the details. We do not have the details. That will be the final line of really judging what this program is all about.

Thank you, Mr. Chairman.

ASSEMBLYMAN ROCCO: Thank you, Lou.

Bob Steinrod, Vice-Chairman of the New Jersey School Boards Association's School Finance Committee.

ROBERT STEENROD: Steenrod.

ASSEMBLYMAN ROCCO: Steenrod, I'm sorry.

MS. STEENROD: That was very close. Thank you. I appreciate that.

It is good to see you again, Dr. Rocco, Assemblyman Roberts, Assemblyman Romano. I am very happy to be here. I am really looking forward to the opportunity to speak to you on a very critical issue now before the Legislature.

I am a Board member in Barrington Borough, Camden County. I am also lucky enough to be the Vice-Chairman of the New Jersey School Boards Association's School Finance Committee.

I am now speaking for the 4900 unpaid volunteers who serve on more than 600 local boards of education -- the elected officials responsible for the delivery of educational services to the 1.2 million school children in New Jersey.

The changes proposed in this newly revised Comprehensive Plan are monumental ones. Many individual school board members presented testimony during the previous round of county hearings held by the Department of Education. I had the pleasure of doing that also. We are very pleased that several of the major concerns expressed at those hearings have already been addressed: current year funding; the fact that nearly all school districts contain at-risk children, not just special needs districts; and the elimination of the vote on school budgets up to the constitutionally mandated T&E amount.

During the coming debate, the Legislature faces many challenges. Over the years of discussion of funding formulas, our Association has developed policy on what we believe are the essential elements of a funding

formula. We view the following as critical, but not the only issues which will need to be resolved.

Addressing New Jersey's high property taxes: There was an enormous amount of testimony presented during the county hearings on the issue of overreliance on local property taxes in New Jersey.

* We -- our Association -- support a statewide equalized tax rate for all school districts, combined with the State providing 50 percent of the funding for schools on a statewide basis.

The current trend is away from the goal of a 50/50 ratio between State and local funding for schools. In Barrington, it is 68/32, Barrington being the 68 percent portion. Today's 60/40 split is dropping -- as I just told you -- toward 70/30 in many districts, and some districts, like Haddonfield paying 95 percent, with the new formula, could be required to pay 100 percent of all school costs from local property taxes under the Department's revised Plan.

In the past, we have supported the income tax as a better source of State revenue for schools, as the tax is based on the ability of individuals to pay. Once the income stops, the tax stops. Although more regressive than an income tax, other tax alternatives proposed in earlier studies of school funding include: increases in the sales tax, a statewide property tax, nonresident pension taxes, and miscellaneous user fees.

* We support a per-pupil foundation formula that bases the formula on students, the focus of all education. The foundation figure should be high enough to allow school districts to accomplish the yet-to-be-defined T&E goals of the State standards.

* We believe that districts that can fund their local levy at a tax rate below the guaranteed rate should be allowed to do so. Districts wishing to spend beyond the established foundation amount for regular education should be able to do so with the approval of their local voters within reasonable limits.

* We believe that any funding legislation that includes spending caps should also be reasonable. One-time costs for legal expenses or start-up costs for new facilities should be handled outside the cap as the extraordinary costs they are.

* We believe that districts which spend below cap should not be penalized for being frugal. A mechanism should be provided for such districts to bank the unused portions of their cap for use in future years. We would suggest a three-year banking period before the cap capacity is lost forever.

* We believe that categorical funding should be distributed without regard to local wealth. The accident of location should not preclude a student in any of New Jersey's schools from getting required individual services.

* In addition, the proposal includes income as a measure of a municipality's ability to raise money, notwithstanding the fact that income is not taxable at the local level and that accurately assigning reported income to the correct municipality has proven to be problematic. We believe that this solution continues the situation created by QEA, in which rich people in relatively poor districts benefit, while poor people in wealthier districts suffer.

We have some comments on staffing issues.

* Teacher Tenure and Seniority:

Nearly 100 years after New Jersey established its first public school tenure law, the same basic job protection system remains in effect. It is one that inhibits school district management from making personnel decisions in the best interest of our students and their education.

The issue of lifetime tenure should be at the heart of any discussion of school reform. Is a system of lifetime job protection, especially today, which was developed at the turn of the century still necessary? Is tenure obsolete in the face of State and Federal legislation and court decisions that prohibit discrimination and address due process, freedom of speech, and school board ethics?

These issues need to be explored. The Comprehensive Plan should provide the opportunity. Yet, we hear no discussion on these issues.

The New Jersey School Boards Association offers as an alternative to the current system of lifetime tenure the concept of contractual tenure for all school employees. We believe contractual tenure would allow a reasonable degree of job protection, yet not tie the hands of school management and boards.

Given the prescriptive model of public schools identified by the Comprehensive Plan, school boards may have to make vital staffing decisions. Yet, the current process would force boards to base these determinations on an aged industry model, not on what is best for the children and the education programs we are trying to develop.

*** Renewable Certification/Professional Development:**

It is also time to address squarely the concept of renewable certification that is tied to our new teachers and our older teachers keeping up-

to-date in the subject matter and instructional methods. Every workforce, especially today, needs constant retraining in this time of fast moving technical, environmental, and social developments. Teachers are preparing our young people to take over a world that is rapidly changing.

With retirement among our teachers accelerating as we approach the next century, the time is ripe to consider implementing a more meaningful certification system for our teachers.

* Mandated Costs of Employment:

We are currently negotiating a contract in Barrington. Certain parts of this contract cannot be deal with by the School Board adequately. There are certain mandated costs of employment that we have to deal with. We are responsible for negotiating contracts locally. The Legislature has taken away many terms and conditions of employment from the negotiating table: mandated levels of health benefits under the State Health Benefits Plan, State-established pension benefits, the requirement to pay increments on the guide, and binding arbitration of employees' disciplinary grievances. These are just a few legislated areas that increase the cost of employment to local boards and divert funds from our students.

We believe that all mandated costs of employment must be reassessed to determine their relevance to a thorough and efficient system of education. Statutes must foster boards' ability to allocate their resources towards improving student achievement.

Our Association has moved in that direction by drafting an omnibus health care bill which we believe establishes a relevant, efficient, and cost-effective approach to the issue of providing employee health benefits.

These issues and their relevant costs are all fundamental to how the current school system operates. Any discussion of refocusing the mission of schools must address these complex and pervasive issues. They are clearly politically explosive and a real challenge to you, but it is unrealistic to believe that the public will accept a new funding Plan which does not deal with these issues or simply tends to ignore or gloss over them.

* Special Education:

You have heard much about special education today. Districts with high special education costs are often forced, as we are, to divert money from regular education programs to provide special education services. This creates a local dilemma which needs resolution. But how does limiting the number of classified students benefit a student who is truly in need? What happens to a student who is classified after the artificially imposed 10 percent limit has been reached -- which we have no control over -- rather than before? Do doctors and hospitals cut back on treatment for newcomers once a certain number of heart attack patients have been treated? We have to take care of these children. That is our role as local board members.

The School Finance Committee believes that special education should be addressed separately from all other categoricals. Sufficient funding should be assured by the State for services mandated by legal decisions and State and Federal code. It would be of great value to have a second student count to fund mandated services for special education students classified or enrolled after the October 15 enrollment date.

In closing, I would like to ask all of you to recognize the many successful operating school districts in New Jersey, both large and small. They

do not fit a cookie-cutter pattern. Successfully performing districts are not always wealthier districts or large districts. They should be used as examples for what can be accomplished in all districts in New Jersey.

We know you will take the time to consider all the many elements that are being addressed today. We want you to stay with the difficult task before you until it has been done thoroughly and efficiently. Our Association and our local boards in Camden County, I'm sure, will do whatever is necessary to work with you to make sure the right Plan is being put into place. We want to work with you in defining the course of education into the next century. If we do not do it, the legacy will be ours to deal with in the future.

Thank you very much.

ASSEMBLYMAN ROCCO: Thank you.

We have approximately 20 more speakers on the list. So, once again, I would ask you to try not to be repetitious, and to give us your thoughts within a reasonable period of time.

Terry Luxenberg.

T E R R Y L U X E N B E R G: Good evening. I am Terry Luxenberg, Principal of the North Plainfield Adult High School. I am here to address the Comprehensive Plan.

The Plan spends one sentence dismissing adult high schools, a program that has been around since before World War I, dismisses them totally from the educational mission of New Jersey. I would like to explain what an adult high school is.

It is not your classes in dancing, cooking, or crafts. This is an academic program where adults who have not completed high school and

received a diploma can attain a locally issued diploma. It is not a GED where you pass a test. People come to us and stay with us for a year, or two, or three to achieve a diploma.

Adults have long been discriminated against in their efforts to pursue secondary education, which may account for the fact that according to the 1990 census, 23.3 percent of New Jersey's adults lack a high school credential, and 9.4 percent have less than an eighth grade education. Over 15,000 young people drop out of New Jersey's high schools each year. What is your plan for these people? These statistics are appalling at a time when the technological demands of the workplace mandate secondary completion as a minimum for entering into any form of employment that offers hope of moving up from the bottom rung of the economic ladder.

For this reason, during the 1994-1995 school year, well over 12,000 adults attended the 57 adult high school programs in New Jersey. Approximately 25 percent of these people were between 16 and 18 years old. In fact, as Daniel Wagner stated in "Education Week," October 25, 1995, "The relative lack of attention to adult literacy needs is even more shocking when we consider that the estimated population of adults in need of retraining, up-skilling, or developing even the most basic literacy skills is estimated to be about the same as that of the entire national school-age population, about 40 million to 50 million people. The striking contrast between resources allocated and population needs is one of the best kept secrets in American education today."

The problem with the Plan is on page 62 where it says that accredited evening schools -- which are adult high schools -- are not guaranteed

by the Constitution as part of a free public education. That is what I am addressing here today, the fact that we think it should be -- it has been and it should be.

The Plan I address today goes one step further in cutting off options to adults who lack the high school credential. It eliminates accredited adult schools, better known as adult high schools. They have been part of the State's basic aid package to districts since the late 1940s. To suggest, as this Plan does, that the need could be met through separate grant programs ignores the reality that there are many grant programs found in the statutes that never get funded or are only partially funded.

The fact is that the success of adult high school programs has much to do with the stability of the funding source. We could not in good conscience allow students to begin a program if we were uncertain about funds for the following year.

One might argue that the adult student has the option of getting a GED. Unfortunately, the GED diploma has lost considerable credibility with employers and colleges. The military does not recognize it at all. In contrast, the adult high school diploma is a State-endorsed, locally issued diploma with all the merits of a regular high school diploma.

Further, the adult high school diploma is the best bargain in education today. Not only do adults benefit, but so do the children most in need. Research from Head Start programs report a significant correlation between the reading level of the parent and that of the child. Literate, educated parents become partners with schools in producing children who can achieve high academic standards. The reverse is also true, putting the children

of uneducated parents at a severe disadvantage. These parents may have negative images of a school system that ultimately did not meet their needs. This is the home environment of too many children who will be attending our public schools in the year 2000.

The school reform we seek should expand the mandate to include the parents of the children we serve. This is the time for a generation of children who have access to a thorough and efficient education and a generation of parents who support schools because schools support them.

In 1990, Goals 2000 included adults in its mission by supporting a goal to eliminate functional illiteracy nationally by the year 2000. This goal is essential if our economy is to flourish and our children are to succeed. How can New Jersey aspire to achieve this goal when it has not incorporated the education of adults into its own Plan?

Certainly, we have a long way to go to achieve 100 percent literacy, when over 21 percent of adults in New Jersey cannot complete a job application or read a bus schedule. Of that number, 13 percent were born in another country and cannot communicate in English, according to the National Adult Literacy Survey of 1993.

Economically, New Jersey cannot survive without a literate adult population in our workforce. This is not only an urban problem. Even a small residential community like North Plainfield with fewer than 19,000 residents, about three square miles, attracts adult high school students from 43 communities. This year, enrollments soared from 226 to 583, with a waiting list of over 200. Over 25 percent of our students are between 16 and 18, and more than 65 percent are Hispanic.

Our students want to help their children to do well in school and they want a chance to compete for better jobs. Adult students become citizens, they vote, they can even become governor of New Jersey.

What will become of this enormous pool of talent if we do not give adults in New Jersey the chance to improve their lives through secondary completion programs? Those who left high school or never had the opportunity to attend as children deserve a second chance to complete their education. They deserve the option of attending an adult high school program that gives them the same chance to acquire the necessary proficiencies for a successful life that every high school student has.

Representing not only the community of North Plainfield, but also the 1,205,206 adults in New Jersey who do not have a high school diploma, I ask that you include the adult high school as part of the mission to provide a thorough and efficient education to the citizens of New Jersey, whatever their age, and further, that you continue to fund adult high schools as part of the foundation aid to districts.

I brought a big box with me. It contains 11,866 signatures, just a fraction of the people we have approached who support the plan to include adult high schools in this mission. I am going to give this to you, and I hope you will take it to heart.

Thank you very much.

ASSEMBLYMAN ROCCO: Thank you very much, Terry. I know it was an awful lot of work to get that many signatures. You are certainly to be commended.

ASSEMBLYMAN ROMANO: Mr. Chairman, may I ask a question, please?

ASSEMBLYMAN ROCCO: Go ahead, Lou.

ASSEMBLYMAN ROMANO: What sort of aid does North Plainfield receive from the State now for their adult school?

MS. LUXENBERG: We get .5 for each adult -- full-time adult high school student. In other words, an adult high school student gets half of what a regular high school student would get if they are full-time, and half of that if they are part-time.

ASSEMBLYMAN ROMANO: How are you making your budget? Is the City of North Plainfield adding money to that program to keep the program alive, or are you living on a .5 budget?

MS. LUXENBERG: We are living on a .5 budget, with some frills thrown in by North Plainfield. They supply some of the things we need.

ASSEMBLYMAN ROMANO: Do you have any idea how much money they are putting in?

MS. LUXENBERG: I don't really know.

ASSEMBLYMAN ROMANO: All right. Thank you very much. Thank you, Mr. Chairman.

ASSEMBLYMAN ROCCO: Thank you, Lou.

That is a big job. Would you just bring that up here, Terry?
(referring to boxed signatures)

Vidas Gilliams, a student in the Camden Public School system?
Is she still here? (no response) Vida Gilliams?

Okay, then we will go on to the next speaker. Dr. Dwight Pfennig, Morris School District? (no response)

Gerard Thiers, Executive Director, Association of Schools and Agencies for the Handicapped?

GERARD M. THIERS: Dr. Rocco, members of the panel: I am Gerry Thiers, Executive Director of the Association of Schools and Agencies for the Handicapped, known as ASAH. We are a professional organization of 92 private schools in New Jersey which serve 9000 children and adults with special needs. The schools educate students with a variety of severe handicapping conditions -- mental retardation, emotional disturbance, multiple handicaps, neurological impairments, and autism.

The special education portion of the Comprehensive Plan has some positive features which I will mention. First, we support the funding of students classified as "eligible for speech correction" and mild perceptually impaired students as part of the regular education program. This will reduce or eliminate the problem districts face in classifying marginally impaired students in order for the students to receive services. The proposal will also help to make New Jersey's classification rate -- which has been criticized as high -- more accurate. The Department of Education must be certain, however, that such a change does not result in the loss of Federal funds, and it must ensure that the districts receive sufficient foundation aid to properly serve these students.

Second, the proposed single dollar amount in categorical aid for all classified students reflects the Department of Education's desire to eliminate financial incentives for placements. Currently, the programs into

which students are placed affect the amount of aid which the sending districts receive. School districts, on average, pay more for private school and educational services commission placements than they do for placements to special services districts and regional day schools. The reason is not that the special services districts and regional day schools cost less, but rather because these placements, on average, generate more State aid. This is unfair to the students, who should be placed into programs which are most appropriate for their needs.

Third, the Department proposes that all aid go directly to the students' resident districts. This is important, because it allows districts, child study teams, and parents to make the decisions at a local level in all cases based on the needs of the students.

Fourth, we agree that districts should get some financial relief for extraordinary expenses associated with particular special ed students.

Having said this, we would like to point out the areas where the proposal is lacking. For students with severe disabilities, the proposed single dollar amount in categorical aid will force districts into a terrible choice. They will have to either deliberately place these students into inappropriate, low-cost programs -- a practice which would violate Federal law -- or pit their regular education budgets against special education to make up the remaining cost.

There should be an additional cost factor for the most severely disabled or, better yet, funding should be program driven similar to that proposed in the Plan to Revise Special Education. This proposal, which was developed about eight years ago, grouped students into three areas: 1) eligible

for related services; 2) eligible for resource center programs; and 3) eligible for special class programs.

Also, by imposing financial penalties for classification rates exceeding 10 percent, the Comprehensive Plan discriminates against districts whose classification rate is higher through no fault of their own.

Finally, the Comprehensive Plan does not specify the amount of categorical aid. The conceptual aspects of the Plan are important, but so is the bottom line.

We urge you to avoid adopting a block grant approach to funding special education. Such an approach is indifferent to the needs of students with disabilities, especially to those with severe conditions. If New Jersey wants to continue to effectively educate students with disabilities and provide the kind of individualized instruction required by law, then resource centers, highly specialized programs, and all other placement options are going to be necessary. A program-based funding system would best meet student needs.

Thank you for your attention.

ASSEMBLYMAN ROCCO: Thank you very much, Gerard.

Dr. William Adams, Superintendent of the Salem County Vocational Technical Schools. Is Dr. Adams here? (affirmative response from audience)

Dr. Adams.

WILLIAM ADAMS, Ed.D.: Chairman Rocco and Assemblyman Romano, I am Bill Adams, Superintendent of the Salem County Vo-Tech Schools. Our schools provide most of the occupational, technical, and vocational training for both secondary and postsecondary students in Salem

County. We work very closely with employers and labor unions to implement realistic programs that prepare our students for work and for further education.

I would like to tell you more about those programs. In fact, I am representing all 21 counties, as Don Schreiber will do, my counterpart from Cumberland County.

As we look at the Comprehensive Plan, there has been a lot said today and there are many issues. I would like to focus on just a few that directly affect county vocational schools.

First, we applaud the Commissioner for recognizing that county vocational schools are part of the foundation formula. As you may recall, under QEA I, we were not funded directly, but rather through the local districts. So the fact that he recognizes county vocational schools in the Plan as districts that have risen in enrollment, whether we are shared-time or full-time, we believe is important. We certainly support that portion of the Plan.

The Commissioner also recognizes and recommends continued categorical aid for county vocational schools. However, he recommends that the rates remain at the 1991-1992 enrollment level, at least in the first year. Many of our county vocational schools have increased enrollment significantly since 1991-1992, and we suggest that the Legislature look at this. We would certainly hope that if you accept the Plan to review foundation aid every two years, at the same time you look at categorical aid.

The area of categorical aid and the formula that concerns us the most, however, is with the postsecondary enrollments. The Commissioner has eliminated, for the same reason the adult high schools were eliminated, postsecondary enrollments. In our schools, we serve almost 20,000 adults in

postsecondary vocational programs annually, many of these programs for retraining and for people who want to enter the workforce. Those persons have been funded in the past and, as I said, for the same reason as given for the adult high schools, it is not a constitutional mandate.

In Camden County alone, Assemblyman Rocco, there are 1800 postsecondary full-time students in the Camden County Vo-Tech schools. If it were not for these programs, where would they go? Some people say they could go to a community college. Well, there are almost 800 approved vocational-technical programs in the county colleges and county vocational schools. About 400 are county vocational schools, slightly less than the county colleges. There is less than 5 percent duplication statewide. It would mean that 95 percent of those 1800 people in Camden County would have nowhere to go.

The Commissioner has said that postsecondary vocational students could be funded by other sources. We believe that whatever is done as the Legislature looks at this package, that that should be addressed when the whole package is addressed.

Just emphasizing the adult high schools for a second: County vocational schools are very involved with that segment of the population. What makes our adult high school programs somewhat unique is the fact that many of the people who participate in these programs also participate in occupational programs, so they are getting their diploma at the same time they are getting a skill so that they can become gainfully employed.

The Commissioner also indicates that there could be another funding source outside of foundation aid for these schools. We suggest that

you look at the whole formula. It may not be foundation aid, but there should be some source to fund our adult high schools.

The GED is an option. The Department of Education will say, "Well, adults have that option." The military does not recognize the GED as a valid high school diploma, and some employers don't either. So we implore you to look at that as well as you look at the total package.

There are just two other issues I would like to address on county vocational schools. It has been mentioned with special ed today that we are talking about 10 percent of the population for categorical aid. Well, county vocational schools, on average statewide, serve 30 percent of our secondary students, or classified students. We provide a solution to many students who otherwise may not remain in school or would not get an education that would provide them with skills to make them employable. We do not believe that providing that service when we have nothing to do with classifying the students -- we take the students as they come to us -- should penalize our schools. So we ask you to look at that.

Also, as you look at Essex County and Monmouth County, we have a disproportionate number of students who come from special needs districts. We believe the at-risk aid should trail those students as they go to vo-tech schools.

To just jump back for a second to the adult high schools -- and I mention it because of our Assemblyman from Hudson County-- The Hudson County vo-tech schools serve over 2500 adults in their adult high school. That makes up two-thirds of their population. I think it goes without saying what this Plan will do to that school in your district, Assemblyman.

We believe that as the Legislature looks at the Plan, you should look at postsecondary funding for vocational schools, as well as the adult high school piece.

We thank you for the opportunity to comment on the Plan.

Are there any questions?

ASSEMBLYMAN ROCCO: No, but I certainly am in agreement that the postsecondary funding should be looked at very carefully. We have to make certain that it is part of the ultimate Plan.

ASSEMBLYMAN ROMANO: Mr. Chairman, Dr. Adams referred to Hudson County. At a prior meeting I attended, Superintendent Gargiulo testified. That is a problem. You know, the Constitution says between the ages of 5 and 18, I believe. This is what they keep looking at in terms of who gets the aid.

In Hudson County, as far as the adult high school is concerned, what services it provides to the people cannot even be measured. I have been in that adult high school, and I mixed in with the students who were there. Without that high school, I do not know where they would go.

We keep talking about global economy. We keep talking about enhancement of education for our adults. Minimally, if we are not looking to provide them with a high school diploma, then when we talk about further training, it becomes ludicrous.

So it is a basic education. I hope the full impact of that becomes evident as my colleagues craft the legislative budget.

Thank you, Mr. Chairman.

ASSEMBLYMAN ROCCO: Thank you, Dr. Adams. Thank you, Lou.

Gene Iannette, Stratford Schools? (no response) Going once--
Dr. Rita Hanna, Lower Camden County Regional School District?
(no response)

Fred Keating, Gloucester County Special Services? (no response)
Dr. Kenneth D. Hall, Foundation Aid Districts Association?
Here's Ken.

KENNETH D. HALL, Ed.D.: Thank you, Chairman Rocco.

ASSEMBLYMAN ROCCO: How are you, Doctor?

DR. HALL: Fine, sir.

ASSEMBLYMAN ROCCO: I haven't seen you for a while, since our last constitutional battle.

DR. HALL: Yes, sir, and we are back at it again now. I do appreciate the opportunity to appear this afternoon on behalf of the foundation aid districts.

I am not going to read this entire testimony, but I would like to make a few points. If there is one point that should be made, it should be that we are not on a level playing field at the present time with the foundation aid districts.

Foundation aid districts are those districts that are not at either end of the spectrum, but those middle districts representing about half of the children in the State of New Jersey. They are typically districts that rely heavily upon State aid, those districts that have ratables below the State

average of around \$450,000. Many of our districts have ratables of less than \$200,000 behind each child, and they have relied heavily on State aid for the support of their schools.

What I would like to do is draw your attention to some of the facts that exist at the present time. If we go back to 1990, there was a 17 percent cut in foundation aid under Chapter 212 before the QEA was enacted. The QEA I formula created a redistribution of State aid that was totally inequitable to most foundation aid districts. On top of that, QEA II further reduced State foundation aid by \$360 million. To make fiscal matters worse, instead of dedicating this amount of money to property tax reduction by school districts, the money went to municipalities without regard for need as defined by inordinately high property tax rates. So \$360 million was distributed to municipalities. As we looked at it, about 75 percent of that \$360 million went to municipalities with school districts whose tax rates were substantially lower than the State average, tax rates below a dollar.

So that really compounded the problem for the foundation aid districts. For instance, in Matawan-Aberdeen, where I was Superintendent, we went from a 42 percent State-aided district down to 24 percent, and we are now below 24 percent. That meant that the funding for our school district, the loss of that State aid, had to be -- the burden had to be placed upon the local taxpayers to make that up. Now we have a tax rate of close to \$2. It might be a little bit over \$2 now.

I have left with you this evening some documents to support this testimony. One of them is a list of all the school districts in the State of New Jersey. It gives the tax rates; it provides you with information with regard to

the ratables behind each child in most districts; the enrollment; and a breakdown of foundation aid, categorical aid, and transition aid. It also gives you the approved budgets of each school district for 1994-1995, and each district's tax levy.

It is presented in two ways: One by county, so you can find your districts very easily. Also, another listing of those districts from the highest tax school districts in the State to the lowest tax school districts. If you look at the document that has the highest to the lowest tax rate, you will see on this first three or four pages most of the foundation aid districts that have been hurt very badly: East Windsor, Highland Park, Old Bridge, Matawan-Aberdeen, and a whole host of districts that have tax rates now that are exceeding \$1.50, \$1.60, \$1.70, and \$1.80.

Because of these cuts in State aid, the school districts hurt most over the past five years have been those districts which have, of course, relied most on State aid because of their low ratable base. Local taxes have soared in those districts that have had to make up that loss in State aid. In addition, because the districts are unable to raise taxes in direct proportion to the loss of aid, they have also expressed a drastic decline in the quality of their educational programs. Many of these districts are reaching the level now where they could very easily be categorized special needs districts.

Although we applaud the effort of the Commissioner of the Department of Education to define thorough and efficient and to set standards, it is incumbent upon us all to understand the importance and necessity of addressing fiscal equity. At the very least, there must be a level playing field.

The Commissioner, in the Department of Education Interim Report on Educational Improvement and Financing”, presented to the Governor in February of 1995, acknowledged the following -- and the report goes on to say: “The search has been unsuccessful in producing the desired results, and it has divided the branches of government, as well as communities and school districts of the State,” that is, the search for a funding formula.

The report goes on to say, in addressing fiscal equity: “The optimal per-pupil funding amount should be guaranteed and provided to each district throughout the State through an appropriate combination of direct State funding and/or State-directed local funding, depending on the community’s economic circumstances.”

On behalf of the Foundation Aid Districts Association, I respectfully submit for consideration a summary of our proposal for a new funding formula that we believe, if adopted, will be the cornerstone for the implementation of the Department of Education’s “Comprehensive Plan for Educational Improvement and Financing”.

Our proposal provides a new guiding principle for State aid to local school districts, which we suggest must provide an equitable allocation of State aid based upon local tax rates with no State moneys to be spent for things not considered necessary for a thorough and efficient system of education.

In 1995, we found ourselves with a funding formula which appeared to be “jerrybuilt” to meet a variety of concerns, none of which have ever been truly harmonized. The practical effect of this “jerrybuilt” system has been to promote and exacerbate disparities between districts in terms of tax

burden. This is well established and can be illustrated by a review of the documents you have before you.

Our proposal for a new system of funding education is set forth as follows, and this is very brief:

1) Any statewide system of education funding must provide categorical and foundation aid to school districts by arriving at a common real estate tax rate throughout the State, except for those districts which can tax their landowners less than the State average school tax rate now or whatever it will be in the future. The average tax rate in New Jersey for school districts for 1995 was about \$1.21 per \$100 of equalized valuation. Because equalized valuation is a uniform measure throughout the State, it will be used throughout our proposal.

If a school district is capable of providing a thorough and efficient education at \$1.21 or less, without any State aid, then reduced State aid should be given to that school district. On the other hand, if a district needs to tax more than the average tax rate of \$1.21, then State aid should be given to the district up to the amount needed to provide a thorough and efficient system of education in that district.

In effect, this would bring the State into compliance with the present statute, Title 18A:7A-2(7), which states: "Such a system should be, in part, locally funded to encourage involvement and to assure the financial supervision by the residents of the local unit and, in part, State funded to equalize statewide the tax effort required for a thorough and efficient system of free public schools."

2) We support Commissioner Klagholz's effort to define what is a thorough and efficient system of education and to set the standards, of course, for our school districts across the State. This is an especially thorny problem in New Jersey, where there is a long tradition of home rule and where, although education is a State responsibility, it is implemented through local boards of education. The Department of Education's "Comprehensive Plan for Educational Improvement and Financing" is an attempt to address the "substantive ingredients" that the New Jersey Supreme Court said was lacking in a clear definition of thorough and efficient. The Commissioner is moving in the right direction. The primary goal should be that every child be provided with those elements of a good education, based on the individual needs of the child.

The Commissioner's Plan, although debatable in many aspects, is right on target in the identification of those substantive elements, both educational and fiscal, that will define thorough and efficient. It is hoped that this effort will redirect the Supreme Court's thinking and will convince the Court to understand that its present approach does not address fiscal equity for students in the vast majority of school districts that are not at the socioeconomic extremes, namely, the foundation aid districts.

3) The State average tax rate, currently at \$1.21 per \$100 of equalized valuation, should be adjusted each year by an inflationary factor, taking into account regional cost differences. The funding formula should be reviewed every five years to recommend adjustments in order to meet the goals of this proposal, which addresses property tax equity and high quality education in all of New Jersey's school districts.

4) We believe -- and there is only one more -- that in the special needs school districts more support must be given to address the needs of children in poverty situations, as well as to address the need for improved facilities and educational services.

5) With regard to the recommendation that wealth of a school district be determined by two factors -- district property wealth and district income -- we strongly urge that a thorough study of the present QEA funding formula be conducted.

I am leaving with you a copy of a report that John Augenblic (phonetic spelling) did for us back a couple of years ago. We appeared before the Supreme Court in the Abbott v. Burke case as an amicus in that case. We had two studies conducted. This one deals with why we should not use income in New Jersey schools to finance the schools. The other report is a report that addresses the foundation aid problem we have in our State. This report establishes the fact, without question, that by 1999 there will be no more foundation aid, because all of the foundation aid is going to be absorbed into categorical aid. So there is a very definite need to not try to build upon the QEA formula, but let's go back and develop one that will address all the school districts in their present circumstances.

I urge you to give serious consideration to these recommendations. For most foundation aid districts, the largest group in the State, there would be property tax relief. Home owners would have the confidence in their future ability to dwell in their homes through retirement due to a stable tax structure for education. Please keep in mind that the greatest obstacle to regionalization is our present taxing structure.

School districts with high ratable wealth -- well, I won't say that they will never, but they will be very reluctant to consolidate with districts of lesser ratable wealth. Therefore, the burden is on the Legislature to make whole those school districts that have been harmed by the present QEA formula. The solution to this problem would be a more equitable distribution of State aid with, perhaps, substantial financial incentives to make the poor wealth districts more attractive.

I appreciate very much the opportunity to appear here today, and I would be glad to respond to any questions.

ASSEMBLYMAN ROCCO: Dr. Hall, as usual, you always give us a great deal of information that is very helpful, very practical. We will certainly use much of your documentation and resources as we move ahead. We will be referring to you often as we move on this process. So, at this stage, we thank you very much.

DR. HALL: Thank you, sir. I appreciate it very much.

ASSEMBLYMAN ROCCO: Christine Herring.

CHRISTINE BRIDGES HERRING: Good evening. My name is Christine Herring. I am a New Brunswick home owner, a taxpayer, and a voter. I am here because I understand the Department of Education is not including funding for adult high schools in the new educational Plan. I feel this is a big mistake.

Let me share my story with you: In June 1981, my oldest son graduated from high school. When the principal handed him his diploma, I was proud of him, but sad that I had not made it. That evening I said to myself, "I am going to get my high school diploma."

When I became pregnant with my son, I had to drop out of high school. Thirty-two years ago in the State of Georgia, there was no adult high school. Because I disappointed my family, they almost destroyed my self-esteem when I got pregnant and could not continue my education.

Eventually, I moved to New Jersey, got married at 17, and worked at a rehabilitation center. I loved my job, but I had to give it up because my husband got involved in drugs. You and I both know drugs destroy lives, not only the person using them, but everyone who cares about that person. When I didn't give him money, he became abusive. So I stopped working because I refused to support his habit.

At that point, I had to apply for public assistance to support my four children. This was another disappointment in my life. I knew I could never earn enough money for my family without a high school diploma. I didn't want to sit around and wait for welfare, because I came from a hard-working family from the South.

In September 1981, I enrolled in the Adult High School in New Brunswick. Believe me, it wasn't easy. I was 32 years old and had not been in school since I dropped out at 15. I had forgotten everything. As time passed, I began to feel good about myself. I worked very hard and by June of 1982, I had earned my high school diploma.

After graduating from the Adult High School, I took classes at the Vo-Tech and Middlesex County College. The time wasn't right for me to finish, because my children were older and they needed things for school. I also wanted to be there for them in their high school years. I enjoyed being a band parent and traveling with the football team.

So I started looking for a job. One day, one of my former Adult High School teachers called to inform me of an opening for a teacher's assistant in the school district and asked if I was interested.

As a result of his call, I have been a full-time employee of the New Brunswick Board of Education for the past 11 years. As a teacher assistant, I worked for five years with preschool, kindergarten, and fourth through eighth grade basic skills classes. After my fifth year in the district, I applied and was selected for a higher paying position as a security aide and was assigned, coincidentally, to the Adult Learning Center where I had earned my high school diploma.

As a security person at the Center, I got to interact with all the students. Sometimes I feel as though I am the mentor for some of them, so I intercede if I can help with a problem. I am not like most security guards who just sit in one place. I interact with everyone and there are times I have to tell my life story to a student who is feeling down. I tell them where I came from. Many times I quote Langston Hughes and say, "My life ain't been no crystal stair." I talk to them as though they are my own children, stressing the importance of getting their high school diploma before they become parents. I let them know how difficult it will be later in life if they don't get a diploma now.

When I was a full-time parent at home and not working, I talked with my children a great deal, stressing the importance of education. Sometimes they would say, "Oh, no, another lecture." I am pleased to report that all of my children graduated high school. Three went into the military. One of my daughters is hearing impaired and had a very difficult time finding

a job after high school. I refused to let her sit home feeling discouraged, and I took her to Robert Wood Johnson Hospital to volunteer. She didn't want to, but I insisted. As a result she was hired and has been working there for 10 years. My youngest child is in her junior year of college. What I am trying to say is, none of my children had to apply for public assistance. I am grateful, because I wanted them to have more opportunities than I had.

Adult high schools work for people who need that second chance. It worked for me. I didn't just graduate from high school, I was selected to represent my class as the graduate speaker for the Class of 1982. My pastor, my mother, and my children were all there to share my job. My mother said, "Oh, I would rather hear my daughter speak tonight than President Carter." There are many more people out in the world today that need the same second chance. For all those people, I want to say, "Please, please, don't cut the funds for adult high schools."

Thank you.

ASSEMBLYMAN ROCCO: Christine, thank you very much. You are certainly to be commended for being here and telling us your personal situation as the Adult High School has helped you so much in your life. We appreciate that. I can guarantee you that we will not forget the adult high schools.

MS. HERRING: Thank you.

ASSEMBLYMAN ROCCO: The next speaker will be Michael Eladan, Matawan-Aberdeen School District? (no response)

Nina Kemps, Educational Media Association of New Jersey.

Lou, I am going to ask you to Chair for a moment. I have to take a necessary stop

ASSEMBLYMAN ROMANO: No problem.

N I N A K E M P S: Should I bring these up first? (hands copies of prepared statement to Aide)

Thank you for the opportunity to speak. I know it has been long. I am Nina Kemps. I am the Corresponding Secretary of the Educational Media Association of New Jersey, which represents over 1200 school library media specialists, K-12, and vo-tech schools in New Jersey.

The Comprehensive Plan, as submitted by Commissioner Klagholz, attempts to establish a foundation to implement a thorough and efficient education for all children in the State of New Jersey. We are encouraged to note that school libraries staffed by certified school library media specialists and library aides are included. However, there are some areas of this document for which clarification is needed. They are as follows:

1) What portion of funding has been allocated to school library media centers for resources in all formats, such as books, equipment, software, library supplies? While costs for classroom supplies, textbooks, and equipment have been noted, funding for resources which support all curricula, all students, and all staff in the cost-efficient library media center have not been included.

2) What portion of funding has been allocated to school library media centers for computers and other technology hardware? While funding for classrooms has been established at one computer for every five pupils, no such criteria for library media centers has been proposed. Even if classrooms

have access to technological resources, the library media center is the logical site for networking these technological resources.

3) All three grade level models developed by the Department of Education are insufficient to meet the needs of a thorough and efficient education. These models do not reflect either the actual needs in school districts or the present realities of most school districts throughout New Jersey. Those models should be adjusted to reflect recommended staffing of library media centers as noted on page 9.29 of the Educational Media Association of New Jersey's Library Media Program model, which states, "At minimum, a certified library media specialist who is a member of the teaching staff must be available to all students and staff at all times when classes are in session." A copy of that model is included in the packet I gave you. It was presented to the Department of Education as the ninth core curriculum, the Infusion of Information Skills.

4) Although the roles of the library media specialist at the elementary level are different from the middle school and high school in curriculum content, they are not any less labor intensive. Teaching younger students is not less teaching or preparation. Why does the Department of Education use a different salary based on the grade level of the students, rather than on the educational level of the teacher?

While the inclusion of certified staff, specifically the school library media specialist, is commendable, it is evident that a lack of acknowledgment exists regarding the three major roles of the library media specialist in the school: a teacher, an information technology specialist, and an instructional consultant. The fact that the position of the school library media specialist in

the elementary school model is designated at half-time for 500 students is reminiscent of inadequate programs of the past.

Following this model with an assumed enrollment of 500 students, we now have 23 classes, with possibly 1 special education class of 7 students coming to the library media center in 2-1/2 days, or, to put it another way, approximately 30 minutes per group of students. If you break that down per student, you have 1.3 minutes per student for 1 on 1 instruction.

In actuality, these would be 24 different groups scheduled into the library in the traditional schedule of providing coverage for teacher preparation time, which results in isolated skills classes and book selection. This leaves no

time for teacher collaboration, management of the library media center, or implementation of programs. In addition, a schedule of this sort limits every elementary student to a maximum of 30 minutes access to their library and denies them opportunities to satisfy individual access to information.

Research has long recognized the impact on academic achievement of library programs which support curriculum at time of need, meeting students not only in large class situations, but in small groups and also on an individual basis, and meeting them as often as needed to attain the educational goals desired. As technological resources are available in the school library media centers, it is even more vital that certified school library media specialists be available for collaboration with teachers to implement instruction on all days that schools are in session.

A part-time position at the elementary level, in effect, closes the library by eliminating the one person who can most effectively guide students and teachers to their information needs. The result is limited access to library resources. Since the most logical hub for networking CD-ROMs and on-line databases is the library media center, moneys would be spent on technology that would be used effectively only for half the time. If the goal of the Department of Education is to provide thorough and efficient education, students must have access to the professionally staffed library media center at the point of need.

I would also point out that a strong library media center program is the highest predictor of academic achievement.

Finally, we ask you what system of checks and balances does the Department of Education plan to implement to guarantee that the funds

provided to the district are used for staffing and resources as defined in this model?

As you prepare to implement the Commissioner's proposal, please have it reflect the changes we are recommending.

Thank you.

ASSEMBLYMAN ROMANO: Thank you very much, Ms. Kemps.

Superintendent Fred Keating, Gloucester County Special Services?

(no response)

Mr. Donald Schreiber, Superintendent, Cumberland County Technical Education Center, Bridgeton.

DONALD E. SCHREIBER: Good evening, Assemblyman. Thank you very much. Originally, my testimony started with "good afternoon," but we will change that.

Rather than read from my written testimony, I would like to just tell you a little bit about the Cumberland County Vocational Technical School called Cumberland County TEC, and talk about how the loss of postsecondary aid would impact our school, our students, and, more importantly, our local economy. We are a relatively small vocational school. We serve about 600 students. We are share-time predominantly, but we do have full-time programs for special needs students and for adults.

As Dr. Adams said, we support many of the concepts in the Plan, but are concerned with the elimination -- possible elimination -- of postsecondary funding.

To reflect on Cumberland County just for a minute, we are the State's poorest county in many, many measures. We have very low ratables,

low family income, high poverty, high unemployment, high teen pregnancy, high drug abuse. Almost everything negative we are high in, and the things economically positive we are low in.

Of the four schools that we receive secondary students from, three of them are special needs districts -- Bridgeton, Millville, and Vineland. Cumberland Regional, the fourth school, is in District Factor Group B. So you can see the wealth in the county is very low. Yet, education for employment, whether at the secondary or postsecondary level, is really the only true way to improve the economic climate in our county for the residents in it who are, if employed, many times are underemployed.

The fascinating thing about this is, if you look at our enrollment history, we serve a relatively high number of postsecondary students, because secondary students are not able to take advantage of our programs during their high school years, for a number of reasons. One of those reasons is increased graduation requirements, which impacted very heavily and prevented many students from attending the county vocational school. They needed to take extra courses.

Since the special needs districts had some significant difficulties initially in HSPT standards, many of the students needed additional remedial courses. So those students were shut out of coming to the county vocational school. They may be the very students who need it most. Yet, because of the requirements that were imposed by State mandate and legislation, they were not able to come to the county vocational school.

Since three of our four sending districts are special needs districts, the amount of State aid proportionately in their budgets versus the amount of

local tax levy is very high. Therefore, since every student they send to the county vocational school they effectively lose half the State aid for that student, there is no incentive for those schools to encourage students to take advantage of the opportunities available at the county vocational school. In fact, it is a financial disincentive for those districts to do so, even though it may be in the best interests of the individual student.

You can see that when QEA was put into effect and there were increased graduation requirements, our secondary population immediately dropped by 50 percent. But, interestingly, our postsecondary population almost doubled at that same time. Students wanted to take advantage of the program. If they are not able to do it during their secondary years, they do it during their postsecondary years.

Since so many of our residents are unemployed or underemployed, we keep their costs very low at the postsecondary level. Our costs to the student to attend our postsecondary programs range from \$75 for some courses to about \$2400 for our nursing and our FAA-approved aviation maintenance program. Our students tell us that it is the low cost, quality program and the easy location that attracts them to these programs so that they can get jobs. If the funding were to dry up altogether, we would have to raise those rates approximately \$7000 per student. They could not afford it. Our enrollment of approximately 256 postsecondary students, I would think, would drop to maybe zero.

If we would go to the local levy to raise those taxes, it would increase by 50 percent the county tax rate that is targeted for the county vocational school. We would stand to lose approximately \$700,000. In

comparison to large districts, that is not a lot of money, but it would eliminate those programs for the -- the option would be to eliminate those programs for those 256 students.

I want to just mention briefly one of the things that we work very hard in a county where there are limited resources to do, and that is to work together with our county college. We work with them to offer programs that enable the students to earn college credits and complete their associate's degree or certificate programs while they attend Cumberland County TEC. We work actively to avoid duplication of programs and services. We are very clear in our separate missions -- the county vocational school and the county college. Although both institutions serve the postsecondary student, we work to provide different and cooperative programs. The county colleges receive State funding for their postsecondary students. We believe that funding should continue at the county vocational schools as well for the postsecondary students.

If we were to close our programs, what would happen? They would have to open somewhere else. They are in demand. That means that some other agency would have to repurchase equipment, hire staff, hire technical expertise, and develop and implement programs, effectively duplicating what is already in place. We really feel it would be most cost effective in not only the long run, but in the short run, to keep the programs going at the county vocational schools where the equipment, the expertise, and the personnel are already in place.

We are training students just out of high school. We are retraining many, many people who have been displaced from their jobs by a

changing technology. It is important to provide these opportunities as technology changes so quickly.

I suggest that the State continue to fund the postsecondary students at the county vocational schools, the categorical funding at the current levels, adjusted periodically. If a special formula is necessary, use the county wealth indicators to consider each county's ability to pay its fair share and provide categorical aid for the remainder of the costs of educating these very important students, who are also residents, taxpayers, and voters.

I thank you very much for your attention, and for the opportunity to testify.

ASSEMBLYMAN ROMANO: Thank you, Superintendent Schreiber.

I turn the Chair over to Assemblyman Rocco again.

ASSEMBLYMAN ROCCO: Thank you.

Tom Niland, Principals and Supervisors Association? (no response)

Arnold Lindley, New Jersey Association of School Psychologists, and Barbara Williams.

A R N O L D L I N D L E Y, Ph.D.: Barbara Williams is not able to be with us tonight.

I am Arnold Lindley. I am going to be very brief, because much of what I wanted to talk about tonight has been discussed by other people.

First of all, the New Jersey Association of School Psychologists has as its primary mission to advocate for programs which serve the educational and mental health needs of children and adolescents. To this end, we want to

commend the Department of Education's attempt to come up with a quality education free of financial and community constraints.

However, the current Plan is lacking in specifics with regard to core curriculum areas that need to be addressed statewide. In addition, the Department of Education has failed to address the social and emotional development of all students. Academic needs can only be met after other basic needs have been met. It is very crucial in this day of a pluralistic society to be addressing social skills, communication skills, and decision-making skills.

We want to commend the position advanced by the Department of Education to educate disabled pupils with their nondisabled peers in regular education to the extent possible. However, we disagree with the assumption that the present system encourages overclassification in order to generate revenue. Overclassification is a fact, but it happens as a result of attempting to provide educational programs for students in need, more than to generate education -- or revenue, excuse me. It is clearly easier to identify moderate and severely disabled students, but it is more difficult to distinguish the mildly disabled students from the students who are in need of remedial help.

The recommendation that special education levels be preset at an arbitrary level, such as the 10 percent level, will not change the needs of students. It will only increase the number of students in need, but who are without options. What is needed is a system for all students that integrates special services and support programs within regular education programs.

Also, we advocate the continuation of support services such as school psychologists and other child study team members, because they are an essential part of the education system for students in both special and regular

education. They are readily available to school personnel and students in times of crisis. They offer cost-effective services and an understanding of the educational school issues from the system's perspective. They are sufficiently familiar with the students, staff, and legal requirements and are available on a day-to-day basis.

We urge this Committee to carefully review the staffing ratios contained in the Department of Education's report. While the Plan calls for an increased reliance on support staff to supplement education at all levels, the proposed level of staffing is lower than at any time in the past 15 years.

In closing, I would like to thank the Committee for its time and effort. I have included several position papers that go into more depth on the areas covered by the Plan for financial revision.

ASSEMBLYMAN ROCCO: Thank you, Dr. Lindley.

Marete Wester, The Alliance for Arts Education/New Jersey? I am sure I didn't pronounce that correctly.

R H O N D A D i M A S C I O: It's Marete, but I am Rhonda.

ASSEMBLYMAN ROCCO: Okay, Rhonda. Would you please spell your name?

MS. DiMASCIO: Sure. It's DiMascio. I am the Program Administrator for The Alliance for Arts Education/New Jersey. On behalf of the Executive Director, Marete Wester, and the members of The Alliance, it gives me great pleasure to present our views concerning the position of the arts within the proposed school funding Plan.

We applaud the State Department of Education's attempt to put issues of academic achievement and quality education before funding. We

affirm the importance of the arts in academics and endorse the inclusion of the arts as a core curriculum content standard area.

However, upon review of the Plan and the proposed models upon which the funding formula will be based, we have noted some concerns:

We are concerned that the standards have not yet been officially adopted. We endorse basing thorough and efficient education on sound educational values and core curriculum content areas that include the arts. We do not want to see the arts sacrificed at the ninth hour to satisfy bottom-line funding criteria.

We are concerned that the models that are cited in the Comprehensive Plan do not provide for quality and effective delivery of arts education. Specifically, the current funding models appear to set up the expectation that elementary and middle school teachers can replace arts specialists in the delivery of the arts. In addition, costs for facilities, equipment, and supplies for proper arts education instruction do not appear to be taken into consideration.

We are concerned that the Comprehensive Plan does not quote or refer to any research, reports, or studies in education to support these proposed models. I refer you to The Alliance for Arts Education's position paper, The Creative Ticket to Students' Success on the State Department of Education's Plan for Education Reform. We cite numerous models in this position paper on the latest research supporting the impact of arts in education. You should have already received a copy. If anyone wants anymore, I have extras.

We ask the State Legislature, as you begin your deliberations on the school funding formula, to secure the place of the arts as an integral

component of the State's Plan for school funding. The arts must remain a core curriculum content standard area. The funding models must ensure quality and effective delivery of arts education. Above all, the arts must not be sacrificed in order to pay homage to a bottom line.

I would like to close with a quote by the late Charles Fowler: "The arts are not pretty bulletin boards. They are not frivolous entertainment. They are the languages of civilization through which we express our fears, our anxieties, our hungers, our struggles, our hopes. They are systems of meaning that have real utility. This is why schools that provide students with the means and the encouragement to explore these realms provide a better education. This explains, too, why the arts are a mark of excellence in American schooling."

I thank you for your time and consideration.

ASSEMBLYMAN ROCCO: Thank you very much.

As you may or may not know, we are going to put forth a pilot program in the arts in a press conference coming very shortly.

Jim Dougherty, Lindenwold Board of Education, and Cathy Moncrief as well. Is Cathy here? (affirmative response from audience) Okay. Do you want to come up together? Are you both from the same district?

JAMES DOUGHERTY: Yes, we are.

Thank you, Chairman Rocco, Assemblyman Romano. Welcome to Camden County.

I am Jim Dougherty. I am a member of the Lindenwold Board of Education. I would like to thank you for the opportunity to speak to you today regarding the finalized Comprehensive Plan. Along with Cathy

Moncrief, my colleague and our Board Vice President, I hope to provide you with a sense of how this Plan will affect our district, as well as districts that are similar to ours. My particular focus today will be on what I believe to be the contradictions of the Plan, as opposed to the various statements made by our Commissioner both in the initial draft, as well as this final document.

It is somehow ironic that on the heels of the season of giving, public education in the State of New Jersey has been given the educational equivalent of a lump of coal in its stocking. I firmly believe that this Plan, as it is presently constituted, will spell disaster for public education in this State. The task which this Plan aims to accomplish has clearly been supplanted by a desire to limit, as much as possible, the level of financial support provided to public education in the State. Unfortunately, this Plan has the effect of putting the cart before the horse by failing to address, in any substantive fashion, those factors which I believe are conditions precedent to accomplishing this task. In addition, because of what I fear are mandates which are yet to come in terms of what local school districts are expected to do, I believe that this Plan will further diminish resources to local school districts, while demanding increased services. Permit me to give you a few examples of the more troublesome contradictions contained in the Plan.

First of all, Commissioner Klagholz speaks in both the initial draft and the final version of the Plan of the tendency in public education to decide on a level of funding necessary to support a program, and then adopting a program to fit the available funds. The Commissioner goes on to say that we should be determining exactly what programs we should be providing, and then decide the funding necessary to support those programs. I believe the

Commissioner is correct in that assumption. I am disappointed, however, that he failed to follow his own suggestion. When you consider the fact that the core curriculum standards are not going to be presented to the State Board of Education before next month, the Commissioner is, therefore, guilty of the same kind of convoluted logic that he says has been so harmful in terms of educational funding here in New Jersey in the past.

Furthermore, the Commissioner states that the ultimate cost of special education in New Jersey will be lower when you consider the fact that mandates in the area of special education which are no longer necessary will be eliminated. Unfortunately, the Commissioner has not provided anyone with any idea of the degree to which these mandates will be eliminated, or which specific mandates have been targeted for elimination. As a result of these failures, many of us fail to see how one can make the assumptions made by this Plan without knowing exactly what the program will be for public education.

Secondly, Commissioner Klagholz makes reference in both the initial and the final versions of the Plan to that phenomenon in public education known as “mission creep.” This could be defined as taking an initial premise upon which an organization or institution is founded, and expanding upon that definition over time to the extent that the original goal becomes obscured. In other words, to paraphrase a sign on the wall in my home office: “When you are up to your butt in alligators, it is difficult to remember that your initial objective was to drain the swamp.”

Once again, the Commissioner is correct in his view that the initial objective of public education has been lost over time in the sea of mandates. However, not only does the Plan make only an oblique reference to the

elimination of certain mandates with no specific examples, the Plan appears to espouse, both directly and indirectly, the promulgation of new mandates which would only serve to further obscure the true mission of public education.

For example, the Commissioner talks about the idea of creating “Community Service Centers” in districts that service at-risk students, such as my own. Not only would this idea further drain resources from public education in those communities, such as ours, but such centers would have an acute impact on those districts in terms of the facilities’ needs. Districts such as ours are already bursting at the seams. We have approximately 1500 students in three schools, three schools that have an educational capacity of 1350 students. So to impact our schools by asking us to do still more in terms of what our facilities are going to be required to do would certainly impact us greatly. Yet, the Plan does not address facilities in any way, shape, or form, other than to say it is going to be largely a local problem to fix.

Mandates which force school districts to redirect their resources to areas other than education are wrong, no matter who proposes them. I find the whole discussion particularly troubling when you consider that the voters of New Jersey, just last month -- or just two months ago, excuse me -- overwhelmingly approved the State mandate/State pay constitutional amendment. It is troubling when one realizes that the Plan would essentially assign a dollar amount to all areas which are deemed worthy of funding in the educational program, including these new mandates. However, when it becomes clear that the sum total of these dollars amounts to fewer dollars to most local school districts, the victory enjoyed by supporters of the measure approved by the voters last month becomes a hollow victory indeed.

There are certain aspects of the Plan that I do find encouraging. As a member of the New Jersey School Boards Association's Ad Hoc Committee on Shared Services, I am gratified that the Plan recognizes and encourages the ongoing efforts of boards of education to enter into shared services arrangements to provide our constituents and taxpayers a greater bang for the buck, in addition to strengthening and improving the level of services we can offer. I am also encouraged by the remarks of Governor Whitman in her State of the State Message endorsing this concept. However, the Plan is short on specifics with regard to any effort on the part of State government to put its money where its mouth is in regard to this concept. Shared service efforts often come with a hefty price tag in terms of initial implementation. Therefore, financial incentives should be provided to all districts which engage in such efforts, regardless of the size of the districts involved or regardless of the grade levels of the students they service.

In that same light, I feel compelled to discuss those aspects of the Plan which discuss incentives and penalties. While it is true that such a system would go a long way toward bringing about a greater sense of fiscal responsibility, such incentives and penalties need to be applied in a uniform fashion. A prime example of this idea can be found in my own district. The cost of administration in our district is extremely low. In fact, statistics from the Department of Education show that our district has the lowest administrative costs of any K-6 district in Camden County, as well as the second lowest administrative costs of any district in the county regardless of grade configuration. Yet, because we are a K-6 district, we do not qualify for

any sort of incentive. In fact, because we are K-6, if we were spending more in administration than we do, we would probably wind up with a penalty.

Sound fiscal management comes in all shapes and sizes, and in all kinds of grade level configurations. I would encourage the Legislature to strongly consider and adopt incentives and penalties which are uniformly applied to all school districts, regardless of size or grade level configuration.

Finally, I would submit to you that the Plan, as it is presently constituted, would only serve to exacerbate further the disparity in education spending between poor and wealthy districts. Wealthy districts will continue to support educational programs whether the State deems them necessary or not, because they can afford to do so. Poor districts, however, will continue to lag behind wealthy districts in education spending, because such districts simply do not have the local tax base to be able to support increased educational funding based upon contributions at the local level.

Therefore, I would argue that until the State of New Jersey effectively deals with the present system of educational funding and its extreme overreliance on local property taxes as the primary source of funding, the ultimate destination of this Plan is the very judicial system that has declared our present system unconstitutional. I would urge each of you to examine the Plan before you very carefully and very critically, and consider that the children of our State will be the ultimate winners or losers depending upon the action you take in this regard.

I know that school board members such as myself across the State look forward to working with you in developing a plan that makes sense for us all.

Thank you for your time and attention. Thank you very much.

ASSEMBLYMAN ROCCO: Thank you, Jim. I agree with you on the incentives at all levels.

Cathy?

CATHY PETERKA MONCRIEF: My name is Cathy Peterka Moncrief. I am Vice President of the Lindenwold Board. In the interest of saving time, I will address only those areas that Jim has not addressed already this evening which are a concern to our Board.

ASSEMBLYMAN ROCCO: We would appreciate that, at this stage of the ball game.

MS. MONCRIEF: Yes, my prepared statement is long.

One area that especially concerns us is special education. While the Plan calls for categorical aid for up to 10 percent of our students, our special education numbers, without speech, currently exceed 15 percent. The Plan suggests the possibility of eliminating the perceptionally impaired classification. Although that would lower our percentage, it certainly does not mean that all of these students would be capable of being educated in a regular classroom setting without extra help. No extra money is provided for that extra help.

This attack on our special education programs is particularly surprising, since the State Constitution holds all of us responsible for providing a thorough and efficient education, and this very Plan is based upon that premise.

We in Lindenwold remain committed to educating all of our children in the program that best fits their needs. We believe it is our legal and

moral obligation to do so. On the sliding scale suggested, reimbursement for percentages totaling above 10 percent would be at a much lower rate. At 15 percent, all aid is stopped. Unfortunately, we cannot stop students from entering our district who need our help.

To add to our concerns listed above there is absolutely no mention of the extra burden that our huge transient rate of 60 percent places upon our special services. These students must be tested and the appropriate program assigned. The expenses surrounding these students are not part of the funding Plan. The extra money budgeted for each special education student amounts to approximately \$4400. Even a few moderate to severely challenged students needing specialized care will cause a major hardship in our district. Three or four students with programs exceeding \$30,000 to \$40,000 will cause a real problem, since there is no extra aid until an individual program reaches over \$50,000.

Secondly, curriculum: The Comprehensive Plan makes it very clear that curriculum drives instruction and that programs should be decided upon before a funding Plan is implemented. I am very disappointed, therefore, that there is no financial component in the Plan for curriculum development and improvement, and also that this report does not identify the educational results that it says it wants students to achieve.

The core content standards recently presented to the State Board have mandated new programs, including foreign languages in grades K-12 for all students. This would be an extremely costly venture. This would further stretch the limited resources that most districts would receive under this Plan.

We are also concerned that the Plan indicates typical salary and benefit ranges for districts. Our salary guide and levels of benefits are already contracted obligations of our district. The average teacher salary in the Plan is about \$45,000, while allotting 11 percent for benefits. That represents about \$5000 of that figure, much less than the approximately \$6000 in contracted benefits that our employees have.

Lastly, one area mentioned in the Plan that addresses neither a thorough and efficient education nor a funding formula is moving the election of the board of education members to November. We have succeeded in removing political considerations from elections involving the school. One can only wonder why the State Department of Education would want otherwise. By moving the election into the typical political election in November, we run the risk of putting the election back into the political sphere. That is something we would really be concerned about happening.

We also realize the enormity of the task of establishing a Plan like this to finance education in our State. However, we must put the needs of all of our students, our children, first.

Thank you.

ASSEMBLYMAN ROCCO: Thank you very much, Cathy. I can tell you that I agree with much of what you had to say, and what Jim had to say as well.

Frank Densevich, Vineland Adult Education.

FRANK DENSEVICH: I happen to be from Cumberland County, and I didn't realize until I listened to the gentleman from the vo-tech that we were so poor.

Honorable Legislative Committee: There are lots and lots of reasons young people leave high school. Some are serious and some are frivolous, but every one of them is legitimate to the student who is dropping out. To this student, the choice is important and will impact the rest of his life. No one knows how long it takes for this person to see the light and decide that a high school diploma is important, but, invariably, it does happen and the student returns to some school.

He may be 17, 27, 37, or more, but according to the Commissioner's Comprehensive funding Plan, if it happens after he is 18 years of age, it is too late. Since we started our Adult High School in 1978, we have served many students for many reasons. Billy Joe Shukofsky is an intelligent young man who made some wrong choices. Academics took a back seat to other activities, and consequently he never finished high school. At 21, after taking and passing the GED, Billy Joe went to the Marines and tried to join up. He took the ASVAB test and scored exceptionally high. However, the Marines said they could not take him without high school credits. He came to the Vineland Adult High School and is doing well. This story is not over yet, but we have every reason to believe he will soon accomplish his goal and become a United States Marine.

Barbara Bard left high school in 1969 with 85 credits in such subjects as: biology, physics, business law, bookkeeping, steno, and typing. She saw the light in 1981 when she entered the Vineland Adult High School, and at the ripe old age of 32 she became a high school graduate.

Joe Travalogne wanted to become a high school graduate before he retired. He had to set his retirement back a few years, but at 67 years of age

he made it with 105 credits. Oh, yes, and Jim Donaldson, born in 1933, promised his wife before she died that he would graduate from high school. He hasn't made it yet, but he has earned 40 credits so far and has passed the minimum basic skills text.

Pat Fiorilli, Mayor of the City of Vineland and creator of the Eggplant Festival, earned a high school diploma at the age of 55. Many of our students come to us for reasons like they want to walk with their class, or they just want a high school diploma, or their parents are on their case, or they promised someone they would finish. Be that as it may, high school graduates earn more money, pay more taxes, and are more productive citizens than nonhigh school graduates. They are better role models for their children and have more self-esteem just because they can say, "I am a high school graduate."

If the Commissioner's funding Plan is passed, there could be no stories of Billy Joe Shukovsky, Barbara Bard, Pat Fiorilli, Jim Donaldson, or Joe Travalogue. There would probably be no Adult High School and for lots and lots of people over 21, no second chance.

Adult high schools have been around for a long time. They are covered by the code and laws of the State of New Jersey. They have done what has been required of them, in that they have allowed nonhigh school graduates to finish high school at the advanced age of 22, 23, 24, or more. They have, in general, been a pretty efficient way for districts to spend their money to educate the populace.

In an adult high school a student must earn 20 credits of English, 15 credits of math, 10 credits of science, 10 credits of United States history, 5 credits of world history, 5 credits of health and safety, 5 credits of fine,

practical, and performing arts, and 35 credits of electives, and then pass the high school proficiency test, all this with no frills like lunch, bus trips, sports teams, extra curricular activities, transportation, visits to France or Greece, or phys ed.

Adult high schools exist. The teachers educating students know their jobs. They know how to work with adults and dropouts. The rules and regulations governing the adult high schools exist. They have stood the test of time. They work and keep the programs on an even keel, and will even stand up to a rigorous monitoring. The buildings, desks, books, and schedules of teachers and students in adult high schools exist. They keep the classes operating and the students attending classes. We cannot allow these things it has taken years to create to be dismantled.

We cannot let this program die just because of money. We must find a way to keep adult high schools alive, well, and functioning. We must be allowed to educate the older, disenfranchised, disadvantaged, undereducated nonhigh school graduates of the State of New Jersey.

Five minutes. Thank you for your kind attention, gentlemen.

ASSEMBLYMAN ROCCO: Thank you very much, Mr. Densevich.

