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# *Committee Meeting*

of

## ASSEMBLY EDUCATION COMMITTEE

*“The Committee will receive testimony from invited guests regarding the  
“School Funding Reform Act of 2008,” P.L.2007, c.260, and other matters  
related to education funding in the State”*

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

**DATE:** January 18, 2017  
10:00 a.m.

**MEMBERS OF COMMITTEE PRESENT:**

Assemblywoman Marlene Caride, Chair  
Assemblyman Troy Singleton, Vice Chair  
Assemblyman Ralph R. Caputo  
Assemblywoman Mila M. Jasey  
Assemblywoman Patricia Egan Jones  
Assemblywoman Eliana Pintor Marin  
Assemblywoman Angela V. McKnight  
Assemblyman Adam J. Taliaferro  
Assemblyman Robert Auth  
Assemblyman David P. Rible  
Assemblyman David W. Wolfe



**ALSO PRESENT:**

Allen T. Dupree  
Kathleen Fazzari  
*Office of Legislative Services  
Committee Aides*

Nicole Brown  
*Assembly Majority  
Committee Aide*

Natalie Ghaul  
*Assembly Republican  
Committee Aide*

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

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MARLENE CARIDE  
*Chairwoman*

TROY SINGLETON  
*Vice-Chairman*

RALPH R. CAPUTO  
MILA M. JASEY  
ANGELICA M. JIMENEZ  
PATRICIA EGAN JONES  
ANGELA V. MCKNIGHT  
ADAM J. TALIAFERRO  
ROBERT AUTH  
DAVID P. RIBLE  
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**New Jersey State Legislature**  
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**COMMITTEE NOTICE**

**TO: MEMBERS OF THE ASSEMBLY EDUCATION COMMITTEE**  
**FROM: ASSEMBLYWOMAN MARLENE CARIDE, CHAIRWOMAN**  
**SUBJECT: COMMITTEE MEETING - JANUARY 18, 2017**

*The public may address comments and questions to Kathleen Fazzari, Allen T. Dupree, Committee Aides, or make bill status and scheduling inquiries to Larkin Cugnitti, Secretary, at (609)847-3850, fax (609)984-9808, or e-mail: OLSAideAED@njleg.org. Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.*

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**The Assembly Education Committee will meet on Wednesday, January 18, 2017 at 10:00 AM in Committee Room 11, 4th Floor, State House Annex, Trenton, New Jersey.**

**The committee will receive testimony from invited guests regarding the "School Funding Reform Act of 2008," P.L.2007, c.260, and other matters related to education funding in the State.**

Issued 1/12/17

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ASSEMBLYWOMAN MARLENE CARIDE (Chair): Good morning, everyone.

UNIDENTIFIED MEMBERS OF AUDIENCE: Good morning.

ASSEMBLYWOMAN CARIDE: Now, let's try that again.

Good morning, everyone. (laughter)

UNIDENTIFIED MEMBERS OF AUDIENCE: (louder) Good morning. (laughter)

ASSEMBLYWOMAN CARIDE: That's better.

I know many of you were here yesterday; so we still have to adapt to being back this morning. So thank you all for joining me.

Okay; is everyone settled in? Excellent.

Let's do a roll call, please.

MS. FAZZARI (Committee Aide): Assemblyman Auth.

ASSEMBLYMAN AUTH: Present.

MS. FAZZARI: Assemblyman Rible.

ASSEMBLYMAN RIBLE: Present.

MS. FAZZARI: Assemblywoman McKnight.

ASSEMBLYWOMAN McKNIGHT: Here.

MS. FAZZARI: Assemblywoman Jones.

ASSEMBLYWOMAN JONES: Here.

MS. FAZZARI: Assemblyman Taliaferro.

ASSEMBLYMAN TALIAFERRO: Here.

MS. FAZZARI: Assemblywoman Pinto Marin.

ASSEMBLYWOMAN PINTOR MARIN: Here.

MS. FAZZARI: Assemblyman Caputo.

ASSEMBLYMAN CAPUTO: Here.

MS. FAZZARI: Assemblyman Singleton.

**ASSEMBLYMAN TROY SINGLETON (Vice Chair):** Here.

MS. FAZZARI: Assemblywoman Jasey.

ASSEMBLYWOMAN JASEY: Here.

MS. FAZZARI: Assemblywoman Caride.

ASSEMBLYWOMAN CARIDE: Here.

Good morning, everyone.

I know many of you, again, were here yesterday, and testified before the Joint Committee on the Public Schools. I want to take the opportunity to thank my colleague, Assemblywoman Jasey, for inviting me to be there yesterday morning.

Obviously, this is an issue that affects everyone in the state, not just the residents and the taxpayers. But it's an important issue that affects the quality of the education of our children.

I have a prepared statement that I'm just going to read into the record.

Concerns about the school funding in communities across the state -- regardless of whether it's urban, suburban, or rural -- have gone far too long without being resolved. It's unacceptable that our State government has gone years without properly funding the school funding formula, thereby hurting both our children and our property taxpayers.

This is not a Republican or Democratic issue, and politics should not play a role in finding real solutions to funding the school formula.

It has been nine years since the School Funding and Reform Act was enacted. It's time to revisit the process. I'm not talking about dismantling it, nor am I talking about putting on more Band-Aids. This is the opportunity to analyze it, to see what really worked, what hasn't worked, and how we can make it better and fully fund it.

To do this we need the input, the opinions, and suggestions from the experts in the education field -- and I thank you for being here this morning -- as well as our taxpayers and our residents from across the state. This is about educating our children and providing fairness to the taxpayers.

As we know, members of both houses have publicly asked for hearings on school funding. And I want to thank our Speaker for having the confidence in this Committee's ability to handle these hearings, and to gather the information and input that we need to work on this complex issue.

Fair funding for all schools throughout our state is a must. We will not predetermine any outcome. But whatever is proposed will be constitutional, and will involve the elected officials in the process. The goal is to fully fund all school districts throughout the state, no matter their location or their economic situation.

Today's status quo is unfair and it's unacceptable. We know we can do better, and this Committee's work begins today. This is just the first of several important hearings we will have throughout the state. I look forward to your guidance, to your input, and to your suggestions; and I know that this process will work, as long as we put in an honest effort. It will not work overnight, nor do I expect to have the solution overnight.

This will take time, and together we can do it. It was done back in 2008, and I know we can do it again in 2017.

Before we begin, I would like to introduce our Speaker, who has joined us here this morning.

Speaker.

**ASSEMBLY SPEAKER VINCENT PRIETO:** Thank you, Chairwoman and Committee; and I want to thank you so much for the task you're to take at hand.

And I think this is such an important issue; and as this Committee kicks it off today -- on the heels of the Committee that met yesterday -- I think it's so important. And the way it's going to be done -- this is the first of the hearings that experts are going to be testifying at today; and then it's going to be going around the state and hearing from advocates, parents, Administrators -- all the people who are really dealing with this, and it's important to get all their input.

And a lot of the things that the Chairwoman said today -- I think I will probably echo some of them. I can't stress how important it is to really not have, going into this, something determined where we're going to go. We do need to look at every aspect of it -- as I said yesterday, from A to Z; we definitely need to look at it.

The one thing that I do think is the right thing is, the Reform Act of 2008 should be a basis of where we should go along. It was the first one after it was done that, by the courts, was found to be constitutionally sound. And I think that's the way we should be doing it. The biggest problem that it has had -- that it was only fully funded in the first year; and

saying that that's where the biggest problems are, because the courts have, sort of, put it at bay where we are.

And I know there has been a lot of talk on adjustment aid and a lot of things. There is no third rail here; we're going to look at everything to make it fair and to make sure that, ultimately, we give a quality education as our Constitution mandates -- a thorough and efficient education to every child in the State of New Jersey, no matter their zip code or their economic status. So I think that's important.

Saying that, some of the things that I would like to see is, that I would like to see you guys talk about pre-K; and pre-K, I think, is one of the most important things. And most of you who know about education -- one of the proven things in education that-- Some people can say longer hours, we should have smaller classes. You know what would really work, that I heard from a lot of experts, is pre-K. And I think once you get the children early, it makes a big difference. And that was part of the funding formula; it was supposed to have fully funded pre-K throughout the state, and I think that's something we should definitely look at.

One other aspect I think we need to look at is special education. And I think in the original formula, one of the, maybe, inadequacies that it had -- that it did it on a census basis, the way it was distributed. And that may have led to some districts, you know, not being properly funded. So I think that is another aspect that definitely needs to be looked at. So we want to make sure we don't miss anybody, and we don't let anything slip through the cracks.

We want to make sure, again, that we give equal to where everybody lives. And I think that this is a task that I think this is the right

venue. I think the Education Committee, having *Education* as part of its name -- this is the number one issue, probably the most important issue -- is school funding -- for this Committee. So I think that this is the right venue; and the people who are on this Committee are people who are dedicated to education, and that's why you sit on this Committee. So I thank you for taking on this task.

As I said, I don't have anything pre-determined of what I would like to see coming out of this. The one thing I don't want to see -- and I want to just say that, here, today, because we're on the record -- is the Governor's plan. The Governor's plan of uniformity across the board -- that's a plan that I think is not a good plan; it's not a constitutional plan. Because one-size-fits-all for education is something that, most of you know, doesn't work.

And I can tell you that from experience. And as a child who came here, almost at 11 years old; English as a second language; a parent who never spoke the language -- single parent at home who could not help me with homework. We did not have the means. So I know what those struggles are that those people in some of those districts face. So it needs to be a fair and balanced way of doing it.

And one other thing I just want to say is, when this was done the last time, I think the Legislature is the right venue. In 2006, when we started doing this, everybody said it wasn't going to be able to be done because the legislators were going to be parochial. And, guess what? They were proven wrong. That was put aside; in a bipartisan way, it was voted out of both houses, and it gave us the first constitutionally sound formula in over 30 years. And I think that's our base.

So I want to thank you. I know you have a lot of testimony to hear; and, hopefully, you will report back to me and see how we best move forward and really give a quality education for our children, who are our future.

Thank you.

ASSEMBLYWOMAN CARIDE: Thank you, Mr. Speaker.

Okay; before we begin calling our guests up to testify -- and I just want to say we do have several guests here -- it's going to be a long morning, maybe early afternoon. So I am going to ask that our speakers try to contain their thoughts, and their suggestions, and opinions, to about 5 minutes, each one, so that way we can get through this and hear from everyone.

If you have any written statements, please do not read from your written statement; just provide us a copy of it. And I think that most of you were here yesterday, and it ran very smoothly. And I'm hoping to copy over what my colleagues did yesterday.

Our first speaker will be Education Law Center.

Dave.

Good morning.

**DAVID G. SCIARRA, Esq.:** Good morning, Assemblywoman.

Is this on? (referring to PA microphone) Okay.

Good morning, everyone. It's nice to see you all again.

I'm going to make a few quick points; and then, hopefully, you might have some questions that we can answer.

The first point I want to make is that our funding formula is solid and strong. And frankly, the School Funding Reform Act leads the

nation in funding public education, not based on just the dollars that are available -- which is what you see in so many other states -- or raw political considerations; but on the assessed needs of our students and schools.

Those of you who were around when the School Funding Formula was developed and enacted in the period 2005 to 2008, know that it was rigorously and painstakingly developed and enacted -- as the Speaker mentioned -- in 2008, with bipartisan support. So we need to recognize that the formula bases State aid on research and the professional judgment of many New Jersey educators who were involved in the process, as to the actual cost of educating all of our children to meet State academic standards. This cost is enhanced by the cost of the additional resources needed for students living in poverty and English language learners -- which are expressed as a *weight* off the base cost. This is why the SFRA is called a *weighted student funding formula*; it's weighted for student need. And it's a model that ensures that all districts have the funding needed to provide the Core Curriculum Content Standards.

So we have the most fair and equitable funding formula of any state; it remains intact. And it is also the only formula, as the Speaker mentioned, which has been upheld by the Supreme Court in the last 50 years; not just 30, but 50 years.

So the problem with our formula is that it hasn't been funded. And that's due to Governor Christie's refusal, since he took office in 2010, to fund it, even at reduced levels. He also cut, as many of you remember, \$1.1 billion in formula aid in his first budget -- half of which was restored to the former Abbott districts by the Supreme Court. But the districts that were not part of that did not even get their funding back. So many districts

across the state that are spending below what the formula requires are doing so because of this Administration's steadfast refusal to put any money into the formula, going on, now, seven years; along with the fact that for many districts the funding that they got in the first two years of the formula -- 2009, 2010 -- was taken away and not restored.

So there is about a \$1 billion hole in our formula, right now, as a result of the Governor's failures. And the consequences -- that more districts now-- Because the formula has been frozen, in effect, more districts are falling below the critical determination in the formula, which is their adequacy budgets. The key to understanding the formula is that it bases -- based on the costs that are built into the formula, each district gets a unique adequacy budget based on their weighted student enrollment. So if you have more kids, more poor kids, you get -- those are recognized in your budget; English language learners and the like.

And the gap between adequacy and the State and local revenue in district budgets has grown, while more districts -- now over 300 -- are below their adequacy levels.

And that's the amount that is at the heart of the SFRA, because it's the amount that the formula determines districts should be spending at, through a combination of State and local revenue, to provide a thorough and efficient education for all their students.

And the other issue, as has been mentioned, is the Christie Administration's continued refusal to fund the formula has resulted in the chronic underfunding that we've now had. It's taking its toll on the availability of teachers, support staff, and programs in district schools. Many districts have had no alternative but to cut essential resources,

increase class sizes, and reduce or eliminate interventions needed for our most at-risk and vulnerable students.

I just want to briefly mention -- and pick up on the Speaker said -- the answer is not the Governor's Fairness Plan. That is a radical proposal that, in effect, would turn the clock back 50 years. By distributing State aid on the basis of -- not on the basis of need, not on the basis of a district's requirements to serve large numbers of low-income kids, ELL students, and the like; kids with disabilities -- it would just simply be distributed to each student equally. That would, as many of you know -- we've done a lot of analysis on this; I'm not going to go through it here today. That would basically devastate district budgets -- the budgets of lower-income districts. Not just the former Abbott districts, by the way; but 140 districts across the state would see pretty -- some massive cuts, most substantial cuts. It would fall mostly on the districts that are charged with serving high concentrations of low-income students and ELL students, while it will transfer money to more affluent districts. But those districts won't even be able to use the money either, because it will be designated for property tax relief.

So in effect, the Governor's plan -- radical plan is not a School Funding plan; it's a State aid redistribution plan for purposes of property tax relief, moving money off -- away from the education of our most vulnerable kids, our highest poverty, our most challenged districts -- to other communities, for the purposes of lowering property taxes.

So we have to do everything we can to prevent the Governor from moving that plan forward; and particularly with respect to the budget, as some of you are concerned about. It would also be the death knell of

preschool -- which the Speaker mentioned -- because all the aid would be folded into one category and distributed out. That would include the, roughly, \$600-plus million in preschool education aid -- would just be in the pot; it would no longer be there. And, frankly, the districts that have high-quality preschool, to a significant extent, would have to eliminate it because their budgets would be decimated.

So we simply can't let the Governor reverse the progress that we've made in New Jersey. So what do we do?

It's important that we keep our focus -- as the Chairwoman has mentioned -- on the SFRA formula. It is a good formula. I can tell you -- I do work on school funding across the country. And by and large, New Jersey's funding formula, as I have mentioned, is one of the strongest, most equitable, most fair because it's driven, again, by student and school need. We have to keep our focus on the SFRA formula. And given the fact that it's been underfunded, what can we do now in order to move the ball forward?

So I'm going to suggest three simple steps that we can take, going forward.

So beginning with the Fiscal Year 2018 State budget, we need to implement a multi-year phase-in of new State aid through the formula. We have to target that aid to the districts that are most under adequacy and/or experiencing significant increases in student population or growth.

So the point is, is that we have to start, even at reduced levels, because we know we're not going to be able to make up that \$1 billion hole all at once. But we can get on a glide path towards moving the 300-plus districts that are under adequacy towards adequacy by putting money in,

from year to year -- additional funding in, from year to year, and then targeting that new State aid to the districts that need it the most. Frankly, that's going to benefit many of the districts that were not part of the former Abbott group, but a lot of the districts that have growing populations of ELL students and poor student, who are under adequacy and for whom the formula was really designed to benefit.

The second thing we could do is to carefully -- and I do want to emphasize *carefully*, because there's a lot of talk about adjustment aid, frankly, that's inaccurate, I have to say. We can gradually phase out adjustment aid -- which was hold-harmless aid put into the formula -- to districts that are over their SFRA adequacy budgets. And let me emphasize that: to districts that are over their SFRA adequacy budgets. Just because you have adjustment aid in your budget -- frozen, now, because of the Governor's refusal to fund the formula at 2010 levels -- just because that's in your budget, doesn't mean you're overfunded. About \$381 million of the-- There's about \$600-plus million in adjustment aid that's distributed across the state -- it's been distributed in the same amount over the last number of years; about \$381 million of that is in districts that are below adequacy. Because the hold-harmless aid came in to keep districts at their State aid levels in 2007. So it was there to do that; a lot of it should have been -- if the formula had been run, it would have been gone by now, replaced by other forms of aid in these under adequacy districts. But it's been sitting there, because the formula hasn't been used.

And we have to recognize that there are a significant number of districts that are receiving adjustment aid -- about 71 districts, 40 percent of all districts receiving adjustment aid -- are below their SFRA adequacy

budgets. So we can't touch that; it's not available. If we do that, we're going to, basically, bring those districts down even further below what the formula says should be their spending level.

Now, there are districts that are overadequacy that get adjustment aid; spending over their adequacy budgets. The number of those districts is -- let me just get it straight -- it's about 100 districts; roughly 100 districts in the state. It represents about \$270-some million in adjustment aid. But even there you really have to be careful, because a lot of these districts are very close to their adequacy spending levels. And if you take adjustment aid away, it's going to drop them down below their adequacy level.

So let me give you an example. Hopatcong District in Sussex County gets \$4.1 million in adjustment aid. It is spending over adequacy -- about \$8.5 million over its adequacy level. Its capacity to raise-- It's about \$5,000 per pupil in adjustment aid overadequacy. Now, you can begin to take that away and bring them down to their -- which will bring them down to the adequacy budget. Unless, you also have to recognize, they have the right to replace that funding in order to keep their budgets intact with local revenue. So in a lot of those districts, if you take that adjustment aid and reallocate it -- the over-adequacy districts -- you're probably going to be seeing increases in property taxes in order to maintain their budgets and not reduce staff.

There are some districts, like Lower Cape May Regional down in Cape May County, which gets \$6 million in adjustment aid, roughly. It's overadequacy about \$2 million; in other words, it's spending about \$2

million more than the formula says it should. If you took all that \$6 million away, they'd obviously fall down below the adequacy level.

So my point is-- I don't want to get too deep into the weeds, Chairwoman, here, today; but adjustment aid is fine to talk about. We ought to be talking about it with respect to districts that are spending over the levels that the formula says. That's, as I said, about 100 districts; roughly \$275 million. But even there you have to be extraordinarily careful if you're going to phase that out, because it's going to have impacts on these budgets, and it may very well take a number of these districts -- if they don't make it up in local revenue -- below their spending level.

We should also, at the same time, look at charter school adjustments. Charter schools have been getting hold-harmless aid under the budget beyond what the formula says they need. We have been calling for-- If we're going to look at adjustment aid that's provided over and above the formula, we should also look at that and see whether that can be reprogrammed. And with respect to charter schools, I should mention -- we should also look at imposing the 2 percent cap on fund balances, that apply to districts, to charter schools. Charter schools are carrying a lot of excess fund balance that districts are not allowed to carry. They have to reprogram it into their budgets; which saves money, it saves State aid. We should be looking at doing that, too, in order to make sure that we're creating the most efficient use of the SFRA formula that we have.

The last thing is: We can raise the 2 percent cap. So a lot of districts are under adequacy because their local levy -- which is the amount they raise off the property tax under the formula, and put into that adequacy budget -- is below their local fair share, which is the amount that

the formula calculates for each district, based on household income and property wealth, that they should be putting into their budget. So many districts are below adequacy, not only because they're not getting State aid, because the formula hasn't been funded -- they are owed State aid -- but there are also gaps in their local -- the amount they're raising off the property tax and the amount the formula says they should be contributing to their budgets.

Now, that problem is compounded because the property tax cap, in 2010 -- or 2009 -- was taken down by the Legislature from 4 percent to 2 percent of your local levy annually. So for many districts, you can't raise very much-- I'm going to try to simplify it; it's complicated -- but you're limited to what you can raise from year to year, if you're below adequacy, and you should be putting more money in. Jersey City, Vineland -- there are a number of communities across the state -- Hamilton Township, Mercer County -- that are in this boat. But even if they want to try to make up the gap in their adequacy budgets with more State aid -- or more local revenue, I should say, because they should be doing that, the formula says they should be doing that -- they're limited to 2 percent, from year to year, and the formula doesn't mandate that they actually raise even the 2 percent.

So Vineland is a good example of this. Vineland is well below adequacy, mostly because -- in fact, almost largely because its local levy is so far below its local fair share. That's the gap. It's not a State aid gap, it's a local revenue gap. But even at 2 percent-- And this year, the municipality, for the first time in a decade, they resisted even doing the 2 percent. They

finally did it this year; but the amount of money was so small because it's at 2 percent of their local levy before.

So what I'm suggesting is that we look at the 2 percent cap in those districts that are below adequacy and where there's a significant gap in revenue due to the gap -- the second gap, the gap between their current local levy and their local fair share. Jersey City would be a good example of that; Jersey City has raised its property tax revenue because they are another district that's owed State aid, but has a big gap in local revenue between what its local fair share is and what the local levy is. Every year they've done the 2 percent. They've raised property taxes every year, now equaling about 30 percent over the course -- since 2010.

ASSEMBLYWOMAN CARIDE: Dave.

MR. SCIARRA: The problem is, that's all they can raise.

ASSEMBLYWOMAN CARIDE: I don't mean to interrupt, but--

MR. SCIARRA: So that's it.

ASSEMBLYWOMAN CARIDE: -- if you could just wrap it up.

MR. SCIARRA: So those three things: adjustment aid, overadequacy districts-- Well, first, get the formula on track by more funding; target it to the most -- to the districts that are most under adequacy. Two, adjustment aid, but be careful. Overadequacy districts -- you have to be very careful about adequacy and how much is really available. It's complicated, but you should look at it and see what you can do with that. And I would throw charter schools in that boat too. And then the third thing we can begin to do is to look at the local revenue problem, and think about how we can advance the local revenue ball in

those districts where they're under adequacy because of a large local revenue gap.

Thank you, Madam Chairwoman.

ASSEMBLYWOMAN CARIDE: Dave, please, just wait a minute.

Does anybody have any questions?

Please.

ASSEMBLYMAN SINGLETON: I'm not sure if the question is for Mr. Sciarra or not. But just a general question: As I was doing some research and I was curious -- and David, you may know; so if you do, can you help me?

MR. SCIARRA: Sure.

ASSEMBLYMAN SINGLETON: It's my understanding that when the formula was done, that demographic data on that formula is supposed to be updated every year; and then, every three years, the Department is supposed to update its adequacy budget and the resources and the estimate of costs, etc., associated with that. And then the years in between that update, the adequacy budget is supposed to be adjusted by inflation.

MR. SCIARRA: CPI; yes, CPI.

ASSEMBLYMAN SINGLETON: CPI; excuse me, yes.

Now, and I apologize because if I should know this, I will publicly say, "I should know this." But I don't think that I have seen the Department send to either us as members of this Committee, or even as a member of the Budget Committee -- I haven't seen that data, to see that adjustment. And I could have missed it.

MR. SCIARRA: Yes.

ASSEMBLYMAN SINGLETON: Is that data continuously happening? Because I know they haven't utilized the formula, so I'm not sure that they're updating the demographic data that's the underpinning of the formula.

MR. SCIARRA: We've had a lot of-- It's a great question, Assemblyman.

So the answer is that -- we're in this, kind of, weird-- With this Administration, we've been in a kind of strange place. On the one hand, we've -- and with your help, too, by the way; the Legislature's help -- we've managed -- I said we've managed to keep the formula intact. What I mean by that is, the formula is calculated -- has been calculated from year to year, even though it hasn't been funded. And I don't want to get into the gyrations about how we're able to do that; one time we had to go back to the courts, so forth, and so on. So each district -- the districts, every year, get a State aid notice. It's more informational than real. But it does do the -- it updates their adequacy budget, based on their current weighted student enrollment. So that has been done; we know what those are.

So when I talked about districts over and under adequacy and all of that, that's based on 2015-2016 data; we have the data from this past year. So we do have the adequacy budgets being updated from year to year, based on the formula. The funding, though, that comes from the budget has been flat.

The second thing about the adjustment process -- many of you will know, we've had two-- The formula has these three-year cycles; it's a great provision, unique among formulas in the country. It requires that the

Commissioner of Education go back and look at the implementation of the formula every three years, and then look at the costs in the formula and the aid amounts. So the base cost -- which is the foundation amount to educate all kids; the weights for ELL and poverty; these things, right? -- special education, categorically -- those sorts of things. And then issue what's called the *adequacy report* every three years, which recommends adjustments to those costs, based on the experience of the last three years.

Many of you know we've had two rounds of this -- one under Commissioner Cerf, one under Commissioner Hesse -- where the Administration tried to arbitrarily lower the weights, reduce the cost of educating poor kids and ELL kids. You all passed a Senate Concurrent Resolution in 2012; then you just passed, in 2016, Assembly Concurrent Resolution 134 -- which, basically, under the statute, you get to object to those recommendations, which you did.

My point about that is -- the formula remains-- The costs in the formula -- the base costs have been updated by inflation and all of that; and the weights are the same as they were in 2010 -- or 2009, when the formula was enacted. The Administration has (*sic*) been able to change those.

So the, kind of, guts of the formula remain intact, remain strong. We know where we should be today, based on current data. The problem is, you have to put-- We've been down this road before in New Jersey. We have formulas; they don't get funded. And they only get funded through the Appropriations Act. So unless we can start to get money into this formula, and deal with some of the other issues that I mentioned, we're going to continue to get calculations based on the formula

that are informational on paper, but have no reality in the educational lives of kids across the state.

I hope that-- Assemblyman, does that--

ASSEMBLYMAN SINGLETON: No, no, no. Thank you.

MR. SCIARRA: And I'd be happy to talk with-- It's a little complicated.

ASSEMBLYMAN SINGLETON: No, no, no; you've captured what I was trying to get at, and I thank you for that.

My last point, Madam Chair-- David, you also -- you talked about your role looking at school funding across the country. I know California, I think Rhode Island, and I think North Dakota, relatively recently, adjusted their school funding formulas. Are states-- And I know the answer to this, but I'd really appreciate your perspective. Are states moving towards or away from weighted, sort of, funding formulas; as the Governor has sort of indicated his willingness to want to move away from a weighted formula. But the evidence is starting to show, I believe, that more states are moving towards weighted formulas.

MR. SCIARRA: Right.

ASSEMBLYMAN SINGLETON: Unless I'm mistaken, those are the three most recent iterations of it. Are there any states, that you're aware of, that have recently adopted their funding formulas, that are moving away from weighted formulas?

MR. SCIARRA: No. Everybody is trying to -- trying to move towards what we have.

ASSEMBLYMAN SINGLETON: Thank you.

MR. SCIARRA: You know, that's the direction; and here's why. And I'm so glad you raised this point.

The research, now, that's been coming out in the last year or two on the boost in educational performance and outcomes for disadvantaged students when money is targeted to those students, is coming in, now, very strong. So the whole money-doesn't-matter argument is falling apart before us. And the answer to-- But also, what the research is telling us is we have to target the resources to kids who need it the most. And that's where the SFRA is out ahead of everybody. Everybody is trying to do what you all did in 2008. The last thing we want to do is set that aside. That would be a disaster on so many levels. So we just have to keep moving ahead.

ASSEMBLYMAN SINGLETON: Thank you.

Thank you, Madam Chair.

ASSEMBLYWOMAN CARIDE: Thank you.

Assemblyman Caputo.

ASSEMBLYMAN CAPUTO: Hi David; how are you?

First of all, I always respect your testimony.

But what seems to come through here is that the school formula is actually a theory; it's theoretical, in partial, the way it's implemented. Because, as you say, without the funding, it doesn't become a reality.

MR. SCIARRA: Yes.

ASSEMBLYMAN CAPUTO: So we have to -- we have the actual formula over here; and we have the funding, which is moving in a different direction. And what's very upsetting is the fact that when the

budget message is going to be presented, we don't know what those figures are going to be. And that could be the template that all the districts, all the LEAs in the state, will go by, in terms of planning for the next school year.

And I don't know how we're going to bring this together. In other words, if the Administration is off in a different direction, and the dollars are going to dictate what those school districts are going to be able to implement, what use will be the formula? The only course of action will be court, litigation; unless the budget is not approved with those figures in it.

So, I mean, this decision that the Legislature is going to have to make is going to be very, very early in the game.

MR. SCIARRA: Right.

ASSEMBLYMAN CAPUTO: Even though we're having this testimony now, and all the people who we listened to yesterday, and today, and whatever; we don't have much time to resolve this.

MR. SCIARRA: So let's get right to the heart of it. I mean, there's a lot of talk that the Governor-- Look, the formula isn't just theoretical. It is enabling legislation; it's in permanent law. And it basically is the method by which we calculate, in New Jersey, both the resources and spending, if you will, we need to give our kids a meaningful educational opportunity, *a)* -- and that's also based on their unique needs; and *b)*, how much State and local revenue is required in order to give them that opportunity.

So the formula is very critical to have in place; and it remains in place, as Assemblyman Singleton and I were just talking about.

You know, you can't-- It's basic; you can't, under our Constitution, bind appropriations from-- You can only appropriate money for one year. So the funding for the formula -- the State aid -- has to come from the Appropriations Act; so they have to work in tandem. And the problem is, as I've mentioned, we've had seven years of no fund-increase funding in the formula, for seven years now. So that's the point; we have to, in the budget, make a strong statement. If the Governor conditionally vetoes it, that's his-- We'll have to move on, right? But that statement needs to be made, and we need to get new aid into the formula -- even if it's at a reduced amount -- to the districts that need it the most.

The issue about whether the Governor tries to, I would say, *foist* his Fairness Plan on us without getting enacted -- without, by the way, getting it enacted into permanent law, to repeal-- The way you would do that, under our -- under separation of powers, would be the Governor comes -- just like Governor Corzine came -- and says, "Get rid of SEFA. Here's the SFRA; debate it and pass it." You did that. If he wants his Fairness formula, he should get over here and give it to you, in law, in a proposal. He hasn't done that yet; it's just on his website. We don't know the details; we can't figure it out. We can't do runs. We can speculate about what that means, but the only way that can become law, legally, in my judgment, is by repealing the SFRA. Your Committee and other Committees would have to take it up, repeal the SFRA, and replace it in permanent law. Then it could become the basis for funding in the Legislature.

Now, if he tries to do that through the budget, you know, that is a huge, huge problem. Not just in terms of funding and all of that; but in

terms of the constitutional prerogatives of the Legislature and the Executive. Can you imagine this?

ASSEMBLYMAN CAPUTO: Yes.

MR. SCIARRA: Trying to enact a funding formula that repeals an existing, duly enacted legislative provision in an Appropriations Act?

So here's my point.

ASSEMBLYMAN CAPUTO: Wait, wait--

MR. SCIARRA: Here's my point.

ASSEMBLYMAN CAPUTO: Yes, but we've been doing that. The Administration has been doing that for a number of years.

MR. SCIARRA: They've never -- they've never done that.

ASSEMBLYMAN CAPUTO: The formula hasn't changed--

MR. SCIARRA: The formula hasn't changed--

ASSEMBLYMAN CAPUTO: --but the funding has changed.

MR. SCIARRA: --and if you look at the budget, the formula categories are still there; it's all there. It's flat-funded, but the SFRA is in the budget. It just hasn't been increased. What you're talking about is, you get rid of all of that in the budget, and you create one category; whatever he calls it. And then you put in language that says every kid gets \$5,900, or whatever it is, and put the number in.

Now, that would be an extraordinary usurpation of legislative power. So what I am suggesting that you all do, on both sides of the aisle-- That goes beyond the school funding. That is an encroachment upon your prerogatives of the Legislature. If he wants a new funding formula, you need to send him the message, "You cannot do that through the budget;

bring it to us, and we'll debate it in Committee and go through the normal legislative process to see whether we should replace the SFRA with that."

So that's the message that needs to be sent to this Administration right now: Don't do that.

ASSEMBLYMAN CAPUTO: Thank you for giving that message.

MR. SCIARRA: Well, I just gave it. (laughter)

ASSEMBLYMAN CAPUTO: We appreciate that.

ASSEMBLYWOMAN CARIDE: Dave, just a minute. I think Assemblywoman Jones has a question for you.

ASSEMBLYWOMAN JONES: How you do?

MR. SCIARRA: I'm doing fine.

ASSEMBLYWOMAN JONES: We've had a bit of e-mail exchanges--

MR. SCIARRA: We did; yes.

ASSEMBLYWOMAN JONES: --predicated on a letter, that I think everybody in this room is aware of, that my colleague and I sent out -- having issues with the way two of our major cities -- the largest and second-largest -- were covered by funding. And the more I looked at it, the more I saw that some things were submitted predicated on the fact that the fair share issue was really what was brought into question.

So how do we make certain that local communities are really doing what they need to do?

MR. SCIARRA: Right.

ASSEMBLYWOMAN JONES: They're doing re-vals on property; they're not (*sic*) giving away huge tax abatements -- so that they're suppressing their local fair share numbers. That's of concern.

MR. SCIARRA: Assemblywoman, I really appreciate that question. And I didn't mention it as one of my short-term--

ASSEMBLYWOMAN JONES: I'm sorry.

MR. SCIARRA: Although I did mention raising the cap.

ASSEMBLYWOMAN JONES: Correct.

MR. SCIARRA: So Jersey City -- if you raise the cap to 4 percent, they can put more local revenue; helps make up the gap; eventually, when the formula gets run, it will reduce adjustment aid. But that, again -- you have to be real careful about how you do that. We can talk more on the issue--

ASSEMBLYWOMAN JONES: And we are planning to, actually.

MR. SCIARRA: But on the issue of pilots, and tax abatements, and the like -- payments in lieu of taxes -- that's a whole discussion, which, you know, by all means, you might want to have. And you may want to have it with colleagues in other Committees; because that gets to implementing State policy that promotes economic growth in urban areas--

ASSEMBLYWOMAN JONES: Right.

MR. SCIARRA: --both by the State, through the EDA; and by communities through doing pilots. That does have an impact on the local-- It's not a school aid issue. It does have an impact on the availability of property taxes in Camden, New Brunswick, Trenton -- wherever it is -- and other communities.

ASSEMBLYWOMAN JONES: And Camden falls into that category.

MR. SCIARRA: That's right. It does impact--

ASSEMBLYWOMAN JONES: Absolutely.

MR. SCIARRA: --on the availability of property--

ASSEMBLYWOMAN JONES: And according to my numbers, they would lose as well, given the set that I was working from--

MR. SCIARRA: Right.

ASSEMBLYWOMAN JONES: --and continue to work from.

MR. SCIARRA: Well, don't-- Again, I caution you not to get confused with adjustment aid--

ASSEMBLYWOMAN JONES: Correct; I'm not.

MR. SCIARRA: --versus the local fair--

ASSEMBLYWOMAN JONES: They are different.

MR. SCIARRA: They're related, but they're different.

ASSEMBLYWOMAN JONES: Right.

MR. SCIARRA: So, look, I have no problem with the Legislature taking up the question of, does there need to be reform of the pilot -- the State law allowing pilots, tax abatements, payments in lieu of taxes, which then don't get captured in the local fair share and what the impact of that is on schools. And not just schools, by the way; but police, fire, and other municipal services.

ASSEMBLYWOMAN JONES: Everything.

MR. SCIARRA: So I'm with you on that.

But to me, that's an issue that really goes beyond the scope of the formula. It impacts on the formula; but it's not going to get addressed by messing around with the formula.

ASSEMBLYWOMAN JONES: It's not the formula that's the problem.

MR. SCIARRA: That's a larger conversation.

ASSEMBLYWOMAN JONES: I agree with you; it is not the formula that is the problem.

MR. SCIARRA: Right; right.

ASSEMBLYWOMAN JONES: It is the--

MR. SCIARRA: But the one thing you could do now, as I said, is get the-- Lift the property tax cap up to, say, 4 percent in communities that are -- districts that are under adequacy and where there's a significant gap -- and you're going to have to decide what *significant* means -- between their local fair share and their local levy that's causing this under adequacy.

ASSEMBLYWOMAN JONES: Thank you.

ASSEMBLYWOMAN CARIDE: Dave, I think we have one more--

Assemblywoman? Assemblywoman Jones, are you done?

ASSEMBLYWOMAN JONES: I'm done; thank you.

ASSEMBLYWOMAN CARIDE: Oh, okay. (laughter)

Assemblywoman McKnight.

MR. SCIARRA: And thank you for your--

ASSEMBLYWOMAN McKNIGHT: Hi; good morning.

So the formula is not funded, right? It's not fully funded. And then I hear you say we should lift the 2 percent cap, say, up to 4 percent. And you said, "Be careful with that."

MR. SCIARRA: Be careful.

ASSEMBLYWOMAN McKNIGHT: And it was 4 percent a while ago--

MR. SCIARRA: It had been; yes.

ASSEMBLYWOMAN McKNIGHT: --and now it is 2 percent.

MR. SCIARRA: It was taken down to 2 percent.

ASSEMBLYWOMAN McKNIGHT: So how did you come up with the number of, like, 4 percent?

MR. SCIARRA: I just pulled--

ASSEMBLYWOMAN McKNIGHT: And also--

MR. SCIARRA: I pulled it out of the hat, because it had been there. (laughter)

ASSEMBLYWOMAN McKNIGHT: And also -- but the formula has never been funded besides the first year. So we can't pick on, say, Jersey City, also Newark -- that they're getting all of this money when the formula is not fully funded across the board.

MR. SCIARRA: So Assemblywoman, what I'm getting at is that the lack of funding to districts' adequacy budgets-- That's the key, which is the calculation, from year to year, of what districts should be spending. It varies across districts that are below adequacy -- they're spending below -- but it's caused by two things, or a combination of two things. One, the failure to fund the formula; we've talked about that. The second, though, is what Assemblywoman Egan Jones and I were just talking

about. There are districts where the amount of local revenue isn't where it's supposed to be, based on the calculation in the formula of how much fiscal capacity the community has to provide for its schools. So all I'm suggesting is, there are districts across the state -- and it's not just Jersey City, by the way -- there are districts across the state where that adequacy gap is caused by a significant secondary gap, if you will, between what they should be raising for the schools, and what they're actually raising. One of the limits on that is this 2 percent from year to year, which limits how much you can put in. And Jersey City has done that. I mean, Jersey City, Elizabeth, and other communities are to be commended-- Because the formula does not mandate that tax increase. That's something you could do, by the way, if you wanted to do that as well. The Legislature has never done it; but, you know, in districts that are far under adequacy--And if you have a town, like Vineland, that sits there and says, "I'm not even going to do the 2 percent, even though we're that far under adequacy," you know, maybe it's time to say, "Uh, uh; you're going to have put the money in."

But putting that issue aside, I'm simply suggesting that there-- One of the structural issues we need to look it is that subset of districts, and how do we move -- how do we give them the tools they need to move their school budgets closer to adequacy by raising their local levies up to where they need to be. That's all I'm saying.

ASSEMBLYWOMAN McKNIGHT: Okay.

ASSEMBLYWOMAN CARIDE: Dave, can you stick around, in case any of our members want to speak with you?

MR. SCIARRA: I can.

ASSEMBLYWOMAN CARIDE: Thank you so much.

MR. SCIARRA: Thank you so much.

ASSEMBLYWOMAN CARIDE: Next, we'll have Melanie Schulz, New Jersey Association of School Administrators.

MELANIE SCHULZ: Should I wait until they hand everything out? Because I don't think they have this up on the--

ASSEMBLYWOMAN CARIDE: Oh, do you want to do the PowerPoint?

MS. SCHULZ: We did, but I don't think it's--

ASSEMBLYWOMAN CARIDE: Dr. Greene, do you need the--

G. KENNEDY GREENE, Ed.D.: We would either need it there, or I think you'll have it in front of you.

ASSEMBLYWOMAN CARIDE: Okay.

DR. GREENE: You should have copies coming to you.

ASSEMBLYWOMAN CARIDE: Okay.

DR. GREENE: So it's up to you; if we have somebody who can-- So I mean, as long as you have -- you have the presentation in front of you.

ASSEMBLYWOMAN CARIDE: We have it; okay.

MS. SCHULZ: All right.

ASSEMBLYWOMAN CARIDE: Very good.

Melanie, can you introduce everyone at the panel with you?

MS. SCHULZ: Sure.

Good morning, Madam Chair and members of the Committee. I'm Melanie Schulz, Director of Government Relations for the New Jersey Association of School Administrators.

We are very happy to be invited to be part of this very serious and long-overdue discussion on school funding.

I can think of no better people to talk about school funding than the people who administer budgets every day. They're the people who I look to for advice and information on, particularly, school funding.

So with me today I have Dr. Kenneth Greene, who is the Superintendent of Schools in the Newton School District; Mr. Patrick Fletcher, Superintendent in the River Dell Regional School District; and Dr. Rocco Tomazic, who is the Superintendent in Freehold Borough.

Dr. Greene and Mr. Fletcher are going to make a presentation to you off of the -- that would be the PowerPoint; and also, along with that, each of you should have your State Aid Database that Dr. Greene has put together for you; and then, Dr. Tomazic will make a separate presentation.

I'll hand it over to you now.

**PATRICK J. FLETCHER:** Good morning--

**ASSEMBLYWOMAN CARIDE:** Mr. Fletcher, I'm sorry.

**MR. FLETCHER:** Yes; sure.

**ASSEMBLYWOMAN CARIDE:** Just a minute.

Are they going to get someone for the screen?

**UNIDENTIFIED MEMBER OF COMMITTEE:**

(Indiscernible).

**ASSEMBLYWOMAN CARIDE:** Okay. So I guess we are going to get the screen, Dr. Greene--

**DR. GREENE:** Wonderful.

ASSEMBLYWOMAN CARIDE: --I'm being told. Someone is going to come up so that they can hook that up, so that you can do your presentation.

Do you want to start with--

MS. SCHULZ: Do you want Dr. Tomazic, then--

ASSEMBLYWOMAN CARIDE: Please.

MS. SCHULZ: Okay.

**R O C C O G. T O M A Z I C, Ed.D.:** Good morning, Madam Chairman. Thank you for allowing me this opportunity to speak on school funding.

I have two goals this morning. First, I want to share my perspective of what it's like to lead Freehold Borough, the third most underfunded district in the state. And secondly, I want to show how our situation could be improved, firstly, without adding any more dollars to State aid; and secondly, how things might improve if extra money was sent, precisely and strategically, to certain areas of need.

My Board of Education believes that resolving this chronic underfunding is one of the highest priorities, and has voted in formal resolution to that effect. That's why I'm here today.

The shortage of operating funds in my District impacts everything that we do. The School Funding Reform Act of 2008, if it were fully funded, would bring Freehold Borough an additional \$13.3 million.

So what does this mean? Today, to fully operate my district per law and regulation, I need, minimally, 50 more teachers. The details that back this up are appalling; but for brevity, I'll just summarize quickly.

Right now my class sizes are above required levels; I cannot provide the full level of service to special education students; I cannot provide English Language Learner instruction to the levels required by the State; I have no teachers to do a basic skills math program; my technology is restrained; and my median salary of my teachers is the lowest in the state for our category.

We in the Borough were very fortunate to finally get our construction approved. But I won't be able to put teachers in those classrooms if I don't receive any more State aid.

So who's responsible for this? I know, for sure, it's not the Freehold Borough taxpayers. They are already being taxed \$2.3 million more than their fair share. So we've taken every dollar that we could take from the taxpayer, since 2011. There is no banked cap left.

So the reason that we're in this situation is really no mystery. Our State aid has been held flat, and we've had an explosion of students enter the District.

So sadly, this situation is not uncommon in the state, even if Freehold Borough is the best example. One wonders why this imbalance is allowed to continue at all. The SFRA of 2008 had a provision in it that would allow for equalization aid to be distributed, per the formula, if there wasn't enough money; and I cite the reference 18A:7F-52.

So in our state, today, there are winners and losers. Some districts are overfunded in State aid, others are underfunded. Some districts are given large infusions of hold-harmless aid, while others get nothing. Some local taxpayers are above their fair share, and others are way below. The law that was supposed to manage all this is not being fully

funded, and is not even being followed to fairly distribute the funds that are available.

Why? That's the question that I'm constantly being asked by my parents, and I have yet to be able to give a good answer.

So I think every Superintendent in the state would be delighted if the SFRA were fully funded. But if that can't be done, many of us would advocate that the available funds in Education should be divided proportional to the formula. That way, everybody would share the equal amount of pain.

And if that can't be done, for whatever reason, then we would advocate that extra money should be diverted to those who are most underfunded, so that we can resolve the worst aspects of this.

Sadly, this effort has been rather tepid. Right now, the amount of money directed to Freehold Borough -- and districts like Freehold Borough, who are underfunded -- is \$16.7 million, which represents two-tenths of 1 percent of the total Education budget. So one has to ask if we're really trying to fix this, with the current effort.

So next month, the Governor will outline the Fiscal Year 2018 budget plan, and school districts will be required to use the State aid numbers that are provided. We in Freehold Borough have formally expressed our concerns to the Commissioner of Education and to the Governor; today, we come before you. We hope that this better understanding of the problem will allow us to finally start to fix this problem in Fiscal Year 2018.

We're comforted to know that our students are protected by the New Jersey State Constitution; we're satisfied that there's a law on the

books to manage this process. But we're unsettled that the past distribution of State aid funds has not adhered to the guidance contained in the laws and regulations, and the obvious asymmetrical distribution of State aid has not been challenged or reversed.

It's our hope that this body, and other State leaders, will take the necessary steps to finally resolve this disparity. Quite frankly, our students are depending on it.

Thank you.

ASSEMBLYWOMAN CARIDE: Thank you.

Does anyone have any questions? (no response)

Okay; Dr. Greene, Pat -- we're still waiting for someone to come up; but if you don't mind starting.

MR. FLETCHER: We do not mind.

DR. GREENE: Yes.

ASSEMBLYWOMAN CARIDE: That is much appreciated.

MR. FLETCHER: Madam Chair, and members of the Committee, thank you for the opportunity to be here.

For some of you who were here yesterday, please forgive us for repeating some of our comments.

However, some of the points that were made in earlier testimony are also supported by our documents; so we will just point out those areas of mutual agreement.

The first point is that the funding formula that is in existence -- the SFRA -- we believe, also, is a fine document. It was duly enacted by the Legislature and supported by the Judiciary. So we feel that the formula is a

good one, and we feel that the formula just needs to be fully implemented in order for the process to go forward.

And we believe that because, as you'll see from the presentation as you go through here, the areas of -- that have been identified -- as students with disabilities, English Language learners, and economically disadvantaged students -- do affect every school district in the State of New Jersey; they affect all geographic areas in the State of New Jersey; they affect all socioeconomic areas in the State of New Jersey; and they affect all districts everywhere.

The adequacy budget that was mentioned before is a combination of the State aid, and a combination of the districts raising their own money. And that formula -- the formula lays out what the adequacy is that each district is supposed to be able to put forward from its own resources, as well as what the State is supposed to put forward for us as well.

Unfortunately, the SFRA has been consistently underfunded since its implementation. And while we may differ on a couple of areas as far as the testimony that was given before, we recognize that there's been a cumulative underfunding that's probably close to \$10 billion; and we also recognize that, in the current year, we're looking at approximately a \$2 billion hole.

However, what we're indicating here in that, is that that really is breaking down into two separate problems. The first problem is the underfunding -- the overall underfunding; and we recognize that could be approximately \$1 billion to \$1.4 billion of the funding formula not being implemented.

The second part is the inequitable distribution of the aid that is available; and we consider that to be about a \$600 million problem, which my colleague, Dr. Greene, will elaborate a little further on.

That's also the crux of the testimony that was given earlier, as far as districts receiving *hold-harmless aid*, it's being called; aid that was put into effect that was supposed to phase-out from the beginning of the formula's implementation until today. And the significant portion of that is that that money exists already in your revenue stream; it's already in the budget. It's just a matter of whether or not we then distribute it in a fair and equitable way.

And we recognize and support the issue that it needs to be carefully adjusted and carefully looked at; however, we know that the money exists.

The impact that local districts are feeling from this is the fact that we are seeing that even though aid, overall, has increased to school districts, the percentage that's going directly to the classroom is not keeping pace with what the needs are that we have. What I mean by that is, overall, when you look at the resources that the State develops and puts forth towards education, some of that money goes to support things like overall debt service, pension contributions, Social Security contributions, etc., which are obligations that the State has that prevent the full distribution of monies to the local school district. While we recognize that problem exists, it's something that -- it's inherent as a problem that we need to keep in mind and to address.

The problem that we see in the local school districts is that the impact is causing districts to make unfair decisions. And what I mean by

that is, we are constantly being bombarded by unfunded mandates that we, then, have to incorporate into our budget. And the cost of those, versus the revenue that we have, is -- there's a gap, and that gap is increasing. And as a result of that, what we're seeing is that student achievement stagnates, overall, except for -- there are pockets of improvement across the state. However, because we're devoting more and more resources to things that are not, if you will, directly related to the classroom, we're not able to put forward the resources to help students grow.

So districts are forced to look at inefficiencies in their operations; and that's a good thing. And every manager, every executive is supposed to do that, and supposed to look at their budgets. But what's happening is that there's an inability to address all of the gap, of the revenue to the costs, with finding efficiency. Because, at certain points, you run out of the ability to find that.

So what happens is, that districts are forced to cannibalize existing programs. As was mentioned before, some districts are choosing not to fund pre-K.

Districts will continue to face this widening gap between the revenue and the costs, coupled with the issue of the ability for districts to grow their budgets. We're not able to keep pace, so that cost curve is going to continue to increase, where the revenue curve is not going to keep up with it.

And we present to you -- I think its somewhere around the 10th or 11th, 12th slide -- three, if you will, charts -- bar charts, that are simply designed to show to you that the underfunding problem that exists affects districts of all student enrollment sizes. It says *student enrollment* on the

bottom; and at the top, it says *Underfunding Is Found at All Enrollment Levels*. So in other words, this chart is showing you that every school district, regardless of size, is affected by this problem.

The next chart -- which says *Underfunding Is Found at All Income Groups* - shows you that when we use the district faculty grouping distribution, every school district in the State of New Jersey is, in some way, shape, or form, affected by underfunding. And as you can see, as you move, if you will, to my right of the chart -- you can see that in the higher-income districts -- the *I*'s and the *J*'s -- you can see that it's very significant, where it is there.

And then the third chart -- which says *Underfunding Is Shown in All Geographic Areas* -- we're showing you that underfunding does occur not only in the northern portion of the state, the central portion of the state, but in the south as well.

So to -- as I turn it over to my colleague, Dr. Greene, we just want to, then, refocus, if you will, on one problem that we have, which is underfunding; but there is a way to solve a portion of that by distributing the adequacy aid in a different manner.

Dr. Greene.

DR. GREENE: Thank you; and thank you for having us, again, today.

I'll just pick up where that left off.

Two problems that equal \$2 billion: a \$1.4 billion problem of underfunding, which we're well aware of, and we've discussed, and is the bigger of the two problems. But there's also a distribution problem; a \$600 million problem of the way in which the current funds that are available are

distributed. And I want to talk a little about that; but also about some of the things that impact both of those.

The fact of the matter is that in Fiscal Year 2017 we have 212 districts in the state, of the 591 districts, that receive more than 100 percent of their calculated State aid. At the same time, we have 379 others that receive less than 100 percent; and 239 of those receiving less than 70 percent of their State aid -- a certainly useful definition of *severe underfunding*.

Consequences for many districts is that they have to raise local taxes well above their fair share. So we're talking about these pieces; and there are really three pieces to the State funding situation. And we've heard these terms. It's about *budget adequacy*, it's about *local tax effort*, and it is about *State aid*.

So let's take a look -- we have some charts prepared, and those are in your presentation. If you turn another page or two, you'll find charts that have rating system. As explained yesterday -- to folks of a certain vintage -- the 7-point grading scale, where we might look at how we can take a look and differentiate between these three factors of local taxes, budget adequacy, and State aid.

I think the first one answers an important question that's been raised; and that is, how do both of these problems -- underfunding and inequitable distribution of State aid -- how do they impact on local taxes? And what you're seeing here is -- you know, if a district-- I mean, ideally, a district would be providing 100 percent of its local fair share. Its tax effort would be what its local fair share is. And you can see if we were to give districts a grade, if they were contributing between 93 percent and 100

percent of that local fair share, they would get an A, right? That's an A; that's an A effort on the part of a local district. And we can see that there are 59 districts that are doing that.

Similarly, we can look to the B -- the districts that might get a B, that are contributing between 85 and 92 percent; 69 of those districts.

If you look further down, though, you're finding that we have increasing numbers of districts that are not contributing anywhere close to that effort. In fact, I might give an F to districts that are contributing below 70 percent of their local fair share; that's 123 districts. So we have a significant number of districts that are contributing below.

We also have a significant number of districts that are contributing above their fair share, as you can see in the top half of that chart. And why might a district be contributing more than its local fair share? Well, there are usually two reasons: One reason is that they want a more-than-adequate budget. That's fair enough. A local district should be allowed to do that -- to tax itself beyond the 100 percent of fair share to have its budget be more than adequate for its students.

But another reason, and a significant reason, is that districts are over-taxing themselves because State aid is not being provided at the level that it should be provided. And that is a tax fairness issue.

I think Assemblywoman Egan Jones hit a very important point, that shouldn't be missed, in a question previously -- is, well, how do we address that? How do we get a local tax effort? And it was answered, correctly, that the State doesn't currently have a mechanism, per se; it's not in the law that that can be done. However, the State has an incredible lever to start to get that done. And if a district is overfunded -- it's being funded

at more than 100 percent of its State aid -- as that State aid is taken away, it absolutely forces districts to take a look at *a*) their local tax effort; and *b*) their level of adequacy. We stated we should only be taking a look at the issue of adjustment aid if districts are under adequacy. Well, if a district has adjustment aid removed, and the district is getting 100 percent of what the State says it should be getting, then the likely answer is that, perhaps, the local tax effort needs to be taken a look at to see if that, in fact, is the reason for under adequacy.

And we have data on all districts; you're taking a look at some of the districts that are in your legislative district. And you can see a wide variety, a wide distribution between local tax efforts, budget adequacy, and State aid. It's clearly all over the place. And as my colleague said, it's not dependent on whether that's a wealthy or poor district; what area of the state -- if you look at other legislative districts, you'd see the same pattern; and it's certainly not dependent on the enrollment size.

There may be questions about that; I'll finish up with a couple more slides, and we'll get to that issue of local taxation.

The second issue that has been brought up -- budget adequacy; again, you can look at the next slide, which would show you that we have, really, not many districts that are at the, sort of, F level of budget adequacy; only 26 districts below 70 percent. But that's 26 districts too many. And certainly any district that's below adequacy should be a concern. Again, the important question is, why are they below adequacy? Is it a State aid issue, is it a local tax issue? And in some cases, it may be a little bit of both.

You can see that we have a number of districts that are over adequacy; again, related to local taxes and State aid.

And then I get to the last chart that -- how might we grade the State for its funding and distribution of State aid. And again, we can see a wide disparity here. We have-- Not only do we have 212 districts receiving more than 100 percent of their State aid. And I have-- Frankly, I have yet to hear the coherent, reasonable explanation of why any district should get more than 100 percent of its formula aid. That is the State's obligation -- is that 100 percent.

Not only do we have 212 districts above; but have we 138 of those 212 that are receiving more than 130 percent of State aid. So a point that I made yesterday, and I want to clarify, is -- with this data and, particularly, with State aid, we can just see it here. It's not like all the districts, in terms of their percentage of State aid, are, sort of, neatly clustered around 100 percent; that if we just tweak a little here or there we could get everybody to 100 percent. The State provides, actually, 85 percent, currently, of SFRA aid; that \$1.4 billion gap is 85 percent. We don't even see a neat clustering around 85 percent, where, "If I got 80, and somebody else got 88, well, there are tweaks we can make to get everybody even." Clearly, we have a large number of districts that are receiving well below the appropriate amount; certainly, as you can see here, 239 of the districts receiving less than 70 percent of their State aid. We have districts receiving as little as 10 percent, 20 percent of their State aid. We have districts receiving 500 percent, 600 percent of their State aid. And if you look at the data across the state, you would see that. And again, I think you're seeing some of that in your own districts.

I'd like to end our part of the presentation with some myths and truths about State aid to schools in New Jersey; these are slides that follow.

The first myth is that this is mostly an issue in smaller districts, or ones with high poverty, or those in a particular region of the state. The truth is, as was stated earlier, State aid and equity affects districts in all enrollment levels, all income groups, all geographic regions of the state.

A second myth is that the funding inequities are simply about the former Abbott districts versus everyone else. We've heard that. Blame one group versus another. And the truth of the matter is, 17 of the 31 former Abbotts are not yet receiving their full SFRA aid, and they are listed there for you.

A third myth -- that the State aid inequity is a result of the economic recession in 2008; and I think we know that that's not true. The truth is, that's been a major issue in New Jersey school finance for over 40 years. There are districts that have been dealing with this issue for decades, not just for a few years.

Another myth -- that funding inequities are bound to exist, given the variety of student needs, unique communities, and local control in our State. We're bound to have those inequities. And local school districts do have discretion, in terms of budget adequacy, and local tax levy. But the truth of the matter is, the State can help local districts greatly by distributing aid to schools more equitably than it does now, and providing the full SFRA funding. Again, we have a huge range in terms of the percentages that districts are receiving in terms of their State aid.

And a final myth, perhaps -- well, there are more myths, but at least the final one we'll mention today -- is that somehow if State aid is redistributed to some districts, other districts would become losers. The truth of the matter is, no district that receives 100 percent of its State aid can be considered a loser. The fact of the matter is, we have 239 districts that are receiving less than 70 percent of their State aid; and that shouldn't be.

So again, some key takeaways: two major problems with State aid to schools -- \$1.4 billion in underfunding; \$600 million in inequitable distribution. Both of these problems impact budget adequacy and local tax fairness. And we have 212 school districts receiving more than 100 percent of their State aid -- why? -- and 239 of them getting less than 70 percent. And we can do better than that; we absolutely can do better.

So with that, we'll leave it to your questions.

Thank you very much for your time.

ASSEMBLYWOMAN CARIDE: Thank you, Dr. Greene.

Does anyone have any questions? (no response)

Thank you very much, gentlemen. I must say that having heard it a second time around, I picked up on nuances that I missed yesterday morning.

So thank you very much for being here this morning.

DR. GREENE: Thank you.

UNIDENTIFIED MEMBER OF COMMITTEE: You're right.

DR. GREENE: Thanks for having us.

ASSEMBLYWOMAN CARIDE: Right?

UNIDENTIFIED MEMBER OF COMMITTEE: Yes.

ASSEMBLYWOMAN CARIDE: Okay; next we have New Jersey Education Association. We have Sean Spiller.

And again, if I could just remind everyone that if you have any written statements, please do not read from the statement; just provide it to us. You can summarize your statement for us.

Thank you.

Good morning, Sean.

**S E A N M. S P I L L E R:** Good morning.

Good morning, Madam Chairwoman; good morning, honorable Committee members. Thank you for allowing me the opportunity to speak before you today.

My name is Sean Spiller; I am the Secretary-Treasurer of the New Jersey Education Association, representing over 200,000 retired and active school employees; and certainly, as you all know, individuals who are being asked every day to do more with less. And I think that's starting to be a level of frustration that I think we can all understand.

And not certainly for this body, but for the record: We know that in 2008, both Republicans and Democrats did come together, in a bipartisan way, to come up with the School Funding Reform Act. And certainly, that was a process that we applauded, in that it allowed numerous educational stakeholders to be part of that discussion. It was well thought out; it took a long time to make sure that we got it right. And, of course, we know that, in 2009, when it was implemented, there was funding; but unfortunately, every year since then, we have seen it underfunded by approximately \$1 billion.

Now, this is what has led to that gross inequity in funding in school aid, and that certainly is a challenge.

And I would say to this body -- I know the difficulties that I'm sure each of you faces in terms of finding funding for a number of the different things that the Legislature has to take into account. But when we talk about the importance of educating our children -- and we all state how much we care about that; and I know we all do -- we know it's an expensive process, but we know it's an investment, an investment that has significant returns. So it's something that we absolutely have to focus on to make sure occurs.

Now, if there isn't funding, if there's a challenge in a year, we know that there should be prorating of that formula. But it should not be something where we constantly come back and look for more fixes. I would call it looking for something easier, when there is no easy solution to this. It's a matter of finding that funding, which is the difficult part.

Now, when we talk about some of these fixes -- as you've heard before, from some of those who have testified -- one of the ones that have gotten so much attention is the Governor's proposal; the Governor's proposal of a flat dollar amount per student. And I just want to personally say that I think his proposal is unconscionable. You know, to talk about a system in a society where we have -- through our housing policies, through cutting off supports for so many of our communities -- we have underfunded and concentrated poverty in so many ways in some communities; and then to talk about going into those communities, and talking to those students, and saying, "We're going to be pulling money

away from you.” And to not understand that, of course those students may be more expensive to try and educate. That’s just unacceptable.

So I don’t really think there’s really much more to say about the Governor’s proposal. And I hope that it really isn’t given much consideration at all.

Now, beyond that we know we’ve heard another proposal from President Sweeney -- Senate President Sweeney. Now, his proposal would also reduce State aid to about 715,000 students by about \$685 million, or around \$960 per pupil, on average. Now, as we heard before from the Education Law Center, we know that, incorrectly, he assumes that just because you’ve got adjustment aid, that equals overfunding in terms of the formula; and that’s just simply not true. This faulty argument has led Senator Sweeney to propose eliminating \$600 million in adjustment aid. And he’s determined that some districts -- many districts don’t need that, as he has toured the state with his plan. But while he has that as his foundation, it doesn’t seem to be based that much on any factual information. We know that he also seems to have a predetermined conclusion, which we don’t think is a healthy part of the process.

Both of these proposals do have one thing in common: and that is that they are very divisive and they do nothing to address the \$1 billion shortfall in funding that should be the focus of our conversations.

Now, NJEA has consistently supported the current funding formula. We believe that it was one that was, again, carefully considered; had tremendous input from the educational partners in this state; it passed the houses of the Legislature and was signed into law; and it was upheld by the Supreme Court. That is where, again, we should be focused.

We've seen numerous reports -- including one in 2016 from the State Auditor -- that concluded that if we were just using that formula, there would be a tremendous number of districts which would receive more aid. In their study, about 365 school districts would have received more in the Fiscal Year 2016 budget. And really, to us, that shows that we are short-changing just so many of our students; and we shouldn't be talking about *some*, we should be talking about *all*.

Just eliminating or phasing out that adjustment aid is no solution, and counterproductive in many cases. Again, as you heard earlier today, you cannot gauge the adequacy of funding levels until you actually fund the law and follow it. A district could be receiving adjustment aid and they may still be unable to provide adequate educational resources in accordance with the formula, or could be taxing its residents by more than their fair statutory share. So just to blame adjustment aid, again, I think is missing the bigger picture, and missing the bigger discussion that we should be having. It certainly can be a conversation that we then follow with, once we've addressed the main issue.

Additionally, another area that I wanted, certainly, to spend a little time on was the impact of charter schools on our traditional public schools. I think that certainly has to be part of this conversation. We know that when charter schools were originally put forward, they were ideas-- They were supposed to be locations of innovative ideas that were run by local community members, or teachers, or other educators. And those ideas were supposed to be brought back into the traditional public schools, and all the students would benefit from them.

Now, certainly that is what we all strive for; I know this body, I'm sure, would as well. But when we look at the charter schools 20 years later, we know that that isn't exactly what has happened. We see, in too many instances, that they further segregate our schools with our students, either by ability or by need. And we know that that is not something any of us should strive for. We cannot go back, or have a system that is both separate and unequal.

Charter schools need to be held accountable to the communities where they serve. Charter schools should be transparent in their reporting on the use of State funds, including the revenue assets and contract commitments.

Further, NJEA has stated before, we believe that there should be no new charters until the State fully funds the SFRA.

Now, in closing, NJEA believes that the process which was followed originally to first come up with a formula is one that should be looked at again, in terms of significant input from educational stakeholders; much robust debate, as is occurring with this body. We believe that the funding must be predictable, whatever it is that is come up with -- and we, again, support the current funding plan. We cannot have districts that are constantly defensive budgeting, wondering what's going to happen, wondering what their support is going to be from the State. That's counterproductive to their long-range planning and the ability to educate students.

So again, that's why we are here today supporting Speaker Prieto's proposal, which would require legislative oversight; again, input and

extensive debate; and not just talking about quick adjustments to the existing formula.

As a note, I do want to say -- because we are always so proud of it -- that Education Week just released its school rankings; and, of course, New Jersey is again at the top. But we know this. We also know, though, that there are pockets of disparity where we know we have students who are not getting the same opportunities because of the support that's there in their communities; and we have to address that. We know that too many of our students are plagued by poverty, homelessness, and crime; too many students come to school hungry; too many students come to school worried about their families and themselves, in terms of their safety.

We have to address all these issues if we're talking about educating our children. But we think that this starts by not talking about removing funding from any of our students, but by supporting every student by fully funding the SFRA.

That's the first step that we all need to take; although, understandably, a difficult one, it's a commitment that we must make to our children.

And with that, I thank you for your work in this regard.

ASSEMBLYWOMAN CARIDE: Thank you.

Mr. Thomas, do you wish to say anything?

**O S O M O T H O M A S:** I'm just here as support. (laughter)

ASSEMBLYWOMAN CARIDE: Okay. Moral support; I understand that.

MR. SPILLER: Everybody else was coming up with a big team, so I had to-- (laughter) You know, I had to look good.

ASSEMBLYWOMAN CARIDE: You have your entourage.

MR. SPILLER: That's right.

ASSEMBLYWOMAN CARIDE: Does anyone have any questions?

ASSEMBLYWOMAN JASEY: Just-- Thank you, again, for being here.

Would you agree that, lacking enough money to fully fund the formula, that an allocation of funds that are -- what's the word I want? -- *adjusted* to what we do have would be, at least, one step forward towards moving towards equity?

MR. SPILLER: The short answer -- yes.

ASSEMBLYWOMAN JASEY: Yes; okay. Thank you.

MR. SPILLER: The short answer is "yes."

ASSEMBLYWOMAN CARIDE: Anybody else?

ASSEMBLYMAN CAPUTO: Just-- I think we asked this yesterday, but-- By the way, how are you?

MR. SPILLER: I'm doing well; thank you, (laughter)

ASSEMBLYMAN CAPUTO: You're doing a great job.

This proposal on certification, as was proposed with charter schools, as opposed to regular public schools. I mean, to me it's just completely insane, you know? I mean, I know you guys are taking a position, but I think it should be part of the record.

ASSEMBLYWOMAN CARIDE: Assemblyman Caputo, I know that you're concerned about that. But if we could stick to the topic of the school funding, I would appreciate it.

I know you're concerned about--

ASSEMBLYMAN CAPUTO: I don't like to be corrected.

(laughter)

ASSEMBLYWOMAN CARIDE: I know.

ASSEMBLYMAN CAPUTO: And I have a right to--

ASSEMBLYWOMAN CARIDE: And I'm not correcting you.

ASSEMBLYMAN CAPUTO: And I have a right to ask a question.

ASSEMBLYWOMAN CARIDE: You do.

ASSEMBLYMAN CAPUTO: All right.

ASSEMBLYWOMAN CARIDE: You do. But it's not on the topic; that's all I'm saying.

ASSEMBLYMAN CAPUTO: Well, we'll get technical (indiscernible).

ASSEMBLYWOMAN CARIDE: Okay.

ASSEMBLYMAN CAPUTO: I didn't know you were such an expert. If you don't mind answering it.

ASSEMBLYWOMAN CARIDE: No, Mr. Caputo, I'm not. But I would ask, Assemblyman, that you do try to keep on topic.

ASSEMBLYMAN CAPUTO: Okay. You know what you can do? You can have the meeting without me.

Let's go.

ASSEMBLYWOMAN CARIDE: Thank you, Assemblyman Caputo.

ASSEMBLYMAN CAPUTO: I appreciate it.

ASSEMBLYWOMAN CARIDE: Assemblyman Singleton.

ASSEMBLYMAN SINGLETON: Thank you, Madam Chair.

Sean, I want to make sure I heard you correctly when you responded to Assemblywoman Jasey's question. The Assemblywoman asked -- and I believe she asked, absent new resources -- which I think we would all think is necessary -- absent new resources, she asked of redistribution of the existing resources -- would you find acceptable. Your answer to that is "yes."

MR. SPILLER: Prorating the formula, you know, if you had less money? Yes.

ASSEMBLYMAN SINGLETON: So by doing that inherently-- In doing that, there are winners and losers, inherently, in doing that. If you're going to shift around the pot of the money that you have without adding new money, you tend to take money from some and give money to others. I just -- I want-- Because I want to be clear, because I think I've heard representatives from organizations speak in the past, and I haven't heard it as clearly defined as you did. So I just want to make sure that I'm understanding it correctly.

MR. SPILLER: Well, I would say this. What you just said -- the one piece I wouldn't quite agree with, when you said there are winners and losers. I think, unfortunately, when you're not funding the formula, there are only losers, right? That's all the students.

So when you're talking about every district being prorated in terms of the formula -- every district would be underfunded, in terms of what the formula should be providing to those students. Which we don't support; I don't think anyone here would support. We think it should be funded.

So again, I would not characterize that as winners and losers; I think that's, unfortunately, every student losing.

But certainly what we are saying is that if that's the case and the dollars aren't there, by prorating that you're, in effect, having everybody be somewhat of a loser in that system; as opposed to something else that, of course, as we've seen, leads to much greater disparity.

MR. THOMAS: And Assemblyman, if I--

ASSEMBLYMAN SINGLETON: I don't-- Hold on, hold on.

MR. THOMAS: Okay.

ASSEMBLYMAN SINGLETON: Sean, I don't disagree with you. And let's not let semantics get in the way of the conversation.

MR. SPILLER: Okay.

ASSEMBLYMAN SINGLETON: So I don't disagree with you.

But inherently, if you shift those resources around, someone, on Monday, who was due to get less, would slightly get more, because you're just shifting the same pot. You're not adding new money to the equation. Which, first of all, I agree with you; it's incumbent on us to add new money to the equation, all right? That scenario of shifting and reallocating money does none of us a service; and more importantly, does none for our future generations of kids -- a service. So let me be emphatic about that.

But when you do shift that existing amount of money around, there are some people who will have more money, as opposed to less money; which is the point that I was trying to make. And I heard you say that you -- maybe you, personally, or the organization; I don't-- You said you would be supportive of that in light of not having new money. I just want to make sure I'm understanding you correctly.

MR. SPILLER: Well again, in the nuances of what you're saying-- First, what we're talking about, or I'm talking about, is in a system where you're funding a formula and then, all of a sudden, there aren't funds due to the economic challenges, which I would argue--

ASSEMBLYMAN SINGLETON: Right.

MR. SPILLER: --in this State, is unfortunate, and based on some of the policies. In that instance, you prorate.

Now, we are in a different situation right now, of course, because we've allowed this formula to lapse for so long. Anyone talking about how we stabilize to whatever solution we're talking about, it is not just, flip that light switch and go to anything. There has to be some type of discussion as to how you would transition to whatever that solution is; and what that would look like, I think, is another whole conversation, which we can certainly continue. But you would not just, I think, in any proposal that you'd hear from anyone -- immediately go from one day to another day and just flip a switch and do some type of change.

ASSEMBLYMAN SINGLETON: Madam Chair, I'm not going to belabor the point.

Sean, I'd love to talk to you; because to me, it's just math. If you have the same amount of money, and you're moving it around -- whether you do it tomorrow, a week, a month, or a year -- it affects folks in the same way. Because when someone is getting less money, someone else is getting more.

So I don't want to belabor the point, but I do want to follow up with you and have a more substantive discussion. We can talk a little bit longer about this. I don't want to monopolize the time of my colleagues.

MR. THOMAS: Assemblyman, can I just add one thing?

ASSEMBLYMAN SINGLETON: Sure.

MR. THOMAS: Because I think that it's important that we clear this up before we move on. The NJEA's position has always been to fully fund the formula and run it each year; and if there isn't enough money, to prorate the aid. We have been consistent about that. It's a part of the current funding formula. We support that.

ASSEMBLYMAN SINGLETON: Yes, I don't think anyone is disagreeing with you. I think I just said the same thing. I agree with what Sean said -- doing that. I'm just trying to -- I just want to have a better, deeper understanding of that conversation because, as I said, it's really -- it's math. You have a simple-- You have the same amount of money, whether you slice it to this person or that person; it shifts around.

So I don't disagree with your point, which I think was the point that Sean made originally; which I am supportive of. We have to fund our school funding formula with more resources; more resources address this issue. Aside from that, we will get in a continuous tension situation about educational finance, which is sort of what brings us here -- is what we're doing.

And my last point -- because my friends at the NJEA and I have had long discussions about my opinion about school choice. And I am so appreciative of those discussions, because they have been -- they have helped my maturation as a legislator. But I think we do do a disservice when we start -- beginning to isolate one group of public school kids versus another group of public school kids, because they all are. I think it harms the overall discussion of us trying to move forward. And I'm open and I

would love to have those discussions; I've had them for almost six years, as a legislator, and I'm sure I'll continue to have them, whether in or out of public office, because the conversation is so important.

But I think we should really stay focused on the overall pie; because when we start doing that, many of us get territorial and parochial in our interests. And I don't know if that helps the discussion, overall, in my opinion. It may help for some; it doesn't help for me. And as I said, I've appreciated that dialogue, when we've agreed to disagree, with my friends from NJEA on that topic.

But I think just singling out one group of public kids versus another doesn't move that conversation forward, at least in my mind.

Thank you.

MR. SPILLER: And Assemblyman, I just want to add to your last piece.

First, I appreciate the conversation that we've always had on that issue.

ASSEMBLYMAN SINGLETON: Sure; absolutely.

MR. SPILLER: And I think you've always been willing to engage in that dialogue--

ASSEMBLYMAN SINGLETON: Absolutely.

MR. SPILLER: --even when we don't fully agree on the issue.

I would just put out there that-- Remember, we represent numerous individuals in charter schools.

ASSEMBLYMAN SINGLETON: Sure.

MR. SPILLER: We are supporters of charter schools. But we also -- much like this body is doing now, in terms of a conversation around

school funding -- we have to look at what its original intent was and where we are now.

ASSEMBLYMAN SINGLETON: Certainly.

MR. SPILLER: And I think that at least some would argue, to your point -- of segregating out students, or pulling a group out. I think charters, by their very definition, have started to do some of that. And I think that's the issue where a number of us want to continue the conversation and see, how do we get to a system that certainly is robust in terms of educating students with different abilities in different ways, with innovative thinking. But we have to be mindful that the -- what was well-intended, and certainly probably still is, 20 years ago has had an impact in terms of traditional school funding. Which is why it overlays this conversation; and certainly some other impacts in terms of: Has it further divided some of our communities, has it segregated them further, has it met its goals as it was originally meant to do so, and how do we improve upon it generally?

So I think that's a discussion that we should continue.

ASSEMBLYMAN SINGLETON: I want to personally, publicly, thank our Chair for engaging in that dialogue with us, with public hearings. And ultimately, I would imagine, at some point we'll revisit our charter school law, because I think everyone on all sides of this issue would tell you it needs to be done.

MR. SPILLER: Agreed.

ASSEMBLYMAN SINGLETON: But I wanted to publicly thank our Chair, because it is an issue that can be divisive; and our discussions have never been, as associated with it. And that's a credit to her

leadership, and her predecessor's as well. So we'll all continue that discussion as well.

MR. SPILLER: We agree; thank you.

ASSEMBLYMAN SINGLETON: Thank you.

ASSEMBLYWOMAN CARIDE: Thank you, Assemblyman.

Assemblywoman Jasey, and then-- Mila, and then Assemblywoman Pintor Marin.

ASSEMBLYWOMAN JASEY: Yes. I just wanted to clarify that what I was asking about -- I had no intent to create winners and losers. Because I think, right now, most of our districts would be in the category of *losers* because of the lack of funding over the last seven years.

What I was trying to get at, unartfully, was the fact that when-- The Department has not run the formula, and then used the resources that were available -- that are available, to more equitably distribute them. But rather, there has been no rhythm or reason, that I'm aware of, as to how the money is distributed. That's what I was getting at. Because I recognize that the revenues are not there; but we have to begin to work our way, I think, back to using the formula as a very rationale and well-thought-out way of distributing the revenues that we do have.

Thank you.

MR. SPILLER: Agreed; agreed.

ASSEMBLYWOMAN CARIDE: Assemblywoman Pintor Marin.

Well, first, before you ask your question, I just want to thank you for substituting on our Committee. I do appreciate it.

ASSEMBLYWOMAN PINTOR MARIN: You're welcome; thank you.

Sean, I just have a quick question. The Speaker was here earlier and, obviously, I come from a District where we've been having a lot of these discussions about preschool. And obviously, my Senator is big on this as well. And something that the Speaker alluded to -- I think that everyone here agrees, that -- in having the conversations about not only trying to equalize the aid -- as we have, as right now, for some of the districts that are obviously left behind -- but also when it comes to our early childhood piece. And that becomes a whole other scenario in itself.

My question to you is, have you guys, kind of, had a rough estimate of a number of -- if we were to do preschool funding -- around about how much additional that would be? Or we're not even there yet, because we're still trying to figure out the formula of how we equalize it now?

MR. THOMAS: Assemblywoman, I -- we don't have numbers that we can share right now on that. I mean, you're right; it's important, and it would be a significant cost across the state. But we're not -- we haven't quantified that.

ASSEMBLYWOMAN PINTOR MARIN: Okay.

I'm just asking, because obviously we have -- our early childhood program in the state, and especially in Newark, is one to be touted. And we see such a significant improvement when we start off, obviously, with our kids being fully enriched. And with the all-day preschool, I can see that from my own, obviously, with my daughter now.

But it's really doing a disservice, I think-- And obviously this is a totally on a side conversation, because we still need to figure out how we bring the districts, like Freehold, up to par with what some of us have. If this is really a serious issue that the State of New Jersey -- if we're going to continue to, obviously, be the number one state in having our kids being at the level that they are at, you know, preschool definitely has to be in the conversations that we need to figure out.

And I just was wondering if we had a rough guestimate of how much that would cost additionally.

MR. THOMAS: And I think the only answer to you -- who could really answer that question, or the most appropriate entity, is the Department.

ASSEMBLYWOMAN PINTOR MARIN: Okay.

MR. SPILLER: Yes, I would agree. We don't have that.

But I would also concur-- I think that so many of our communities are figuring this out on their own, or trying to find ways to make sure they're providing it.

ASSEMBLYWOMAN PINTOR MARIN: Yes.

MR. SPILLER: As you know, Montclair -- same thing; we recognize, fully, that early education is the key. And the more you invest there, the better outcomes of your students; and, of course, the more they are able to add back to the economy and society.

So I know communities are working on it; and, absolutely, that should be something that should be more statewide.

ASSEMBLYWOMAN PINTOR MARIN: Thank you.

Thanks.

MR. SPILLER: Thanks.

ASSEMBLYWOMAN CARIDE: And I believe --  
Assemblywoman McKnight.

ASSEMBLYWOMAN McKNIGHT: Another question,  
another conversation that we should be having is -- we have districts that  
receive over 100 percent. So if we fully fund the formula, and we look at it  
and then we say the districts that receive over 100 percent -- we need to  
make sure that they only receive 100 percent, and nothing further.

So what does that do to the districts? Will that go to the local  
government, where they have to-- Because they've been receiving, say, 135  
percent. So they would have to, now, figure out how to sustain the 35  
percent, because they've been using 135 percent for, like, seven years.

So there are many pitfalls that will happen if we decide to  
ensure that all districts only receive the max of 100 percent.

So that's a conversation that we need to start having with these  
districts that are receiving over 100 percent. Because we will, then, begin to  
tax the local government, which entails -- will go to property taxes.

MR. SPILLER: Well, I think it was a little bit in the  
conversation the Assemblyman and I were having -- although different,  
because percentages versus getting to fully funded.

You know, any type of transition is going to be a conversation,  
right? What does that look like and how do you move there? You know,  
certainly I know that some of the speakers before me -- you've heard their  
suggestions or heard part of the conversation with some of your colleagues.  
But certainly that's a conversation I think we should all be engaging in; and

I agree with you that we should be engaging in it now, as we talk about this issue.

ASSEMBLYWOMAN CARIDE: Thank you, gentlemen.

MR. SPILLER: Thank you; thank you, everybody.

ASSEMBLYWOMAN CARIDE: Next I'm going to call up John Donahue of the New Jersey Association of School Business Officials; and Mike Vrancik, of the School Board Association.

You can both come up.

It's good to see you again, Mike.

**J O H N F. D O N A H U E:** Thank you.

Am I on? (referring to PA microphone)

ASSEMBLYWOMAN CARIDE: Press the button.

MR. DONAHUE: There we go.

ASSEMBLYWOMAN CARIDE: There you go.

MR. DONAHUE: Okay, now we're good.

ASSEMBLYWOMAN CARIDE: Now you're on.

MR. DONAHUE: So we need more money. (laughter) That seems to be the answer, I think, just sitting here listening to all the comments.

I'm going to try to be brief, because you've heard many comments yesterday, as well as today. I may punctuate one or two of them.

New Jersey is just generally desperate for some level of economic improvement. That's what our Governor and the Legislature need to address more than anything. Because it is that lack of revenue; as Assemblyman Singleton mentioned, it's the absence of revenues that has us in the position we're in today.

I have to-- Again, Assemblyman Singleton, I agree with you. I caution you, with respect-- I know it's popular to think that this adjustment aid issue -- there's money out there to be had. And Assemblyman, you said it. "If I'm going to take it away from you, and I'm going to give it to somebody else, there has to be some losers."

And I have to tell you, adjustment aid, hold-harmless aid -- call it what you want -- it's a political construct. We put it in place to get votes to pass a law. A funding formula is a law. You're not going to vote for that funding formula if I give your constituents less money than they got before. That was true in 2016, as it was true in 2008, when we passed the School Funding Reform Act.

So I caution you: Please, if you're going to consider redistribution of that aid, consider the data provided by the Department of Education in this area. We have done things over the years, but other things have occurred, at the local level, with respect to enrollment; with respect to their property values; with respect to local income. That, although they don't necessarily need that adjustment aid in that form, we may have to give it back to them in some other form.

So again, caution, with the idea of redistributing hold-harmless aid; because it will always be hold-harmless and it could destabilize districts if the amount taken, obviously, is significant.

I was struck by the comment the Superintendent made about Freehold. There are a lot of *Freeholds* in the state. You know, when a funding formula is first put in place, the losers are those folks that the formula will not provide the same level of funding that they currently receive. That's why we hold them harmless. As a matter of fact, when we

passed the law in 2008, we not only gave those districts, in 2008 and 2009, the same level of funding; we increased it by 2 percent, with the understanding that we're going to take it away, in time, based upon local demographics, and wealth, etc.

But there was another group. It was a group that we sometimes refer to as *stabilized districts*. These are the districts that would enjoy huge increases in State aid, but the State couldn't afford to give it them. Because if they gave them everything they were entitled to, there wouldn't be enough left to give to everybody else. So we say to them, "Look, we're going to give you a nice increase. We're going to give you a 10 or a 20 percent increase in your aid this year; and each year, for the next five years, we'll give you more. On top of that 10, we'll give you 10, maybe 20 percent more, depending upon where you're spending, in terms of adequacy."

But then you freeze the formula, and what happens that to second, third, and fourth installment? They don't get it. These are the very *Freeholds* of the world; these are the districts you read about in the paper, where they list current aid, and what the funding formula would provide; and the difference is so significant. They need our attention.

Now, real quick, I want to tell you two things I've done recently. I asked-- By the way, our organization represents the Chief Financial Officers of New Jersey school districts, okay? These are the guys who create the budgets, okay? We're right in the trenches, and we have to prepare spending documents to be approved by Boards of Education.

So I asked them this question. What is your greatest challenge facing you in preparation for your budget for 2017-2018? Now, I'm not going to go there. One of their fundamental problems was dealing with

contract settlements, and the fact that arbitrators and mediators -- their sole purpose is to get districts to gravitate to some decision. It's very much hurting school districts.

But the one issue that pops up every single time, folks, is the cost of special education; the cost of our special populations. And I have to tell you something I did two years ago. I asked school districts -- this was in the 2015-2016 school year -- I told them, "Go back 10 years. Determine for me what your total appropriations were for special education in 2006-2007. I'm talking teachers' salaries, benefits, out-of-district tuition, related costs, transportation, you name it." I said, "Take that total, and take it as a percentage of your total budget." That number came back as 15 percent; 15 percent of our appropriations went to special needs populations.

And I'm not arguing for or against these appropriations. But then I told those very same people, "Do it now, for the 2016-2017 school budget. Calculate what those percentages are now. Take those same totals and determine what that percentage was." That percentage came back at 20 percent.

Now, understand what just happened. We just reallocated resources somehow to cover an additional 30 percent of costs for special education children and/or related services, or however you define it. Again, I'm not here to defend it; it's a realistic issue that we have to face. Those populations are demanding, and maybe rightfully so, a greater portion of our resources.

Another interesting issue that I haven't heard mentioned here, today, that I want to mention, is this: Your smaller districts -- your K-8s, K-6s -- they do not have secondary programs. They typically send their

children to an adjoining -- a contiguous school district, and they pay tuition. I'm going to tell you that we have small school districts going belly-up, going into deficit, in this state -- and the Department can identify specifically who they are -- because they can't afford these tuition bills. Tuition calculations -- although regulated to some extent by the Department's regulations -- still have no ties; they are not tethered, in any way, to 2 percent levy caps or anything of that nature. And you've got small districts that have to deal with tuition adjustments and tuition bills, going forward; and they're finding it extremely difficult to find the resources without impacting local offerings at the K-8 level. So tuition is a real important issue.

The other issue that always comes up, folks -- and I'll only take a quick minute to talk about this; something I know you know -- the 2 percent levy cap is not a budget cap. The 2 percent levy cap is just based upon the levy. If I have a budget, and 90 percent of my money comes from the State, no matter what the level is -- and 10 percent comes from the local tax levy -- I only get a 2 percent increase on that small amount. It's kind of counterintuitive. But the wealthier districts that have a higher local share get more leeway in terms of the amount that they can raise their budget. So a 2 percent levy cap is probably the second most crippling issue for districts, going forward.

And I'll mention one more.

Oh, by the way, let me stay on this issue of special ed. I don't know if you realize this or not, but funding for special education, per the formula -- and this is what I think is wrong with it -- is census-based. Now, what that means is, that if you have 1,000 children in your district, for

special education you get funding for 170; 17 percent. Maybe it's 16.9; I'm rounding this off. I don't care if you have 130 or you have 200. You get funding for 17 percent of your population. We have to look at that.

And I know we don't want to talk about it, but maybe we -- maybe we have to consider an adjustment to the levy for these special costs, for these special -- these children who are in need of these services. And I know that means increasing local taxes, but I don't have, necessarily, another answer. Please remember that a tax levy adjustment is not automatic; it has to be approved and passed on by your local governing body. It's something I think we should consider.

And one more point I'll bring up. School infrastructure is suffering in this state. When we passed the School Funding Reform Act, and its subsequent law in 2010 -- which put in place the 2 percent levy cap -- we took away most of our adjustments. One of the most significant adjustments we don't talk about a lot is what's happening with capital costs for school districts. Now capital costs are within that 2 percent levy cap. If I want to fix a hole in a roof, if I want to upgrade a mechanical system, I have to do so within that 2 percent levy cap. And if you're very poor, that levy cap is very small. Wealthier districts have more leeway in order to find room -- to make room for those expenses.

I can tell -- I can tell you now: We don't do it -- we don't do it. We set those issues aside. The holes in the roofs are getting bigger, folks; and I can only tell you it's going to cost us more money if we don't do something.

I have a crazy idea here. We have something called *Type I school districts* in this state. I suggest to you that you consider -- as we do

with our Type 1 school districts, that turn the capital needs of school districts in the state over to a Board of School Estimate -- we do that in many -- in all of our Type 1 districts, but not our Type 2 districts. Now, this would give the authority for construction and major repairs -- I'm not talking about annual costs to repair smaller things; I'm talking about construction in districts for buildings and things of that nature. I think that's the better way to go. Otherwise, the infrastructure in our schools, just like the infrastructure in this country, is suffering.

The other option could be to put back in place another spending adjustment on the tax levy, with respect to these capital needs. They are one-time expenses.

I will tell you this, one last point -- because I think, again, Assemblyman Singleton, you made this issue. I have advised-- I can tell you right now, school districts are preparing budgets based upon flat-funding. That's where they're going. I was asked, "Well, what about the idea of suggesting to them they prepare to fund their budgets next year based upon the Governor's proposal?" I won't do it; I can't do it. It's ridiculous to even think how we would plan for something of that nature.

But I can tell you that there's going to be a plan in place. It will be based upon flat-funding, with the hope that maybe some concessions or adjustments can be made.

Thank you; I've said my piece. I am open for questions.

ASSEMBLYWOMAN CARIDE: Thank you.

Does anyone have questions?

ASSEMBLYWOMAN JONES: One question.

ASSEMBLYWOMAN CARIDE: Assemblywoman.

ASSEMBLYWOMAN JONES: You mentioned the factors that Chief Financial Officers have to make. What about the population change? You talked about special ed numbers, but what about the general student body population? What happens when that population goes up? Isn't there a cap in place that --

MR. DONAHUE: No, there isn't. I mean, that's probably the one, single, most important element in terms of our funding. Because we have districts with flat-funding; as you experience increases in enrollment-- And of course, with that, maybe you need more teachers, aides, busing, and all. But we're not being funded for that.

Understand, in a budget, we have two sources of revenue: State aid and local levy. So if the local levy piece -- depending on how big or small it is -- if that can only go up 2 percent; and the other piece, State aid, stays flat, where do we go? Hey, make no mistake, the 2 percent levy cap is doing exactly what it was intended to do, and that was to cut taxes and spend less on public education. That is what we are doing.

And thank gosh that we have -- or had the benefits of Chapter 78, which has pretty much expired at this point. What Chapter 78 did is it required contributions by employees toward their health benefits. That has been a real mitigating factor, in terms of our being able to deal with reduced compensation from the State.

ASSEMBLYWOMAN JONES: Can I get you to, just, clarify that for me? Because I'm a slow learner, which is why I'm on Education at my age. (laughter) I want to learn.

Again, if your student body population increases--

MR. DONAHUE: Yes.

ASSEMBLYWOMAN JONES: --you're still flat-funded.

MR. DONAHUE: Pretty much.

I will say this: You are, pretty much. The State has addressed enrollment increases over the years. Not to the extent that they should, or can, but they have made, to some degree, enrollment adjustments. But never to the extent that they would, had the formula--

ASSEMBLYWOMAN JONES: Been properly funded.

MR. DONAHUE: --been fully funded; yes.

ASSEMBLYWOMAN CARIDE: Thank you.

Anybody else?

Go ahead, Assemblyman.

ASSEMBLYMAN AUTH: Thank you for your testimony this morning.

It's my understanding -- when I speak to local officials in the District that I represent -- that more or less 60, 65 percent of their local budget is for the public school. And yet, you're advocating today to increase those levies. In your opinion--

MR. DONAHUE: You mean, by way of an adjustment, a tax levy adjustment?

ASSEMBLYMAN AUTH: Yes.

MR. DONAHUE: For special ed, the capital--

ASSEMBLYMAN AUTH: Well--

MR. DONAHUE: Yes, go ahead.

ASSEMBLYMAN AUTH: --we'll get to special ed in a second. But just the schools in general, that there needs to be an increase.

So in your opinion, what is an acceptable amount to be taken from a local budget for the public school? At what point is -- does it get to be overbearing?

MR. DONAHUE: But that's why we have local Boards of Education. I mean, I think-- As I said, any kind of an adjustment that we would make is subject to review and approval by the local Board of Education. They have to make that relative decision. I mean, if I was sitting on a local Board of Education and, all of a sudden, we -- my budget is presented, and they want to put an addition onto a building, or do some major repairs, and it's going to cost my taxpayers 40 cents on the dollar, I don't think I'm going to vote for it.

I mean, so I don't know if there is a number; I don't think there is. It's a relevant decision they have to make. But it's a decision; they don't have to pass it on. Any kind of an adjustment has to be approved by them before it goes to the County Office for approval.

ASSEMBLYMAN AUTH: And isn't it working that way now?

MR. DONAHUE: No, no, no. Because we don't receive an adjustment for capital costs anymore, we don't receive an adjustment for opening a new school, we don't receive an adjustment for excess of special ed costs. Those adjustments were taken away when we passed the cap law in 2010. We don't have adjustments like that anymore. We have a small adjustment for enrollment, still, and for insurance.

ASSEMBLYMAN AUTH: Yes. But as long as you're under the 2 percent, you don't have a referendum or anything like that.

MR. DONAHUE: No, you don't.

ASSEMBLYMAN AUTH: Right.

MR. DONAHUE: No, you don't.

ASSEMBLYMAN AUTH: So you can be guaranteed it's going to go up 2 percent every year.

MR. DONAHUE: Well, not necessarily. I don't know what the number is; but again, going back to that quick survey that I did. One of the issues that I have written down here, was that many of our people reported that their local boards of education would not permit them to go to their cap. They wouldn't let them go to their 2 percent levy increase. Now, of course, that exacerbates things down the road, because you lose-- There's a compounding effect of that when you don't take full advantage of your cap, going forward.

ASSEMBLYMAN AUTH: But then, of course, it's subject to election somewhere along the line. So if the public's not happy--

MR. DONAHUE: Or county approval. I mean, if you have November elections, then you stay within that 2 percent levy; county approval, you're done.

ASSEMBLYMAN AUTH: Okay; thank you for that.

One other question, if I may; through you, Chairman.

Thank you.

You mentioned that there was 17 percent allocation for special education, and that--

MR. DONAHUE: Funding-- The coefficient for funding special ed is based upon a percentage of your enrollment. As I said, by way of example: You have 1,000 children-- This is called census-based. The whole idea of that -- there was a theory at some point where we would over-evaluate and over-classify children because we got more State aid. I could

never understand that. But I think the theory behind a census-based approach was to prevent districts from over-classifying children. I think that's where the roots are. But the fact of the matter is-- I think it's 16.9 percent. We multiply; when you calculate your adequacy budget, there's a percentage -- 16.9 times the weighted enrollment; the very first line in your adequacy budget. And whether you have more or less, it doesn't matter. You get funding based upon that. You could lose it all; wealthy districts lose two-thirds of their special ed aid by virtue of their wealth.

ASSEMBLYMAN AUTH: So if a school district has that 16.9 percent allocation for special needs children, and they only use 10 percent, what happens to the other--

MR. DONAHUE: Well, it's not that they don't use it. If they have less, that's to their benefit. I can't name one; I can't name one. Does it happen? Of course -- I'm sure it does. But that's a very strategic number that they have there, that 17 percent. I often hear that there are districts that have more classified children -- either out-of-district or in the district -- than for which they're being funded.

ASSEMBLYMAN AUTH: And then finally, your recommendation -- rather than using a statistical number, 16.9, how would you approach that?

MR. DONAHUE: I would consider actual numbers, actual enrollment. There's no-- When we file our enrollment data in October, we determine exactly what our regular enrollment is in all categories: handicapped, at-risk, special ed, speech, etc. Why not use that exact number? We did under SEFA. We did under SEFA; I don't see why we don't do it under this proposal.

ASSEMBLYMAN AUTH: Thank you very much.

Thank you, Chairman.

MR. DONAHUE: Yes.

ASSEMBLYWOMAN CARIDE: Mike.

**M I C H A E L V R A N C I K:** It's hard to follow John. (laughter) He talked through a lot of the things that I was going to talk about.

MR. DONAHUE: That's why I went first. (laughter)

MR. VRANCIK: That's why I told you to go first.

I want to thank you, Madam Chair and members of the Committee, for having this hearing. I think it's important. A lot of the previous speakers have said this -- we have a great public education system. The SFRA is really a very well-thought through formula.

MR. DONAHUE: Agreed.

MR. VRANCIK: It just hasn't been allowed to work.

That being said, there are a couple of things -- and I think that they go to the heart of what John just said, and what some of the other speakers talked through.

The 2 percent levy cap was implemented two years after the SFRA was passed. The SFRA didn't consider the hard, kind of, a levy cap that we have. So Assemblywoman McKnight alluded to the fact that, if we start to take back adjustment aid from districts that may not actually need all the money, we create a problem. Because if you cut aid that districts may or may not get -- or shouldn't have gotten, based on their current enrollment, you still create a situation where they have a level of educational programming that they are going to try and sustain. If you

have a 2 percent cap, and the amount that's reduced exceeds that, they have to make some very hard decisions.

If they had thought about the implications of a 2 percent levy cap when they implemented the formula, I think some of the things might have been different -- some of the things that John mentioned, for example. John mentioned that the October census -- when special needs students move into a district after the fact, you're not getting money for them for a whole extra year. So districts are having to deal with these emergent costs with this hard levy cap. The State is allocating so much money to the district; and based on the way the SFRA formula has been run, there's a pent-up demand because you've had shifts in enrollment, and you have some districts that are getting more than they need based on the number of kids they have currently, and other districts that are getting less.

Compound that with the fact that they can't address some of that pent-up demand because they have a hard cap. If they have more than the statewide average number of special needs students, they have all these ancillary costs that they have to figure out a way to deal with. And over the last nine year, districts have found the way to muddle through. But we're reaching a point now where more and more districts are saying, "I don't know what we're going to do next year. I don't know how we're going to meet the demands that we have, absent some additional money." Either -- most districts would prefer not to, most local board don't want to raise their levy. But if they go to the 2 percent, that may not give them all they need.

So how do they fix this? There's an awareness that there were enrollment caps built into the first year of the SFRA formula. Districts didn't get a huge windfall if they had a lot of enrollment increases between

the time SFRA was implemented and the last time any attempt to fully fund school aid occurred, which was six or seven years prior to that.

So you have all these moving parts, some of which were additions after the fact. Special education remains a huge issue because of the fact that they've gone away from a classification to census average. Some districts win, because they get to use that multiplier, even though they don't have as many special needs students. More districts than not, don't.

But there's also this wealth equalization that's been put in place. Previously, if you classified kids and you needed  $X$  amount, the State provided that, in terms of categorical funding. Whether they fully funded it was always a question; but you got the lion's share of your special ed money from the State.

If you're a wealthier town, a disproportionate amount of that regular special education costs has to come from your tax base.

MR. DONAHUE: Right.

MR. VRANCIK: So you have to make hard decisions about special needs students versus regular education students.

In addition to that, the State has promised, but -- for a variety of good reasons -- has not been able to fund the cost of extraordinary placements. You can have a situation where your levy cap would yield, maybe, a \$100,000 increase in your spending, from one year to the next. You have one student move into your district who requires an extraordinary placement of \$100,000, there's your cap. You don't get to use any money from your levy increase to do anything else because you have to, by law, serve the needs of that student. If the State doesn't provide you with any additional resources, you're stuck. And that's a problem.

And I think it goes to this idea that the cap law was implemented two years after SFRA was developed. The idea of reallocating aid begs the question of, how many districts that are getting more aid than, perhaps, they should, would be able to sustain their current level of education programming at the 2 percent levy cap? That's an open question, but it's one that I think has to be considered.

This is a complicated issue, and there are a lot of moving parts. And your situation, with respect to how you see the school aid formula, has a lot to do with how wealthy or poor you are and what the makeup of your student enrollment is; what your weighted enrollment is. I said this yesterday -- the adequacy budget differs from town to town, based on the makeup of your weighted student enrollment. So like I said, there are a lot of moving parts, and this is hard to deal with.

But I appreciate that you are all interested in moving forward. Because eight years later, absent any changes, more and more local boards are throwing their hands in the air because they don't know how they're going to do this next year.

If the Governor's plan was to be implemented, it would create chaos. By law, certain things go into play. If you're going to receive a huge reduction in your aid, based on what the numbers the Governor certifies in the budget that you have to use to build a budget, you have to begin sending layoff notices out and making all kinds of reductions in force that would just create chaos across the state. So that's never going to be a good idea.

That being said -- as John said, a lot of local boards are calling us and saying, "What do you think we should do for next year? Should we

assume that there's going to be any new money?" I'm hard-pressed to tell them that there is because, you know, there are economic factors that are beyond anybody's control. The State continually suggests that the income tax revenue -- which is what we use to fund the State portion -- is going to grow. Historically, it hasn't grown that much. We're among the league leaders, again, in foreclosures. People have been appealing their tax rates at an historic rate; and there's this -- for lack of a better term -- *the Atlantic City effect*. The ability to raise local revenue is changing, based on the fact that the equalized valuation that the local levy is based on is diminishing. So individual homeowners are paying more because the amount they have to raise hasn't changed, but the value of the property that they're levying the tax on is changing. So that's another complicating factor that needs to be looked at across the state.

I'm sure the per capita income hasn't gone up dramatically, either, over the last eight years. So the factors that build into the local fair share really need to be looked at, and a consensus in terms of how that builds into the way the formula is calculated.

Hard stuff; not easy decisions. But these are the kinds of things I think we need to do.

ASSEMBLYWOMAN CARIDE: Thank you.

Assemblyman.

ASSEMBLYMAN SINGLETON: Michael, thank you; and Mr. Donahue, thank you as well.

I'm trying to get a better handle on this special education piece, because it is an issue that I know many of us here all throughout-- And it is

my understanding-- Mr. Donahue, you quote a higher number than I think many of us have seen.

MR. VRANCIK: Yes; it might be 14.9 percent.

ASSEMBLYMAN SINGLETON: Fourteen-point-seven-eight is the number that I'm aware of.

MR. DONAHUE: Did I use the wrong number?

MR. VRANCIK: A little higher.

MR. DONAHUE: I thought it was 17.

MR. VRANCIK: I think it's--

ASSEMBLYMAN SINGLETON: Yes, I think--

MR. DONAHUE: I'm sorry; I apologize.

ASSEMBLYMAN SINGLETON: Yes; many of us just round it to 15.

MR. DONAHUE: But still, the point there was -- that it's census-based.

ASSEMBLYMAN SINGLETON: But hold on, hold on. Let me finish my point; let me finish my point.

Your secondary point, though, I think is what the Task Force on Special Ed, when they came out -- I think it was August 2015 -- with their study on that very issue that you answered Assemblyman Auth's point about -- is rather than deal with this average classification number that, frankly, hasn't changed -- at least over the last two budget cycles, as has been factored in -- to actually use actual enrollment data--

MR. DONAHUE: Right.

ASSEMBLYMAN SINGLETON: --to do that. That obviously drives costs, and that's a big discussion point. And perhaps that's why we

continue to use the same number from, I guess, it's Fiscal Year 2014; that 14.78, or 15 percent, or such. But that--

MR. DONAHUE: Yes, it is; I used the wrong number.

ASSEMBLYMAN SINGLETON: No, that's fine.

But I think your secondary point -- and Michael, I know you've talked about this, with me, in the past -- is probably where we need to move towards; of actually looking at it as an actual number of who is being classified in the districts. And there probably needs to be some delineation, even within that, for children who, maybe, have autism or other special needs -- as we look at that even further. Because their educational needs may be more intense and more costly -- looking at that. That is an ongoing discussion that many of us continue to have.

And Madam Chair, as a component of whatever we ultimately look at, we definitely have to look back -- at least, if we're going to, maybe, tinker, or argue to tinker a little bit with SFRA. That's a prime area that is worth consideration to tinker with: How we deal with the special ed piece, and maybe walking away from the classification rate, especially when it stays stagnant and is not consistent with what today's data tells us; and maybe just looking at it from an enrollment basis.

I just wanted to make that point.

ASSEMBLYWOMAN CARIDE: Thank you, Assemblyman.

MR. DONAHUE: Thank you.

ASSEMBLYWOMAN CARIDE: Anyone else? (no response)

No?

Gentlemen, thank you so much for your testimony.

MR. DONAHUE: Thank you.

MR. VRANCIK: Thank you.

ASSEMBLYWOMAN CARIDE: Next, we'll call Advocates for Children of New Jersey; along with Statewide Parents Advocacy Network.\n  
Peg and Cecilia.

Good afternoon, ladies.

**C E C E L I A Z A L K I N D:** Good afternoon. I'm Cecelia Zalkind; Executive Director of Advocates for Children of New Jersey, which is a statewide child advocacy organization located in Newark.

Thank you, Assemblywoman and Committee, for the opportunity to testify.

I'm here on a very specific topic, and a very simple reason.

Let me just sum up ACNJ's position. We're big supporters of preschool. Our position is that preschool must remain in the school funding formula. First, it's an essential component of school funding. It has a strong proven track record of success; it's an unparalleled investment in children and in the State.

Second, it must be expanded. One of the best features of the School Funding Reform Act, in 2008, was that it promised high-quality preschool to thousands more children in low-income communities. It has never been funded. There are at least 30,000 -- estimates even higher -- of children who, every year, since 2008, have missed the opportunity to start school, ready for school success.

And third, it must be maintained. Funding has not kept pace with costs, and existing programs are struggling to maintain their high-quality preschool programs.

So those programs that we have -- the State-funded programs that we have-- Which are a national model; we get calls all the time from other states that are looking to New Jersey as the model for high-quality preschool. Now, those programs are struggling as well. Flat-funding has impacted on them.

So, first, we know that high-quality preschool helps children succeed. We have the evidence to show it; it's a nationally recognized program; it has a high-quality mixed delivery system of public preschool, Head Start, and child-care provider classrooms -- a unique model that is a critical element of its quality. It helps children attain the skills necessary to be successful in kindergarten and beyond.

The preschool standards are very specific, but they're the ingredients for success: small class size, well-prepared teacher, a research-based curriculum. And the benefits are clear. The National Institute for Early Education Research at Rutgers has done longitudinal studies tracking children who have had two years of high-quality, State-funded preschool. And those gains continue in every domain. This is a program that needs to be preserved.

Looking at the SFRA in 2008, this Legislature acknowledged the importance of preschool by including it as an important provision of the School Funding Reform Act. It called for preschool to be expanded to thousands of 3- and 4-year-old children who did not have access to preschool because of where they lived. Noting that almost one-half of children from low-income families lived outside the districts that had State-funded preschool, the SFRA promised to provide all preschoolers living in the next tier of low-income communities with the same quality program.

In roughly 90 districts -- those in the next tier of low-income districts -- it would be universal preschool for all 3- and 4-year-olds, as it is in the former Abbott districts; and every other district it would be based on family income. Low-income children would be eligible for preschool.

This was a key priority of the SFRA. ACNJ testified in support of this. To us, this was the provision of the Bill that everybody agreed on. Well, lots of conversation about other aspects; but preschool had support across the board from education groups, from legislators; it was a win-win decision.

It's been tragic to see that it has not been funded, and these kids continue to wait. This has denied children the opportunity to start school with a strong foundation. A zip code should not determine future school success for kids.

And lastly, you've heard a lot today about the impact of flat-funding on school districts. It's impacted on preschool as well. It's been very difficult for the preschool programs to maintain their standard. They've reduced all those peripheral services that are an important part of the preschool program. They are struggling as well.

So as we look toward school funding, we must also, while we're looking at expansion, we must also continue to invest in the programs that we have.

Before I close, I just-- Sitting here this morning and listening to everybody testify, it struck me that there's been a lot of conversations about the adults; about the districts. And I understand that. They're the ones who are providing educational services to children.

But as an advocacy organization that advocates for children, and looks at child well-being across a number of areas-- We publish *Kids Count* every year that looks at indicators of child well-being. I think, to me, the most tragic, frightening, and unconscionable aspect of a discussion that would provide flat-funding across the state, is the assumption -- it's based on the assumption that all kids have the same opportunity; that they all start in the same place; and that they all-- "Just get them in school; they'll all learn the same way."

Well, ACNJ had an experience this year that had a compelling impact on me. Cynthia Rice, who is our Senior Policy Analyst, did some work on chronic absenteeism, statewide, and we had an opportunity to look at it a little more specifically in Newark. And we had an opportunity to meet with parents to talk about what are the issues that make it hard for you to get your child to school, if your child is a child who has been absent.

And I think I came in with a very blasé attitude. How hard could it be to get your child to school?

And what we heard from parents, I think, was an incredible picture of what children in low-income communities face -- things like health issues. The asthma rate in Newark is estimated to be 24 percent of children. But those kids are not ending up in the hospital -- that's a good thing -- but they are not winding up in school; they don't leave asthma at home when they go to school.

They face violence in their communities. They live in neighborhoods where there's high turnover in housing; where housing is so expensive, it's a constant turnover. We talked to parents who are struggling to work, to get to work; who have nobody -- no network of support in their

neighborhood, no neighbor who they can say to, "Help me get my child to school."

And it brought home to me all those issues that impact on school success; all those issues around health, social needs, family needs, family dysfunction -- that children in low-income communities bring into school. And I think as we talk about the school funding formula -- that has to continue, to me, to be the core of the discussion.

So thank you for your efforts to look at this, and for including us in this conversation.

ASSEMBLYWOMAN CARIDE: Thank you.

Does anyone have questions?

Assemblywoman Pintor Marin.

ASSEMBLYWOMAN PINTOR MARIN: I just really have more of a comment.

Thank you for coming here today. Your organization does great work.

And I just want to say thank you for bringing up the point that -- I think that we were talking about earlier today, and that the Speaker started off with -- with regards to Early Childhood. And I think that it is really important when you do discuss the flat-funding piece, because a lot of our private providers who do give that access to our Early Childhood -- when they can't go into the regular district schools, but they follow the regular curriculum, are really at a standstill and are really suffering. And if they start seeing a downturn and not being able to pay their teachers, well, we know what's going to happen. We're going to have kids who are going to be underserved.

So I just want to say thank you; and obviously, for highlighting what some of our problems are in our urban areas. You know, sometimes, in Budget, we sit here -- and I'm a member a Budget -- and we cordially argue with one another. And I say *cordially* because we all understand that some of the districts that obviously are more affluent or that have the money are obviously paying a lot in property taxes. And we understand that.

Thank you for bringing to -- the point of what some of our kids really face, whether it's their only meals that they receive is breakfast and lunch that they have at their Early Childhood centers; whether they're given the services, or that they are able to get to see a nurse who is on-site; or whether they are able to get some other help that they have. A lot of my Early Childhood teachers and providers -- they take uniforms home and they wash them. And that's all things that they do on their own.

And I just want to say thank you for bringing that up. Because sometimes we all sit here and we talk about, you know, the adults. And when we talk about money, we forget about those kids. And I have tons of those kids I represent in my District. My District could be one of the most diverse; and I think, depending on what ward you are, one of the most opposite spectrums of one another.

So I appreciate your comments today.

Thank you.

MS. ZALKIND: Thank you; thank you.

ASSEMBLYWOMAN CARIDE: Assemblywoman Jasey.

ASSEMBLYWOMAN JASEY: Actually, the Assemblywoman said everything I wanted to say.

And thank you for reminding us that this is about children and families. They do seem to get lost sometimes in the conversations we have. And I appreciate your being here and the work that you do.

MS. ZALKIND: Thank you.

ASSEMBLYWOMAN CARIDE: Thank you.

Assemblywoman McKnight.

ASSEMBLYWOMAN McKNIGHT: I'm just here to echo.

ASSEMBLYWOMAN CARIDE: And then--

ASSEMBLYWOMAN McKNIGHT: I serve two cities, Jersey City and Bayonne. And you can go to Bayonne, and then you can go to Jersey City; and within Jersey City, there are pockets. So for you to comment, and testify, and let us know that there are children who are -- you know, they only eat one meal. Their family dynamic is not whole. So for you to come here and testify, to bring more light on that is great.

Also, to have the Governor want to propose the flat-funding-- Just in Jersey City alone, you can't -- you look at all the children in Jersey City, you can't just provide -- and I'll just use this as a sample -- \$9,000 per child. That-- It doesn't work.

So thank you again; and I echo both Assemblywomen's comments. And I appreciate you coming here and testifying.

MS. ZALKIND: Thank you.

ASSEMBLYWOMAN McKNIGHT: Thank you.

ASSEMBLYWOMAN CARIDE: Assemblywomen.

ASSEMBLYWOMAN JONES: Thank you, Madam Chair.

I came in late to the conversation; and I know that at the bottom of all of our conversations -- which all start with a dollar sign -- are the children who we need to take care of.

I appreciate so much earlier testimony that talked about all the factors that are included in funding education; things like a district having a lawsuit; the building -- all manner of things. There is a list of 21 that the Department of Education lists -- that they use as a factor.

So it is really frustrating that we spread ourselves so thin in a way. Your work is extraordinary. One of the things that bothers me immensely, that started in an earlier Education meeting, was conversations about the education of our children in Newark. And seeing them on the list of woefully underfunded is very disturbing. It's our largest city, and we should take such pride in making sure it's whole.

So I just-- I thank you.

MS. ZALKIND: Thank you.

ASSEMBLYWOMAN JONES: And I thank everybody for this conversation.

ASSEMBLYWOMAN CARIDE: Anyone else? (no response)

Okay; Peg.

**P E G K I N S E L L:** Thank you.

Good morning, Chairwoman and members of the Assembly Ed Committee. And thank you for the opportunity to speak to you about education funding.

I'm Peg Kinsell--

ASSEMBLYWOMAN CARIDE: I'm sorry. Our Assemblyman just joined us; I'm sorry.

Go right ahead.

MS. KINSELL: I also appreciate following Ceil, because she voiced all of our concerns with Early Childhood.

And so we're going to say, "Us, too." (laughter)

Thank you very much. No, I appreciate it.

And then, it also gives me the opportunity to speak on special education issues.

ASSEMBLYWOMAN CARIDE: Please.

MS. KINSELL: Because with the discussion about SFRA and whether we're going to open up SFRA, whether we're going to look at what the Governor's proposing, whether we're going to look at the Senate-- Just all of the, kind of, conversations that are floating around. And, frankly, it's a little bit terrifying on this end of things. I appreciate the opportunity to talk to you about students with disabilities.

The first thing I want to say is, I have a, kind of, different recollection of the passing of SFRA than some other folks who testified earlier. Maybe because I spent that holiday in the State House, much to my chagrin. And we don't have -- you know, we're a family, parent-led organization, so we don't have big policy offices that have a lot of folks. So all my vacation days were here; so it's not a fond memory.

We also weren't the big stakeholders that were involved in these years of -- preceding this legislation. So to us it was-- All of a sudden, this got dropped right around the holidays, and it was kind of a rush-rush.

Quite frankly, as we went back and looked at the professional panels and the things that led up to it, special education was a stepchild of it; there wasn't a lot of discussion around special education in the planning

for SFRA. And both SPAN and a coalition that we belong to -- the Special Ed Funding Coalition, since 1996 -- way back in the SEFA age, which now you're kind of understanding my gray hair (laughter) -- have been discussing these issues.

So it was disappointing that we were kind of late to the race, and trying to talk about some of the things we're discussing today.

We put up warning flags as soon as we saw it -- about the census-based formula; because we've been dealing with these families for years. And the tiered formula that we had, which was direct to the student for different tiers and focused on what those needs were, had a lot more specificity. Not that that was perfect either. But just saying, 14.9 percent, and that was it, in districts that we knew had way higher populations, was going to be an issue. And we didn't know how districts were going to support kids.

And then there was no kind of focus on whether a child had a simple -- that's kind of a poor choice of words -- disability, that maybe he needed speech and language service once a week; compared to a (indiscernible) disability that needed huge amount of supports around them.

So that being said, I'm also really glad that we're finally in the conversation, and I appreciate so much this invite from you folks. Because we have been trying to broach this issue for 20 years -- the issue of using data-driven information to make these big funding information (*sic*), funding decisions, and service delivery decisions around kids with disabilities. And the fact of the matter is, we still don't have the data that we've been crying for.

Now, we have a Special Ed Review Commission; we testified, and had really good results from-- You remember the Joint Committee on School Funding? Then, Assemblyman Rible helped sponsor the Special Ed Funding Legislative Task Force; that report came out in August. So another round of folks saying, "Let's look at this issue." But we still just can't, kind of, rise to the top and say, "It is complicated stuff; there's no doubt about it."

But we are still making decisions on guestimates; on accounting practices that have no, kind of, semblance across districts. There is no data that supports what happens for a child with *this* disability, who has *this* need, or *that* level of service. And then, in what placement it takes place. There's nothing.

And then to just, kind of, flat fund it in a census-based formula has been atrocious; it has been atrocious for families, and it certainly hit districts-- And that's why the Coalition, itself, has expanded to a lot of non-traditional partners that we don't normally sit with -- because it has hit urban districts, rural districts, suburban districts with just as much impact.

So my-- I guess, my marching orders would be that whatever conversation we have around funding, this has to be in the forefront. And we have to make decisions with a focus on outcomes, and with real research or real data; or at least a commitment to do that. And the same thing around cost factors and how we're going to put those in place. And not just keep saying, "Oh, well, you know, we kind of think this." Because that's, really, how we have been driving that train for the last 20 years. And it's just not sufficient.

The other thing I want to say is, we really felt like we were in the role of bystander; that we kind of got our way in the door, the last time. So I am so relieved to see that you guys have committed to public hearings and some robust -- a robust commitment to talking to families, and parents, and students, and stakeholders in the community; because I think that's a really integral part of this whole process, moving forwards.

So I'm going to keep -- I'm going to keep to my five minutes.  
(laughter) I am very compliant in that way.

ASSEMBLYWOMAN CARIDE: Actually, you did.

MS. KINSELL: But if you have any questions, I'd be happy to answer them.

ASSEMBLYWOMAN CARIDE: Does anybody--

MS. KINSELL: Oh, I did include the piece of the Special Ed Task Force that only deals with funding; not the whole Task Force. But I'm happy to forward that whole Task Force report on to you.

ASSEMBLYWOMAN CARIDE: Thank you.

Does anyone have any questions?

Assemblywoman.

ASSEMBLYWOMAN JASEY: Thank you, again, for being here.

Just one quick one.

MS. KINSELL: Sure.

ASSEMBLYWOMAN JASEY: Is there a state that does this well?

MS. KINSELL: I think we used to do it a lot better, personally. Is there a state that I would pick, right now, and say they're the--

ASSEMBLYWOMAN JASEY: A model.

MS. KINSELL: --model.

ASSEMBLYWOMAN JASEY: No.

MS. KINSELL: Let me just say one other thing.

Because we don't know, kind of, where we're going in D.C. right now; and because of the mix of Federal funds -- which we really didn't talk about; you know, the underfunding that's not ever materialized like it's supposed to -- and that kind of flow-through. But I think that when you talk to -- especially the folks who sit around this Coalition, this has never been about, "We just want more money, we want more money." It's been about, "We want smarter money. We want to spend this money in a smarter way."

So I think there are a lot of creative ways to make that happen. I just think you need to listen to some of those voices.

ASSEMBLYWOMAN JASEY: That's actually what I was getting at. Because I know it's not always a matter of money; it's a matter of how it's deployed, how we organize around providing these services.

ASSEMBLYWOMAN CARIDE: Cecilia, Peg, thank you so much.

MS. KINSELL: Thank you.

ASSEMBLYWOMAN CARIDE: Preschool is very important to all of us, here in this Committee. And as you heard the Speaker when he opened up -- he specifically touched upon preschool, and also special education. And special education is a topic that affects all of us here because our districts see it. We either have towns that have received children; we have towns that have had families move in, in the middle; and

now the schools are running around trying to figure out where they're going to get the funds to allocate for the special needs of these children.

So these are two topics that -- I hope you do not feel like a stepchild anymore. We do want you to be part of our conversation and, hopefully, figure out a way where we can make it happen for the preschool, and also for special education. Because our children do need to be addressed properly.

Thank you very much for being here

MS. KINSELL: Thank you.

ASSEMBLYWOMAN CARIDE: Oh, yes, of course.

Excuse me, ladies.

ASSEMBLYMAN WOLFE: Yes; I apologize for coming so late.

But students come late; I came late, so-- (laughter)

I do recognize a lot of you from previous hearings on education.

I know we had an Education Committee scheduled for tomorrow, with some other Committee meetings. I was away; and I got this notice last week, and I tried to change my schedule. I was coming back today anyway. So I just got here; I just got off the plane at the Trenton Airport. It's very nice, by the way, there. (laughter) Very, very nice. You walk off, and you get in the car.

But anyway, I just want to say I'm glad we're having the hearings; I'm sorry I didn't get to hear everything that was said. But just a couple of things, and I'll be quiet and listen.

Since I've been in the Legislature -- I recall, when I first got here, sitting in one of these hearings. And I went back to talk to the other legislators; I went to the Budget, and I found out that Garfield, every year,

got \$1 million in their budget; and nobody knew why they did. So I said, "Why does Garfield get \$1 million more than anybody else?" And they said, "That's because, years ago, some legislator asked that it be included in the Department of Education's allocation."

Well, that stopped right there. That was my first inkling that school funding wasn't too fair.

I was fortunate enough to be on the -- to be a legislative member of the bipartisan committee that Governor Corzine put together several years ago -- with the Senate and the Assembly folks. We came up with a formula; and when the formula was unveiled, the Governor called me in and said, "Thanks for all your work, but your districts really lose. Hey, you lost." We agreed on a formula, and my district did lose.

But now we have the Governor's version; we have Assemblyman Prieto's version; and we have Senator Sweeney's version. You know, it's the same old stuff, over and over again. And I just hope for all of you, for all our sakes, that we just come down to something that we can all agree on. Hopefully, everybody can get some things that they feel are most important to them.

So I think it's important that we're having these. And I just hope, for once and for all, we can come up with something that's fair to everybody.

So thanks a lot; and I apologize for being late. I couldn't make the plane go faster, though. (laughter)

ASSEMBLYWOMAN CARIDE: Thank you, Assemblyman.

ASSEMBLYMAN WOLFE: But I slept on the plane.

ASSEMBLYWOMAN CARIDE: There you go. So you're all ready.

MS. KINSELL: Thank you.

ASSEMBLYMAN AUTH: Excuse me; Chairwoman.

May I ask the Assemblyman a quick question?

ASSEMBLYWOMAN CARIDE: Yes, of course.

ASSEMBLYMAN AUTH: Assemblyman, I just wanted to-- You know, you have a lot of years' experience on this. And you mentioned three different approaches to this formula. From your experience, and maybe from the experience of everybody else on the Committee, do you think what eventually is going to happen is that we are going to arrive at some hybrid components of each different one, and make some sort of a package of our own, actually, that solves a majority of the problems, so to speak?

ASSEMBLYMAN WOLFE: Well, that's up to the Chairman.

(laughter)

No, I think, really, there are always going to be people who are not satisfied, no matter what the version is. But I think, really, the version that is -- that it should be a compromise version -- let's put it that way -- one where people-- I mean, every legislator wants to feel that they have adequate money for their districts. And I think this is something we really should -- hopefully, we'll put aside partisan politics and come up with something that is really fair for all the districts.

ASSEMBLYWOMAN CARIDE: Thank you, Assemblyman.

Next we'll call up Garden State Coalition of Schools -- Betsy; and also, Save Our Schools.

Good afternoon, ladies.

**E L I S A B E T H G I N S B U R G:** Let's make sure this one is on today. (referring to PA microphone)

Thank you for taking the time to have this hearing, and for inviting us to participate.

You know, this morning I have heard a lot of the words *winner*s and *loser*s. And I think two previous speakers' points about children -- our job, as adults, no matter what position we're in, no matter what we do -- is to make sure that none of those children are losers. Children cannot be losers, and we have to always remember that.

Garden State represents about 100 districts and about 300,000 children. Some of our districts are high-wealth districts in the *I-J* classification; others are not. Our perspective is that we support -- like many of the groups here today -- we support the SFRA formula. We were there at its inception; we understand what it's about, the compromises that were made to accomplish it. We support it.

But we feel that any formula should be a living document; a living, breathing document that is altered and overseen, over time, consistently; and changed, if need be, to accommodate changes in economics and demographics.

We have consistently pushed for those kinds of things since SFRA came into being. But we realize, also, that the State has large structural problems.

We are geared toward solutions at Garden State. And we, sort of, this year, have taken a now-and-later approach. Now we're worried about the 2017-2018 school budget and what may happen. As we've heard,

many school business administrators, boards of ed, and superintendents are planning on flat-funding. But we really don't know what will happen. So we're doing the best we can to put budgets together when we don't have a lot to go on.

We do think that the formula should be run; no matter how much money there is, the formula should be run and the available money prorated according to the formula. That's for 2017-2018, because we realize that-- We appreciate this hearing process that's going on and the effort to shed light on the problem of funding, but we know that's not a quick -- we can't fix it quickly. We didn't get here quickly, we can't fix it quickly. So we would ask that the formula be run in the coming year. If there is extra money, it should be prorated.

We would stress that if the fairness formula is the Governor's proposal, we echo what Mr. Donahue and Mike Vrancik said about the chaos that would ensue in every district in the state. It doesn't matter if you are a high-performing, a high-wealth district, or you're an Abbott District; it would just be chaotic.

Going forward, once we get through this year -- once we know what the budget is, and we actually know what to do with our school budgets -- we think that this process is a good one. We think if changes are made to adjustment aid -- if that is the will of the legislative bodies -- that those changes will (*sic*) be gradual. Again, students should not be losers. Students should be-- Their needs should be accommodated. So any changes that are made should be gradual.

Special education; we've touched on it a lot, and it's a topic that Garden State has advocated for, over the years, many times.

We favor abolition of the census method of figuring out special ed aid, because it bears no relationship to reality. All districts have seen increases -- spikes in the number of special ed cases. This is not fault-finding, this is not value judgement; this is reality. We have better diagnostics than we did even a few years ago; we have better ways of identifying the challenges that students have; and we know now, more than ever, that we need to intervene early with children who have learning problems or behavioral social/emotional problems.

One thing that I would bring to your attention -- and this is a possible thing that can happen in the 2017-2018 budget and beyond -- school districts get something called *extraordinary aid* for special ed students whose needs exceed \$40,000 a year. That's usually involving out-of-district placement. And the State pays-- Above that \$40,000, the State gives us an amount of aid for those students. That amount of extraordinary aid consisted of, in 2012, 77 percent of that amount above the \$40,000; in 2014, it went down to 63 percent; and now it is at 58 percent. The number of cases that -- where expenses have exceeded that amount, have risen steadily. In addition to this position, I'm an elected member of a Board of Education, and I can tell you that when I came on my Board in 2000, the number of these extraordinary aid cases was very, very small; now it is much larger. Again, not a value judgement; a reality.

The fact that that extraordinary aid has been reduced, and reduced, and reduced, puts a burden on school districts. It puts a burden -- it is as if we are parents of a large family, and we have to choose some children over another; when all children -- all children who we serve fall somewhere on a spectrum of giftedness, of educational challenges, creative

abilities. We have to look at each individual, but we have to make choices when aid continues to decline, and decline, and decline.

So if money is-- If new money comes in, or is reallocated according to the will of the legislative bodies, we would ask that special education be especially considered. Because it is the major-- For many districts, health care and special education are the main cost-drivers now. We want to do what is educationally and morally right for our students -- all our students, particularly those who are the most challenged. But we are challenged to find a way to do that, particularly given the 2 percent tax levy cap and the fact that the funding formula has not been run.

So those are my remarks. If you have any questions, I would be happy to hear them.

ASSEMBLYWOMAN CARIDE: Thank you.

Does anyone--?

Assemblywoman; and then we'll go with the (indiscernible).

ASSEMBLYWOMAN JONES: Back to one of our favorite numbers of the day -- the \$600 million hold-harmless dollars.

You favor redistributing -- doing it in a way that's going to hurt some districts initially; and subsequently the children, if the district isn't smart. But you advocate that if we cannot get more money to fund education -- which is a clear and evident need -- that this money be spread out to make the formula more fair so that everybody is sort of in the same place and we don't see cities -- like Newark, or Vineland, I think, was mentioned -- and others, you know--

MS. GINSBURG: The formula was conceived to tie us all together under one umbrella and meet the needs of all.

So that has to be considered. If aid is reallocated in some way -- some aid gets reallocated in some way, it should be allocated according to need.

ASSEMBLYWOMAN JONES: And slowly, as you mentioned.

MS. GINSBURG: Yes.

ASSEMBLYWOMAN JONES: If we have to shift the dollars among the school districts, we need to do it slowly.

MS. GINSBURG: Yes.

ASSEMBLYWOMAN JONES: And I think there's a proposal somewhere that does that.

MS. GINSBURG: I think--

ASSEMBLYWOMAN JONES: Thanks.

MS. GINSBURG: And that proposal can evolve, as you gather more wisdom.

ASSEMBLYWOMAN JONES: Absolutely.

ASSEMBLYWOMAN CARIDE: Assemblyman.

ASSEMBLYMAN SINGLETON: Betsy, it's always good to hear from you.

Thank you for your insights, not only as a Board member, but for the school districts you represent; which I have several in my District--

MS. GINSBURG: Yes.

ASSEMBLYMAN SINGLETON: --that I have had the pleasure of sitting and talking with you about those.

And this point keeps coming up, and I'm not trying to belabor it. But it is something that we really, really have to be mindful of.

So last year, during our budget cycle, I had a pretty robust discussion with our former Education Commissioner. And we talked about funding and how funding is prorated. And my friends and colleagues from the Office of Legislative Services, at my request, were kind enough to run a table of what happens if you just had that exact amount of money we had last year -- I believe it was \$6.9 billion, I think it was--

MS. GINSBURG: Yes, yes.

ASSEMBLYMAN SINGLETON: --roughly. If you ran the formula to that, and beyond (indiscernible), you some of the numbers coming back were pretty stark -- about what that actually means to districts. And I don't speak for anyone else in the district; I'll speak to the 7th, because I know it pretty well. And I actually have it in front of me. About 6 of the 17 towns that I represent lost money; 3 of those 6 are probably 3 of the poorer communities -- the poorest communities in the 7th District lost considerable amounts of money.

So when we keep having this discussion about running the formula on whatever pot of money, and distributing it -- whether that, then, distribution goes on a slower guide path -- I think, ultimately, we may not even be able to come to that level of consensus as to what needs to be done. I think our challenge -- and our challenge here -- is to find the wherewithal, and will, or whatever *W* word you want to use, to find more resources to put into this mix. Because that approach of applying the funding formula on whatever pot of money the Governor gives us -- and if it's going to be the same as last year -- invariably hurts public education in not just some of our urban communities, but some rim communities. The community I grew up in would have lost the most money -- in the 7th Legislative District -- if

we actually prorated the formula on the amount of money. And there's no way to guide path that; you're taking \$2 million out of a district that just can't afford it.

So I guess when I keep hearing this, what I'm trying to understand, is that -- I can't believe that's really what we all want. I think we have to find a way to come up with the resources necessary to do that. And many of us have dirty hands in that; and I'll speak for myself, because we've taken revenues away that could be used for that. And I'll speak very bluntly, as someone who has had to vote for different things, and articulated it, and put my name to certain things. It has reduced that resource.

But regardless of whether *Education Week* tells us how good our schools are, just imagine if we were actually funding them at the way we should, how much better they can be.

So for us, today-- I'm appreciative of each and every one of you who have come before us; me, personally have said that about, well, at least apply the formula fairly. But when we do that, you know, I'm not going to keep saying *winners and losers*, because I don't-- That's not my connotation -- to really say one child is better than another; that's not what I'm saying. The financial dollars, though, they change. Because math is unassailable; math is math. The numbers change and they directly affect that educational quality in those communities, if we applied the actual formula to the pot of money that we have.

So we either have to get more money; or be willing to do that, and be honest with folks, and say, "Yes, this is the fair thing to do," and

saying you're going to have less money to educate your children, as your neighbors in the next town over.”

And to Assemblyman Wolfe's credit -- who is here and did that -- made that decision, I'm not sure it's at the same level of political courage in the Legislature today as it, perhaps, was in 2008 -- to make those hard decisions to do that.

I'm rambling, so I apologize, Madam Chair.

ASSEMBLYWOMAN CARIDE: It's okay.

ASSEMBLYMAN SINGLETON: It's just that when we keep talking about this -- and I'm happy to share with anyone who wants to see what those numbers were, from last year; it is -- it's stark what it means to communities that we all care about and many of us represent -- by just using the formula on the exact same amount of money. It is pretty stark, what its impact is.

So thank you for your indulgence, Madam Chair.

ASSEMBLYWOMAN CARIDE: Actually, Assemblyman, I also have some concerns. Because I've been hearing, a couple of times, throughout the day, about prorating the formula. And it is a concern to prorate when you don't have enough funds to even fully fund it.

So when you're working with a limited pot of money, prorating seems to be of concern. And I share your concerns on that.

Thank you, Elisabeth.

MS. GINSBURG: It is. If I might add, some of the districts I represent -- the taxpayers fund upwards of 95 percent of their school budgets. And people don't weep for those districts, because they say, "They can afford it."

But when your cost-drivers, even in the wealthiest areas, your student needs -- the cost-drivers exceed 2 percent, even the wealthiest districts are confounded by these realities. And we're all optimistic in the hopes of full funding, or more money. But we also-- When we make school budgets, we have to be very realistic. Because the worst thing in the world is to promise something that you cannot deliver.

ASSEMBLYWOMAN CARIDE: Agreed.

Thank you.

Julie.

**JULIE BORST:** Okay.

Is it on? (referring to PA microphone) Oh, there we go.

ASSEMBLYWOMAN CARIDE: There you are.

MS. BORST: Good afternoon.

ASSEMBLYWOMAN CARIDE: Good afternoon.

MS. BORST: My name is Julie Borst; I am a parent of a student with disabilities. I am also a special education parent advocate, which means that I help parents who are struggling within their districts to get services and classification for their children.

I am also a resident of a district that you represent in northern Bergen County. And we are one of those ones that pays well over 95 percent of our school budget out of taxes. It definitely is a challenge.

But today I'm here -- I am speaking on behalf of Save Our Schools New Jersey, which is an entirely volunteer parent organization within the state; we have over 31,000 members in every county within the state.

And I'd like to thank you very much for inviting us back today. We got to speak to the Joint Committee yesterday.

And Save Our Schools New Jersey was actually founded by a group of parents sitting around a kitchen table over a local school funding issue. So this is the heart of where we come from.

And we would also like to thank you for rejecting the DOE's adequacy reports and the Administration's attempt to bring vouchers into New Jersey, because we feel like that brings on even larger burden to that very small pot of money that we're dealing with.

As the parents here in the room, I just want to highlight a couple of things. We did reach out to members to ask them, you know, "What are you seeing?" -- because we're everywhere; we're in the cities, we're in the suburbs, we're in the rural areas -- and just as a laundry list. So we see increases in class size, we see loss of electives, we see stipends for extracurricular activities have been cut for teachers, and we see the implementation of activities fees. And it's not just for sports; it's for other things as well.

We see districts that have planned to do full-day kindergarten, or have implemented full-day kindergarten, and they have, now, had to back away from that. And we know how important that Early Childhood piece is; and kindergarten is very much a part of that.

Our Executive Director has served on a Board of Education for many years, several years ago. And when their district was not getting the funding from the State to support a full-day kindergarten, they were able to raise, on their own, enough to fund a full-day kindergarten program; and

they did that in two weeks. Not everybody can do that; nor is that actually sustainable, even in a community like that.

I'd like to talk a little bit about Red Bank, because this comes up also in a charter discussion. So they've also experienced a high rate of growth in student population. So we've talked a little-- And we've heard about that today too. So they're experiencing that, plus they have-- It's a small town, and they also have the financial drain of also running a charter school within that small district. So they have a lot of different things going on. And the stressors on the public school district then become that much greater.

We feel like SFRA is definitely the right track; and, as you heard all day yesterday and many times today, the issue has been, it hasn't been funded except for that full year. We don't actually know-- There's nothing to learn here except that we know that not having enough money doesn't work. I'm bottom-lining it for you, you know? If you don't have the money, and you have a formula that probably would have been really great, it would be great to see that running fully funded.

So whether you need parents turning out, sitting in your offices, and your colleagues' offices -- that pool of money, as you say, Assemblyman Singleton -- that pool of money is very small. It needs to be bigger. That's just a fact of life.

And this is the part where I'm going to put on my special ed advocate hat, as I spoke about yesterday for those of you who were in the room yesterday.

The newer funding formula for special ed -- and the multiplier is 14.69 percent. In a district like mine -- I'm in one of your school districts

-- we lose two-thirds of that, based on the economics of our town. So we're talking about a very small amount of money. And I'm in a very small town; we have K-8, we have a regional high school. They are *I* and *J* districts. And we get almost no money. And then you add in the extraordinary aid. And depending upon what our population looks like -- and we're talking about the K-8 school district is only about 900 students. We don't have a classification rate of 14.69 percent. But if you add in one child who is in that \$100,000 range -- who is sent out of district, requires special busing, who requires an aide on that bus to attend, maybe, to their medical needs -- and you're talking about that much money, that is an incredible drain on a district that's, basically, self-funded.

And so as an advocate in that environment-- And I have to say, too, this is a district that had art-on-a-cart until just a few years ago. We finally have an art teacher. And here we are in a district where everybody says "Oh, you're a wealthy district; it must be so amazing." But we're hit in ways that you don't normally see and hear or about. We're very fortunate, obviously, in many other ways. But those funding strains show up there.

It also means that we don't have a Reading Specialist for our special ed kids. Parents are having to pay for that out-of-pocket. That's a violation of IDA. You heard here, earlier, the Superintendent from Freehold talking about what the impact of not having the money in his district is; and he talked very specifically about how their special ed kids were suffering for that. Well, you start wandering into violating Federal law, that's a problem.

So I don't know what the answer is. I will say that it's incredibly complicated; and I was very pleased to hear Assemblywoman

Jasey, yesterday, talk about wanting to have hearings about special education, and what that funding needs to look like, and what we can do to address those things. But I will tell you, I take great offense, also, to having business administrators, as we heard today -- who, in my own district, who I deal with -- having blamed special education for their funding woes. It is not just special education; and that is not a fair thing to do to put those parents in that position; it is not a fair thing to put the children in that position

And again, it is Federal law; it is a Federal law that has never been fully funded, or even close. It was passed with the idea of being funded only to 40 percent. It has never been funded more than 17 percent ever, okay? That's at the Federal level. And at the State level, you see what not having the money does, okay?

So as we go forward, I would very-- Personally, I would very much appreciate having more conversations about how we do this without saying, "Well, everything would be okay if special ed weren't in the mix. If we, somehow, tear that aside." And I have a feeling that if we end up doing that, eventually that starts whittling away, because that is one of the first things that goes out the window. And my district is a perfect example of that. So enough on that.

So one last thing, and I'll leave you with this. The one thing that was repeated over, and over, and over -- about the lack of funding, and narrowing of curriculum, and the pressures of having to have extra infrastructure to accommodate a test, and what that test costs, and what that time costs -- is the loss of joy in the classroom. Kindergarten kids don't want to go to school. Remember what it was like to go to kindergarten

when you were a kid -- or first grade? It was exciting, right? All this cool stuff you got to do. Our classrooms don't look like that anymore. We want life-long learners; we want people who, when they grow up, don't necessarily know the answer is *A, B, C, or D*. We want a person to come out the other end of this, going, "I see a problem, I want to fix it, I have a million ideas; and I know how to talk to the guy to next to me who might also have some really great ideas, and we can do stuff together." Those are the skills we need; not whether or not you can say the answer is *A, B, C, or D*.

So thank you.

ASSEMBLYWOMAN CARIDE: Thank you very much, Julie.

I know that we discussed this yesterday about joy in the classroom; and I agree. It's been a long time since I've seen kids want to go to school, and just smile.

MS. BORST: Right?

ASSEMBLYWOMAN CARIDE: So hopefully we'll be able to address that--

MS. BORST: I hope so.

ASSEMBLYWOMAN CARIDE: --and bring some joy back in.

MS. BORST: Right.

ASSEMBLYWOMAN CARIDE: Thank you so much, ladies.

MS. BORST: Thank you.

MS. GINSBURG: Thank you.

ASSEMBLYWOMAN CARIDE: Next we'll call New Jersey Charter Schools Association.

Just a reminder that if you have a prepared statement, just--  
Don't read it--

**RICHARD PRESSLER:** Yes, it's been handed in already.

**ASSEMBLYWOMAN CARIDE:** Don't read it, just talk to us;  
summarize it for us.

**MR. PRESSLER:** Yes, absolutely.

**ASSEMBLYWOMAN CARIDE:** Thank you.

**MR. PRESSLER:** Yes, thank you very much.

I know I've met the Committee earlier. My name is Rick Pressler; I'm with the New Jersey Charter Schools Association. I'm also a charter school founder; a former school leader and parent; and I also serve on the Roosevelt Board of Education.

I'm here with Altorice Frazier, who is a parent at THRIVE Academy in Newark. It's interesting -- someone just mentioned that we have to remember the kids, we have to remember the families. And we thought that this would be a good way to, perhaps, do that at this late moment.

Between the two of us, we hope to, very briefly, provide some perspective about how all of this cuts across the issues of charter schools.

In the written testimony, there is a lot of detail, some of which responds to earlier questions from the Chairwoman at the last hearing, and some other information we thought would be helpful. The only thing I would mention from that is, because we're talking about funding, it's important to note that charter schools are subject to the exact same financial reporting requirements as district schools. It is literally the exact

same audit program document; it is the same public contract law; it is the same Open Public Records Act.

So we've had wonderful testimony today from people who have gone under the hood of school districts and charter schools, who look at this information. It is a wealth of insight into how our schools are managing.

But what people should be assured of on the Committee, is that every penny of public funding that charter schools receive is reported exactly the way my school district reports out, and it's there for us to study and to learn from.

The way-- The current method for funding charter schools and distributing those funds drives everybody crazy. I think we understand that. For districts that have been struggling for years with flat-funding, managing their sending-receiving relationships with county CTE programs, and special placements, and regional programs in charter schools, it worsens that sense of scarcity; while, for charter schools, it feels like a bit of shell game. The statute promises 90 percent of per-pupil funding, based on the district's per-pupil funding. This is defined, to some extent, in regulation. But in fact, because of the way we fund schools, because of the point that has come up again and again -- the lack of the funding being in the formula -- what we really see, across the state, are charter schools getting about 70 percent on average. And in districts where the infamous adjustment aid is really notable -- in Jersey City, Vineland, and others -- we see charter schools actually managing with 50 percent of the per-pupil amounts being spent in those school districts. So imagine being a Board member or an SBA in Jersey City, and you're struggling to manage its budget to meet all of

the extraordinary needs of the community, and then cut that in half; and that's what our charter schools are doing.

It is extraordinary that they have developed efficiencies; they have developed ways of managing. And this, again, is where looking under the hood and looking at those budgets and seeing how they do it is very enlightening. But the fact is, it's not sustainable. We know across the board, in school districts and charter schools alike, not providing adequate funding is ultimately not sustainable; and we can see the erosion of what is really a magnificent public education system beginning to occur, and it's something that we hope can be addressed in this process. I'm confident it will be.

We've talked a lot about adjustment aid. I've gotten a real education today about adjustment aid. I thought I understood it pretty well, but I think I learned a lot about that today as well.

The one perspective I'll offer about that -- because my head is still a little spinning around some of these issues -- is the way it cuts across charter schools. Adjustment aid is not included in the aid calculation for charters. And so the really gross disparities that we see in per-pupil funding and charter school funding come in those districts which are receiving large amounts of adjustment aid. So while it's a fixed pot of money, while a lot of those districts, in fact, need that aid to get up to a level of adequacy -- that aid is being selectively distributed. And this is part of what drives charter school operators a little bit crazy -- is that there is a large pot of money which is dedicated to educating our students; a lot of it comes to our most disadvantaged students in urban centers, and none of it is distributed for the benefit of charter school students. So we have families -- with kids

in charter schools and kids in district schools -- and they have completely different funding levels for their children in the same school district.

So it's one of the things that I think we need to add to the mix as we look at all of these different issues around this issue of adjustment aid. I think it is a good place to start. The point was made yesterday and today about -- let's break it down into small bits, and try to solve this problem. And I think that is a good place to start.

So with that, I think what I'll do is, I'll turn it over to Altorice.

I want to thank you so much for giving us this chance; and please consider us a resource. We collect a lot of information, which we're very happy to share. And I appreciate your forbearance.

Thank you.

ASSEMBLYWOMAN CARIDE: Before we go on, Mr. Frazier--

**A L T O R I C E F R A Z I E R:** Oh, yes.

ASSEMBLYWOMAN CARIDE: --which is always a pleasure to see you.

MR. FRAZIER: Likewise, ma'am.

ASSEMBLYWOMAN CARIDE: Does anybody have any questions for Mr. Pressler? (no response)

Okay; the floor is yours.

MR. FRAZIER: Am I on?

ASSEMBLYWOMAN CARIDE: You're on.

MR. FRAZIER: Okay.

First of all, thank you all for allowing me, once again, to be amongst you and speak. But more importantly than speaking, to learn the

different avenues that you guys travel to come to a place where our city and our state is able to have education at the highest level.

I see the work that you guys do, and it definitely moves me in the work that I aim to do for the parents who have me be a representation of their voice while we're at work, while we're dealing with the children at home. To be here is definitely an honor; and I thank you for that.

Once again, I'm Altorice Frazier; a parent at Newark, New Jersey. My children go to THRIVE Academy. But I also have a young lady who is also in preschool. And that's definitely another angle of my love; my boys, who are at THRIVE, were in preschool also. And you know, I come here not as an expert on funding; but definitely a parent who knows the impact of what funding has done to us, and can do to us.

My boys left Newark Preschool Council a couple of years ago, and THRIVE was-- You know, we had busing. Now, at this level, you know, if you don't live 2.5 miles away, you can't get a bus to school. So funding is definitely impacting us. You know, extracurricular activities -- different things that, you know, we, as a parent, received when I was in school, you know, has come to a tail spin, based on what I definitely -- like I said, I've learned is the funding issues and formulas that play a part in all of this.

I understand, you know, that we're still -- charters are still looked upon as the *other people*, the *other individuals* in the room. Yet, at the end of the day, we're the same parents, the same children who are definitely a part of your jurisdictions. You know, I work with at-risk youth, every day, in my profession, from Hudson County and Jersey City. And I, you know, unfortunately, fight with them every day about the need for education. You

know, “Give me-- In 90 days, give me a goal.” “Mr. Frazier, I can’t come up with a goal in 90 days.” “Well, maybe you could finish a book.” “Why?” Things like that are real, and things like that happen. And this is not my child; these are children I work with, but I definitely adopted them, as children, and treat them the same way and do the same things I would want for my own.

So quality education; and definitely full funding for all children; and definitely respecting -- the young lady said earlier -- the different levels that we endure living in an urban communities; you know, the different-- I spoke on busing because my children have to go clear across town to get to that school, and-- I love my city; but my city, you know, has its ways. And unfortunately, it is unsafe at times. And busing is very important.

So it’s just different things that we all go through. And when I say *we all* -- everybody who lives in this state. And one of them is wanting to see our children receive a quality education, and get away from the blaming and whose fault it is, and you know--

And I’m going to leave with this. Obviously, I wasn’t here when some of you guys were, 20 years ago, when they signed the charter school law. And I understand what it was intended to do; yet, at the end of the day, you know, to take away from what it was intended to do and what it became -- and in a lot of people’s eyes, it became something of a blessing and something of a way out of that school-to-prison pipeline; that school-to-low-wages and low-income living like-- This quality education has come into our city over the past 20 years from the Robert Treats to North Stars; the KIPPs, the Marion P. Thomas, Discovery -- all these different schools that have come into our community, you know, have been a blessing. And

we ask that we aren't looked upon as *the others*; that we're looked upon as the collective, and find a way for everybody to understand how we can sit together.

Yesterday was disturbing, at some points, of what I was able to see. And when it comes to just seeing how this thing works -- and even today, at some points, I saw something that I thought, you know, as a team, at this level, I probably shouldn't see or wouldn't have seen. But I see -- there is definitely -- conversations are heated; and it's definitely in everybody's heart. So I just pray that we all work together.

And in closing, I ask that when we move forward, please see the parents as beacons of inspiration, and hope, and advice to what you may be going to pass and move forward. I never want to come to your office again with microphones and a bunch of parents, but I would love for--

ASSEMBLYWOMAN CARIDE: That's all right. You can come any time.

MR. FRAZIER: I would love for that invitation to understand, from your point of view, and from our point of view; and how, 20 years from now, it would be a great experience for all the sectors -- traditional and public charters.

Thank you.

ASSEMBLYWOMAN CARIDE: Does anyone have any questions of Mr.--

Go ahead, Assemblywoman.

ASSEMBLYWOMAN PINTOR MARIN: I just want to make a comment.

Thank you; because I think I met you in the hallway once or twice.

You know, it takes a lot of, I think, confidence and merit to really come up here and speak your mind; and have conversations with us and realize that we're just normal people. And just like you're trying to do what's best for your kids -- all of us up here who have kids, or nephews, or nieces -- we're trying to do the best thing. And we really appreciate someone like you coming up.

And whether we have disagreements or arguments, at the end of the day it's just meant because we want the best for our kids

So thank you. I really appreciate you coming here once again.

MR. FRAZIER: Thank you, ma'am.

ASSEMBLYWOMAN CARIDE: Assemblyman

ASSEMBLYMAN AUTH: Thank you.

Thank you for your testimony, Mr. Frazier.

I must tell you, yours is the most elucidating of the testimonies I think I've heard today, to be honest with you.

And my one question to you is simply this. From your perspective -- because yours is a very unique one, compared to everybody else who gave testimony today, you're a parent -- would Newark be served better with more charter schools, do you think, in your opinion?

MR. FRAZIER: No; I think Newark would be served better with a combination of bright-minded individuals coming together and seeing what's best for everybody. Because charters-- You know, they had this thing: College is not for everybody. Why? Because you could go to

trade school; you could do other things in life, and still reap a great benefit, and a great lifestyle, and quality of life.

So I don't believe a charter school is for every child, or every person in Newark, and that charters dominating Newark would be the best for Newark. I think the best thing for Newark is parents choosing what they have in front of them and making the best decision.

ASSEMBLYMAN AUTH: So the Speaker has had an initiative for vocational schools. He started on that a while back, and it's one of his important issues.

So the introduction of vocational schools would be a benefit to the community in Newark, do you think?

MR. FRAZIER: I, myself, attempted twice to start a charter school; a STEM program. So I definitely believe in bringing avenues of innovation that meet talents in our community. And if a vocational school, deemed to some of the parents and some of the children in our community's aspirations is wanted, I--

I'm going to tell you, I come from something -- you know, to be blatant, it's not something that that I'm proud of, or something that I'm ashamed of. But I spent a long time in the criminal system; and of 13 years, 6 of them were straight years in prison. So at the end of the day, sir, I'm here, 13 years being released from prison. And I think anything that is dealing with elevating an individual is great. The politics, and the money, and all the things that go with that -- I'm not here to speak on. Learning a lot of that stuff, unfortunately; but I know that the people who I grew up around, the people I service now -- these young brothers and sisters who I'm surrounded by need anything that's going to bring them to another level of

life for them and their family. And whatever form of education that is, I believe it's important to introduce.

ASSEMBLYMAN AUTH: Thank you very much for your testimony.

Thank you, Chairman.

ASSEMBLYWOMAN CARIDE: Assemblyman McKnight.

ASSEMBLYWOMAN McKNIGHT: I just want to thank you for your testimony.

I am all for education. It's your decision on how you want to educate your children.

If you don't know -- I have two children, and both my children went through the charter school. Because for me, as a parent, with my husband -- we just decided.

So for me, it was great. I also have -- I'm a product of public school, and I'm sitting here, you know? -- which is great.

MR. FRAZIER: Exactly.

ASSEMBLYWOMAN McKNIGHT: I have nieces and nephews who also are in public schools.

So my main concern is just the funding. I have my aide right here; and she decided to take her daughter out of school to do homeschool. So we haven't even talked about any benefits for children who are being homeschooled.

So for you, as a parent, to come here and to express-- I love what you said, you know? Charter schools were built on *this*; but now, 20 years later, it has become something else.

So I also want everyone to come to the table -- just like the Madam Chairwoman -- we want everyone to come to the table to talk about the real issue, which is funding. It doesn't matter how your children are educated; it's just the matter that we provide the right tools in place so that all children are educated.

So thank you for that enlightenment. And, you know, it's touching because, as a parent, my husband and I did the same thing. We just decided on another route. And Lanita here -- she did another thing. She and her husband decided to do homeschool. We're not here to bash any type of schooling. Just, right now, we need to worry about how to adequately fund all types of schooling.

So thank you.

MR. FRAZIER: Thank you.

ASSEMBLYWOMAN CARIDE: Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Yes, I was very impressed by how you answered the question about should there be more charter schools. I think you're very, very fair in your assessment.

And I think what the Assemblywoman said is very true. We're really looking for the best fit for each child. And I appreciate your testimony.

MR. FRAZIER: Thank you, sir.

ASSEMBLYWOMAN CARIDE: Mr. Frazier, like always, it's a pleasure to see you again. And thank you for being so forthright with your history and your personal story.

MR. FRAZIER: Thank you very much.

ASSEMBLYWOMAN CARIDE: And I look forward to seeing you again.

MR. FRAZIER: And lastly, I thank you for your understanding -- that you're going to spread this throughout our state, as far as having different hearings. And I look forward to definitely doing anything that could help champion parents being definitely at the table, and definitely in the midst, throughout the city and the state.

Thank you.

ASSEMBLYWOMAN CARIDE: Well, thank you so much; and hopefully, the next meeting will be up closer to you. So we'll see you again. (laughter)

MR. PRESSLER: Thank you very much.

ASSEMBLYWOMAN CARIDE: Thank you.

Next we'll have the Council for County Vocational-- Judy?

**JUDY SAVAGE:** (off mike) Yes.

ASSEMBLYWOMAN CARIDE: --Vocational Schools.

And we'll also bring up the last, but not least -- our Principals and Supervisors; Melanie--

You guys, I left you for last, because you can, like, wrap it up for us. (laughter) You're going to send home the message.

MS. SAVAGE: Okay.

Thank you very much, Chairwoman Caride, members of the Committee. Thanks for hanging in there.

It has been a long morning, into an early afternoon; and we really appreciate your attention and your commitment to an extended and deliberative approach.

I want to -- I'm going to really shorten up my remarks. But I want to begin where Assemblywoman Jasey ended up about this time yesterday afternoon -- when she talked about bringing the joy back into education and the importance of students being engaged.

And I think, at the bottom, that's kind of what career and technical education is all about. Because it addresses that goal with a focus on career readiness and keeping students excited about what they're learning -- both in academic classrooms and in their career programs -- by bringing together real-world learning, but with those academic skills, while keeping all their options open.

That kind of student engagement -- along with the employer demand for a skilled workforce -- is driving increased demand for career and technical education. And the Legislature, as a group, both houses, both parties, have been incredibly supportive of those efforts.

The written testimony includes information about growth and enrollment over the past seven years; but like other districts that you've heard from, County Vocational schools are struggling with rising enrollments, rising costs, and flat-funding. And they face that added challenge of trying to keep their career programs current with industry needs and aligned with emerging needs.

So we have to keep our programs current with both existing and emerging needs so that we can prepare students for the jobs of tomorrow.

As we look at the funding situation, and move forward, we urge the Committee to consider some of those unique needs -- like career and technical education -- and to carefully weigh the impact of all the potential changes that we're talking about. In particular, there's been a lot of

discussion today about the elimination of adjustment aid; and that needs to be approached very carefully, particularly for districts with growing and stable enrollment.

Adjustment aid was a key component of the School Funding Reform Act, and it was especially important for county vocational schools as they transitioned from categorical aid for vocational, adult, and special education programs to a wealth-based formula that eliminated all the aid for adult programs. Many of our adjustment aid districts are spending below adequacy. The SFRA called for adjustment aid to be phased out for districts that were losing enrollment, starting in 2012; but it did not call for the phase-out for districts with stable or growing enrollment. And we think that categorizing all adjustment aid as *overfunding* just is not accurate.

Any reallocation of State aid, for Fiscal Year 2018 and beyond, has to provide a mechanism to allow districts to replace lost revenue with other sources, such as an increase in the tax levy cap. This is a complex challenge, and it needs to address special situations -- like county vocational schools -- which don't have the ability to increase their local tax levy. The tax levy for vocational schools comes from the county budget; and the counties are subject to their own tax levy cap, which is separate from that for school districts. Many vocational schools have received little or no increase over the past seven years or longer. So flat-funding, flat local levy.

The only other funding source that is available to county vocational schools is a local district contribution to the cost of their students in the form of tuition. Our districts are trying to keep that as minimal as they can, and they know very well that increasing the tuition charged to local districts would put a strain on the local districts, and would

ultimately result in fewer students being given the opportunity to attend a county vocational school.

So recognizing this unique situation and unique challenges, one thing the Legislature might want to consider is allocating the funding just for the countywide career and technical education piece through per-pupil aid, rather than through a weight in the formula. We think consideration should also be given to restoring the enrollment-based aid for adult programs as part of the formula. Because despite your very best efforts to fund that through the budget, adult training opportunities have not been funded, and they will be in jeopardy if adjustment aid is eliminated.

Just as an added note: Assemblyman Wolfe mentioned earlier that a Joint Legislative Commission from 2006 -- that was their recommendation back in 2006. So something, maybe, to take another look at.

With that, I will wrap it up. And thank you very much for your work, for your commitment to ongoing hearings, and your clearly demonstrated commitment to taking steps to restore equitable funding for all districts.

Thank you.

ASSEMBLYWOMAN CARIDE: Thank you.

Does anyone have any questions? No?

ASSEMBLYWOMAN JASEY: No; only to say thank you. And, you know, I know that the Speaker's priority is to continue to expand seats for vo-tech schools. Based on the schools that I have visited, they are doing a phenomenal job; and the need for them continues to grow.

Could you just, in like a minute, explain how they're funded -- how the vo-techs are funded? Because I don't know that all of us understand that in terms of, you know, where the funding comes from.

MS. SAVAGE: Okay.

Super quick, you can think of it like a pie. Each county vocational school has a slice of their funding pie -- is determined by the School Funding Reform Act; it's based on the wealth of the county. So we have districts like Bergen County, or Monmouth County, or Morris County -- they get a small slice of SFRA funding in their pie. And we have districts, like Cumberland or Salem -- they get a super-size wedge of pie, because they are a lower-wealth county. They get funding from their counties, and it varies by county; and it's very much-- It kind of goes back to some of what Mike Vrancik was talking about. It very much goes back to the history, even pre-SFRA. Some counties have historically funded their county vocational school at a high level; some funded it at a lower level, and relied on State aid and the local contribution to make up the rest. Because of all these caps and things that are in place, they've been stuck where they are. It's almost impossible for a county to increase its contribution because of their own county cap.

And then the last piece of the pie is a local district contribution that's in the form of tuition. The Department of Education sets the maximum rates; it's basically the audited actual cost after everything else is backed out. So it's not market-rate tuition, what do we think we can get away with? It's determined by the Department. And again, you know, our districts are very mindful of not increasing that, because they recognize that

going beyond a 2 percent increase -- and that will create a strain for local districts.

So that's the -- those are the three pieces.

ASSEMBLYWOMAN JASEY: Thank you.

ASSEMBLYWOMAN CARIDE: Thank you.

**JENNIFER KEYS - MALONEY:** Good afternoon, and thank you for having this conversation.

It couldn't be, in many respects, more timely. Yesterday, while all of you were here -- thank you for doing that -- I had the opportunity to talk with our secondary members who were in. And one of their biggest concerns and questions was, really, a sense of uncertainty about what's going to happen this fiscal year -- or (indiscernible) this fiscal year.

And that concern was palatable. The realities that people don't know -- you heard a little bit, kind of, echo throughout many of the speakers who you heard from today. But one thing that was crystal clear across every single member's mindset was that SFRA was a very good beginning point; and that, ultimately, it has to be our guiding principle as we move forward.

You heard that reflected in many of the speakers today. You also heard reflected the impact of, kind of, divorcing ourselves from SFRA; partially because of the economics, and also because of the situation that the State's been in.

For my members, it's everything from narrowing the curriculum, to eliminating full-day kindergarten, to increasing fees for extracurricular participation, to increased class sizes, to simply putting more

strain on a building in a way that we do not have any more fat from the bone any longer to pull from.

You know, remember from-- Our colleague from ASBO talked a little bit about how the health benefits piece served as a buffer, a little bit, in there; and that that buffer is gone. That is a reality, and it is a reality that's happening across the board in every single district.

It allowed for a little bit of flexibility for a limited amount of time. But flat-funding actually, as you all know here, is, in fact, a reduction in funding. And that reduction in funding is having an effect on every district across the state.

The difficulty for all of you here is that you have to be the guiders of what happens next. There are no easy answers; I wish there were. I think we were all hoping for a silver bullet; there isn't one; there often isn't one in life. But the reality is that the conversations that we're having here -- when we talk about what the impact of adjustment aid modifications would be, when we talk about what the impact of changes in the weights would be -- those are very real things that are part of a formula that was well-designed as a guiding post. And many of the speakers talked about whatever it is that we do, we need to ensure that we take a due consideration for all districts, and how every single kid in those districts are going to be affected.

So our clarion call would be, regardless of the direction that's taken -- that we really take a measured phased-in approach. My husband hates this analogy, but I'll use it. If we could wade into the ocean, here, instead of jumping in off the deep end, I think that would be advisable.

And part of that is really -- and I think he's probably going to cringe if he hears that I used that -- but that sentiment is true. You know, whether we look at modifying how we slice up the limited pocket associated with adjustment aid, based on adequacy; or we take a pro rata share, we need to go into the conversation with our eyes wide open and with as much data as possible. And what's great is that you can push the State to share that information with you, so that we can make an informed decision.

We had a conversation about special ed, both in terms of the extraordinary cost issues that continue to impact districts; but also in terms of the census-based approach. It may not have been advisable, but it was a starting place. If there's something that we need to do to address what's going on in individual schools, this is the time to actually look at that. And the great part is, everybody is looking at what we're doing at this juncture, right now.

Ultimately, as I indicated at the beginning, there are no easy answers. But we stand ready to work with you, both in terms of providing as much data in terms of what potential impacts are in our districts, as well as what potential solutions we think may be more palatable, going forward. It really is a question of palatable, not perfect.

And so my organization stands ready to work with you as we move forward. And I'd be happy to answer any questions you have.

Thank you again for your patience. I know your rear ends probably hurt almost as much as mine. (laughter)

So thank you.

ASSEMBLYWOMAN CARIDE: Thank you.

Does anyone have any questions? (no response)

Thank you, ladies.

Does any member have any closing statements that they would like to make?

Vice Chair.

ASSEMBLYMAN SINGLETON: Madam Chair, once again I want to publicly thank you for your commitment to this issue.

I think all of us can appreciate the wide berth you're giving each and every member of this Committee and members of the public to comment on this.

I just-- It's been clearly stated today, and something we should all embrace -- that our school funding formula has not only been considered, but truly is a national model of equity. And the debate, I think, around school funding centers around a notion of whether we want a public school system that is equitable for all students, or just equal for them. And these are two very different notions, and two very important notions, that impact our kids and our schools on a daily basis.

And I think that reasonable folks can disagree, you know, as to -- that some children -- special needs, we've heard a lot about today; and many of us know that story well -- that it takes more resources to help them get to the finish line maybe, perhaps, than some others.

But my concern -- and it is a concern that I've heard echoed by my colleagues, both publicly and privately -- is that in this rush to treat every child equally, as I think the Governor has articulated, we can ensure by doing that many will never reach an equitable outcome in life. And this will ultimately lead, for all of us, to have higher, like, societal costs on the backend. And that's for all of us, as New Jersey taxpayers.

And lastly, any examination of this funding issue -- it truly does a disservice to all the children who we purport to support, without an equal and thorough examination of our state's housing and economic development policies that have such an impact on why we're at this decision -- why we're at this table, having this discussion today.

So Madam Chair, I thank you again for the wide latitude you have given all of us to engage in this discussion. And I look forward to our further meetings, up and down the state.

Thank you, ma'am.

ASSEMBLYWOMAN CARIDE: Thank you.

Anybody else?

Well, before we adjourn for the afternoon, I want to thank everyone who was here today to testify.

ASSEMBLYMAN SINGLETON: Madam Chair.

ASSEMBLYWOMAN CARIDE: Oh, I'm sorry.

ASSEMBLYWOMAN McKNIGHT: That's okay.

ASSEMBLYWOMAN CARIDE: Go ahead, Assemblywoman.

ASSEMBLYWOMAN McKNIGHT: I just want to say thank you for having us. This was a great educational component for me. And at the end of the day, we want to ensure that all our children are educated, because they are our future. We will be waiting for them to care for us, so it's time for us to care for them.

So thank you.

ASSEMBLYWOMAN CARIDE: Thank you.

Assemblywoman.

ASSEMBLYWOMAN JONES: I just had long enough to think about it again. (laughter)

And I just want to thank the Assemblyman -- though he came late, he came with the right message. We need to learn to work together to solve this problem. And the longer we are at odds with each other, the longer this community and the education of our children will languish and suffer.

And I thank you, Madam Chair, for taking on this incredible burden.

ASSEMBLYWOMAN CARIDE: Thank you.

ASSEMBLYWOMAN JONES: But it's a burden of love.

ASSEMBLYWOMAN CARIDE: We'll see about that.  
(laughter)

All right, everyone, thank you so much for being here. I look forward to seeing you when we go to different areas of the state.

Please notify your colleagues, so that they can come and speak before us.

Members, thank you so much for staying with me, and staying this long. I appreciate it.

Thank you, everyone. Have a good afternoon.

**(MEETING CONCLUDED)**