

PUBLIC HEARING

before

SENATE AND ASSEMBLY EDUCATION COMMITTEES

on

SENATE BILL NO. 575 - Increased State
Aid for Public Schools

Held:
June 9, 1970
Assembly Chamber
State House
Trenton, New Jersey

Members of Committees present:

Assemblyman John H. Ewing [Chairman, Assembly
Education Committee]

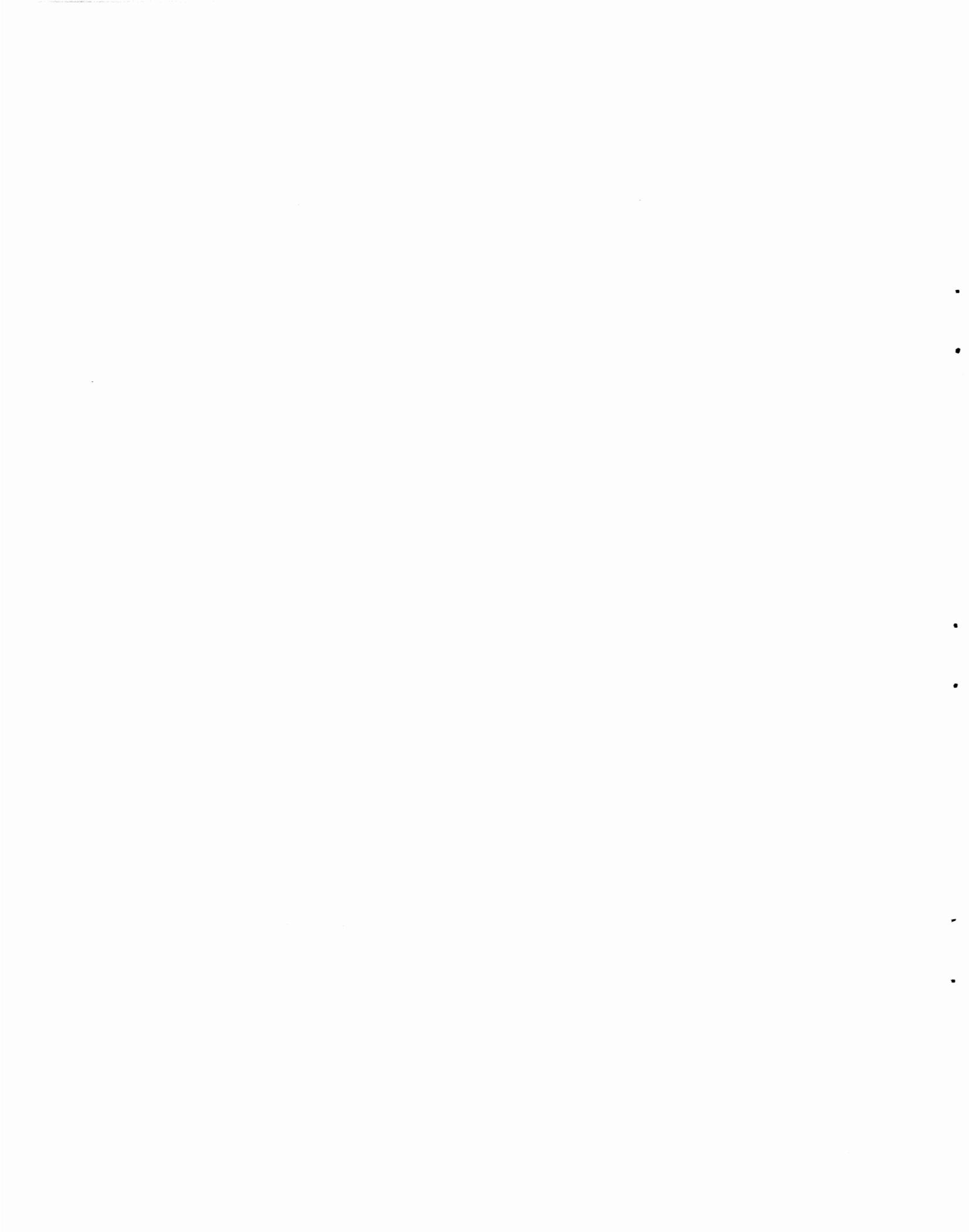
Assemblyman Samuel A. Curcio

Senator Wayne Dumont, Jr.

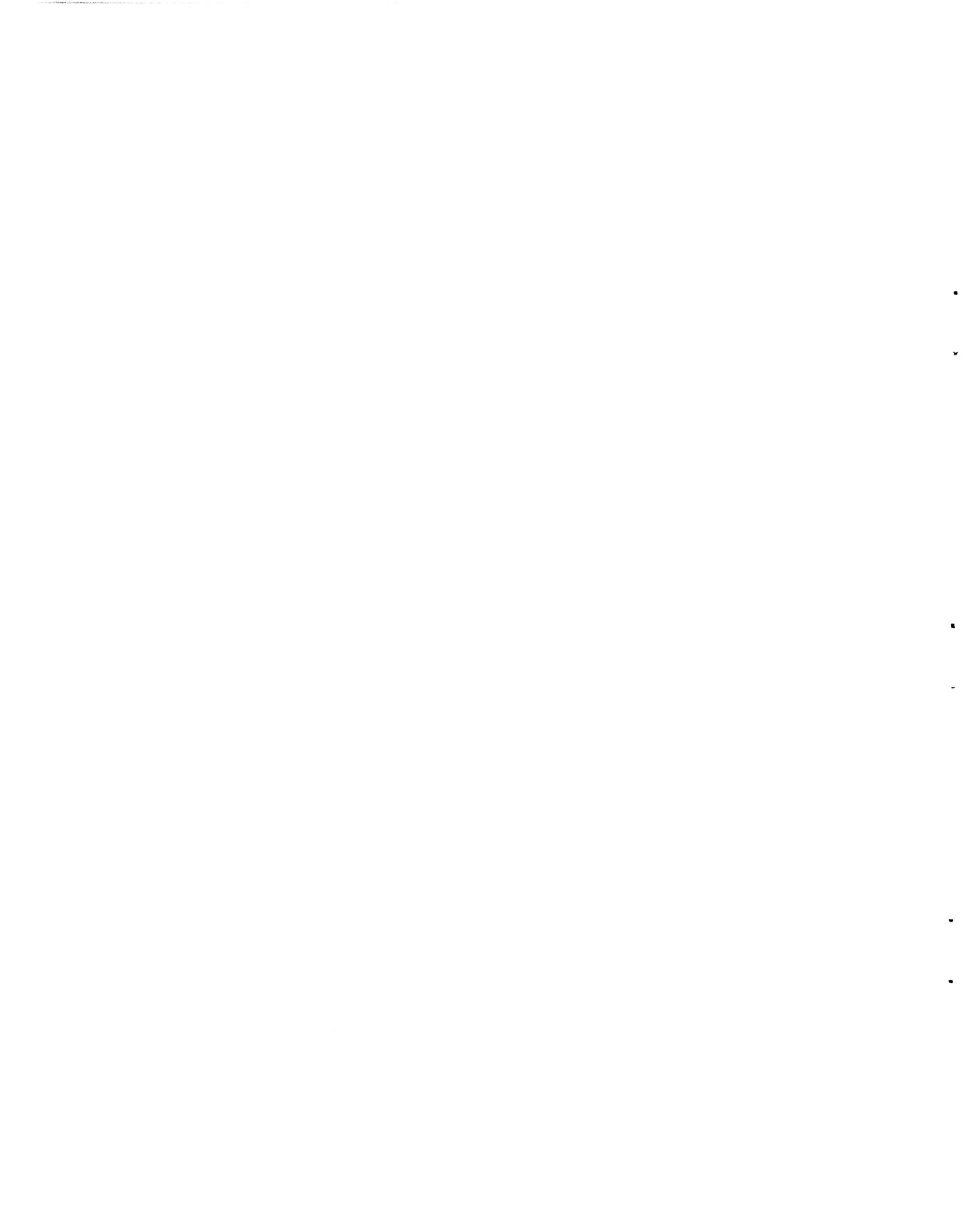
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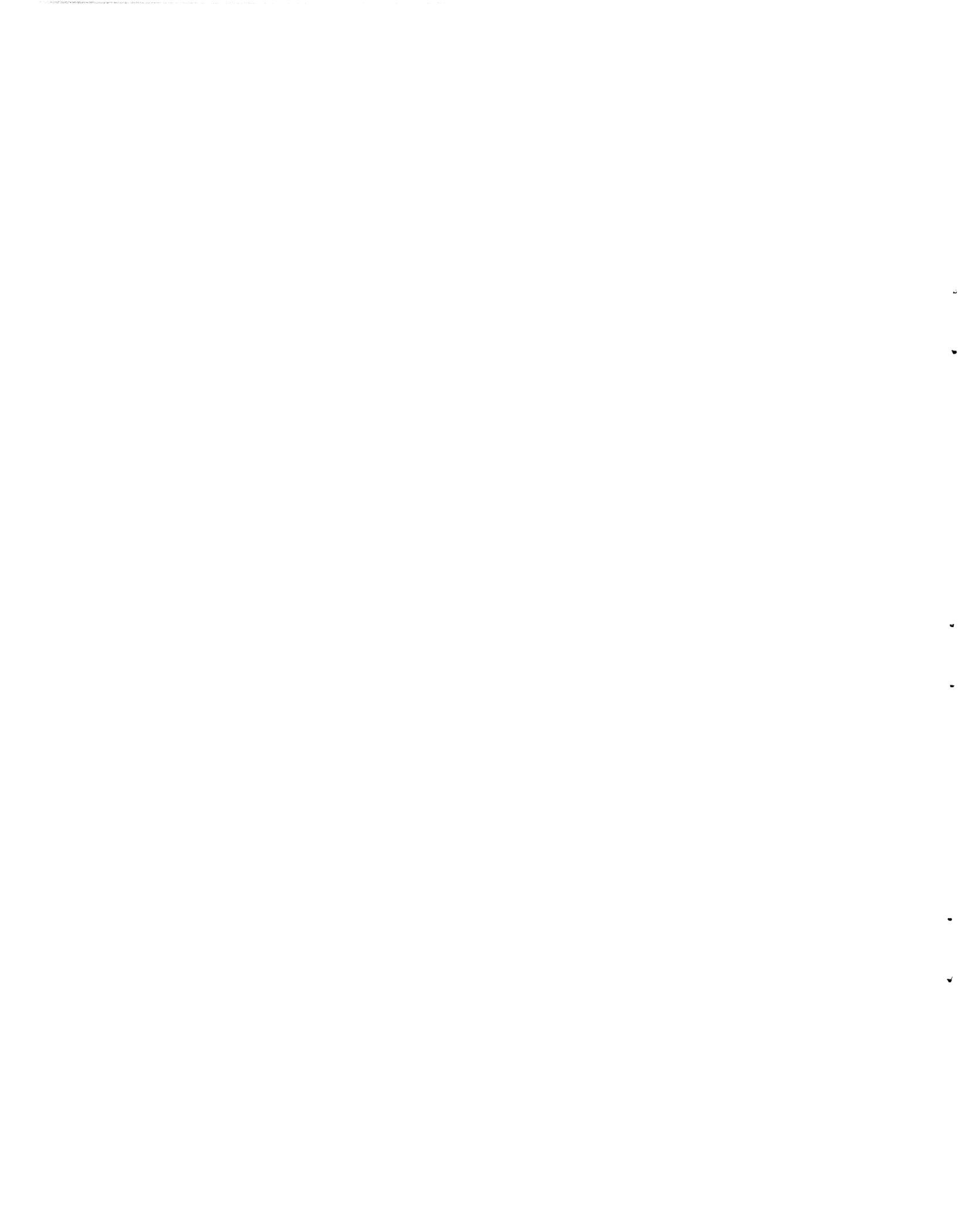
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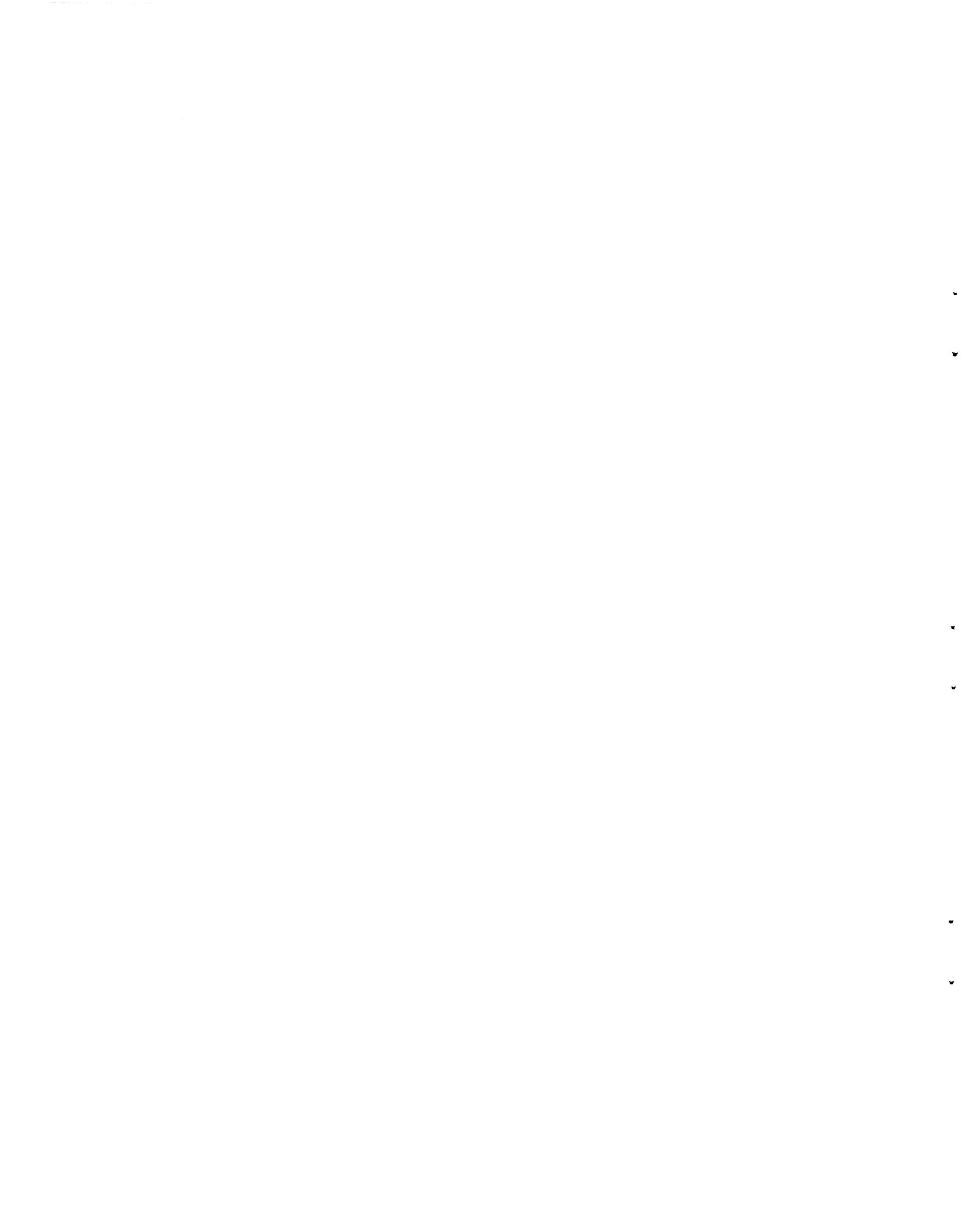
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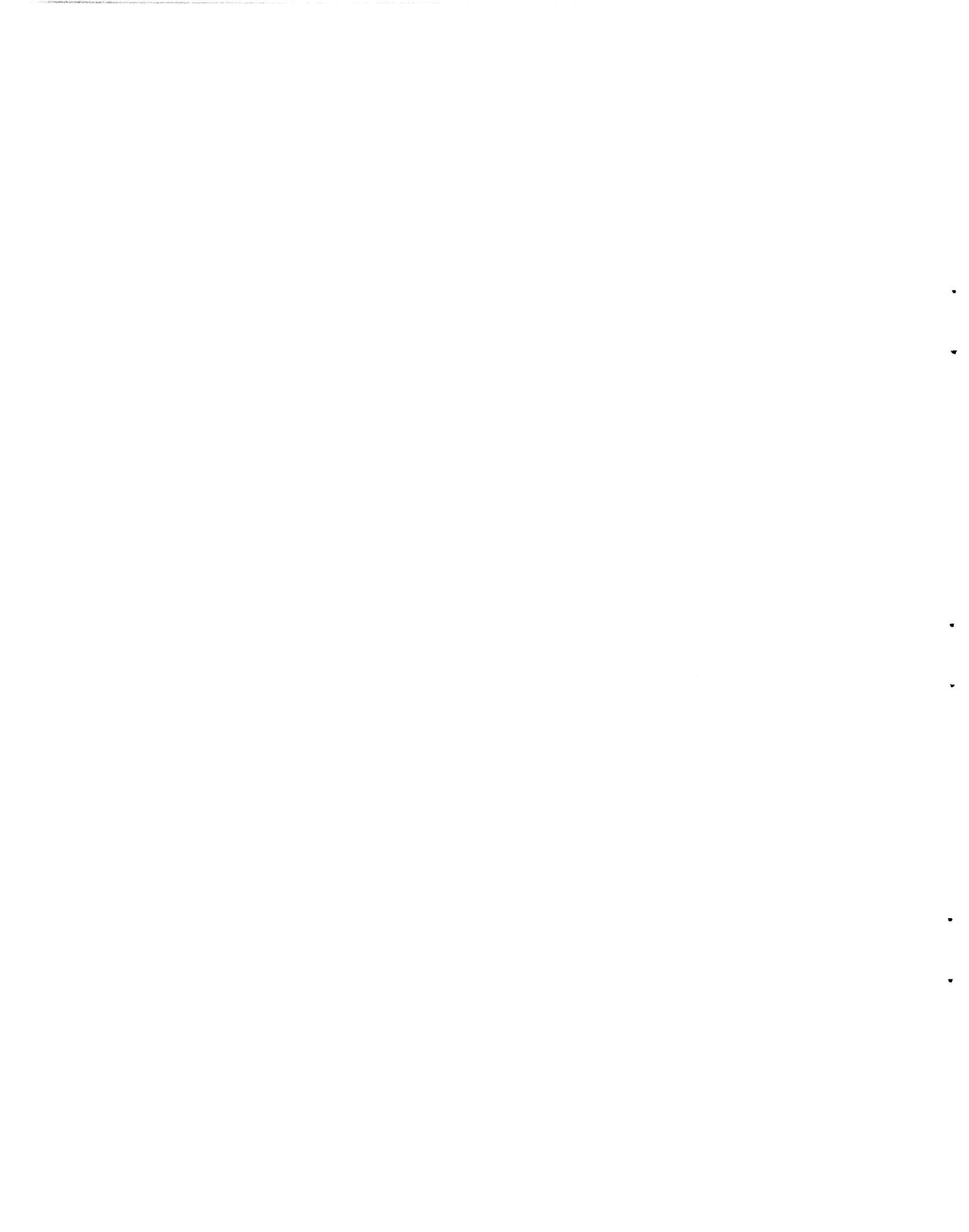


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ASSEMBLYMAN JOHN H. EWING [Chairman of Assembly
Education Committee: Good morning, ladies and gentlemen,
I would like to open the public hearing on Senate Bill No.
575. My name is John Ewing from Somerset County, District 8,
and I am Chairman of the Assembly Education Committee.

We have on our list so far approximately 73 people who
wish to testify. This will be a one-day hearing. We will
continue on as late as we have to tonight, whether it is
eight, nine, ten or eleven o'clock. Anyone who wants to
stay and be heard will be heard, but there will be no more
hearings on S-575.

The public hearing on aid to private schools will be
held next week, a week from today, at ten o'clock in the
same chambers here, and the same procedure will be followed
at that time.

If there are any individuals who must testify by not
later, say, than three o'clock because of a religious
holiday starting tomorrow, I wish they would speak to
Mr. Paul Muller, our Aide who is sitting at the front
desk here to my right, and give him your name so he will
be sure to get you on. Anyone who has a statement and
wishes to submit it to have it put in the record may do
so at this time, and if we do not get to you to testify
it will be entered in the record.

I request that you be as brief as possible, and do
not be surprised if I interrupt you. And those in the

audience who hear me do so, don't think I am trying to be rude but, as I say, with 73 people to listen to and take the testimony down it can be a rather lengthy procedure.

One other thing - we will break at 12:30 for lunch. For those of you who are not familiar with the building, there is a cafeteria. You go up to the hall here, turn left, go out of this building and into the next and as soon as you get in the building you turn to the right. We will break at 12;30 for lunch so if anybody wants to get an early lunch and come back here I think we will commence again between one and one-fifteen.

I would now like to call on Dr. Carl L. Marburger, Commissioner of Education of the State of New Jersey. Dr. Marburger.

C A R L L. M A R B U R G E R: Thank you, Assemblyman Ewing. I wish to thank you for permitting me once again to present my views on the proposed revisions of the State Aid Formula.

More than a year has passed since the initial hearings were conducted on the report of the State Aid School Study Commission. Many changes have occurred during the year. New Jersey has a new state administration. Many faces have changed, including some members of the Education Committees. There have been many significant reforms of state government, and there have been some shifts of philosophy. But one thing has not changed. The State

of New Jersey has yet to face squarely its full responsibility under the Constitution for financing a thorough and efficient system of public schools.

In my appearance before the joint committees last year, I stated that the State Aid Study Commission Report was a progressive step toward equalizing and increasing state aid to local schools and that it could become the most far-reaching movement toward improving the quality of education in New Jersey history.

My opinion of the equalization-incentive aid formula has not changed. I believe that Senate Bill 575 must be approved without delay. I fully share the opinions of Governor Cahill as expressed in his special education message to the Legislature on April 9. In his words, the present foundation program is outdated. It does not provide adequate state support for our public schools, with the result that an increasingly larger share of the burden must be borne by local property taxpayers. Because of this progressively worsening situation, resistance to higher school taxes is growing at an alarming rate in local school districts. This year alone, 165 school operating budgets were defeated in the February elections, compared with 129 in 1969.

In my testimony last year, I stated that the major thrust of the proposed revisions in the state aid formula is directed toward those areas that stand in greatest need of increased educational and financial services. "Those areas--principally in the major cities and depressed rural areas--can be defined as ones in which the quality of education is either maintained at a tenuous status quo or is actually declining because of high concentrations of disadvantaged students, inadequate ratables, antiquated schools and teacher shortages." At that time, I stated that one positive way in which the proposed revision addresses

itself to the question of equalization aid is through the pupil weighting principle, and I expressed the hope that weighting for AFDC children would be established at the level of one, rather than one-half as contemplated in the original legislation. I am encouraged by the fact that the Governor supports this recommendation and that the legislation as it now stands includes this essential amendment.

The weighting of AFDC children at the higher level should provide much needed financial assistance to those school districts which are already depressed by increasing welfare costs, general municipal overburden and the relatively high cost of educating children from lower income families.

Last year, I stated that the incentive aid aspect of the revised formula posed some unique problems, which I outlined in detail. Although the Department of Education agrees with the basic principle of incentive aid, it was felt at the time that the classification of school districts into three distinct categories was too restrictive. Subsequently, the legislation has been amended to expand the number of classifications to six. These amendments were drafted to accommodate the concerns of certain types of school districts-- such as regional high school districts--that they would not be recognized or rewarded for the high quality of their educational effort. I fully support these changes and I believe they will allay many of the fears expressed by boards of education throughout the state.

In this regard, I would also like to draw attention to a statement made, in the hearings last year, on behalf of the State Federation of District Boards of Education. I quote: "The Federation realizes that incentives to improve the

quality of educational programs imply the necessity for criteria for evaluation of those programs. While it is understandable that many will view such criteria with apprehension, we would submit that the demands of education are such today that we must set some standards of quality and the degree to which they are reached."

I can only add that the purpose of evaluation is to foster change by revealing shortcomings which must be remedied if sound education goals are to be achieved. Evaluation should tell us how well students are learning those things the schools are trying to teach. It should also disclose which services schools are not delivering to children. Finally, evaluation should contribute to financial accountability; it should tell us whether funds are being used effectively and for the purpose intended.

I also wish to lay to rest some fears that have been expressed regarding criteria for evaluation and classification of school districts. Senate Bill 575 contains adequate safeguards against the arbitrary or capricious establishment of such criteria, and it clearly implies a strong distinction between state support and state operation of schools. As Senate Bill 575 now stands, the Commissioner of Education, with approval of the State Board of Education, would determine criteria and standards to be used in judging what should constitute the various classifications of school districts, but such criteria and standards would be subject to annual review by the Permanent Commission on State School Support. School districts also would be given the right of appeal from any classification established by the Commissioner.

Of more direct and immediate concern to the Commissioner and the Department of Education is the question, what should these criteria be? To establish a fair and thorough system of school district evaluation will be a difficult and time-consuming task. For this reason, I am encouraged by the fact that Senate Bill 575 does not require a statewide system of evaluation until the 1972-73 school year. This time lapse will give the Department of Education nearly two years in which to develop and test an evaluation model and to establish the criteria necessary for implementation of the incentive aid system.

Once established, a sound system of evaluation and classification of school districts will require continued effort on the part of the Department of Education. In my testimony last year, I stated that such a system will need extensive support and service, and to implement these services will require a funding base. At the time, I recommended that the new state aid formula be amended to earmark one-half of one per cent of state formula aid funds to the Department to carry on this activity. I do not foresee an immediate need for these funds, however. Only when the new formula becomes fully operative in 1972 will this need arise. In the meantime, I am hopeful that the Legislature will approve a supplementary appropriation of \$100,000 which would be used to involve Department staff members, consultants and the local school districts in developing the criteria that would be required under Senate Bill 575.

Finally, I wish to impress upon the committees the urgent need for early, affirmative action on Senate Bill 575. Not only are many of our school districts pressed to the limit of their resources, and they must have additional state aid to balance their 1971-72 budgets; but early action is necessary if the local school boards

are to be given adequate time in which to plan for a state aid increase. Most local boards will begin work on their 1971-72 budgets in September, and they should know at that time whether additional financial resources can be counted upon at the State level.

I hope you share with me this sense of urgency, and I wish to thank you for your concern and attention.

(Applause)

ASSEMBLYMAN EWING: I must request those on the lower floor and the balcony not to make any demonstrations such as we just had. As I explained earlier - a lot of you have just come in - we have 73 people to hear today and we have to get through this and you will hear pros and cons most probably and we do not want any demonstrations of any type, otherwise we will have to clear the chambers. And I mean that,

Thank you very much, Commissioner.

I would like to introduce Assemblyman Samuel Curcio from District 2, Atlantic County, who has just joined me.

The next speaker will be Mr. George Smith, President of the State Board of Education.

G E O R G E F. S M I T H: Assemblyman Ewing and Assemblyman Curcio, on behalf of the State Board of Education, I appreciate this opportunity to offer testimony on Senate Bill No. 575.

Many people and organizations, representing diverse interests across the State, will speak before you today

on the merits of this vital legislation. For this reason, I shall be brief.

My purpose is to express to the joint committee the endorsement of Senate Bill 575 by the State Board of Education. On February 5, 1969, the State Board voted full approval of the State School Aid Study Commission Report, and at its public meeting of June 3, 1970, the Board expressed its unanimous and unconditional support of the current legislation which would implement that report.

In both of these actions, the State Board expressed its belief that New Jersey's educational system is not fully meeting the needs of our rapidly changing society, nor has our State Government fully responded in the past to the public demands for constructive change.

New Jersey is the most urban state in the nation. It is a cauldron into which has poured the third highest migrant stream in the country. It contains the second highest Puerto Rican population and the second highest Cuban population in the nation. In addition to intensifying the problems inherent in the operation of urban school systems, these factors entail the added burden of meeting the needs of children with second language difficulties and of children who are the rural poor in the migrant stream.

The societal changes to which I referred have occurred too quickly in most urban centers of the State for an

adequate response. Not only has the State of New Jersey failed to act quickly enough or in sufficient measure, but the acute financial problems facing many of our school districts have been intensified by growing inequities between urban and suburban school districts in assessed valuation. Until only recently, the State has failed to recognize the necessity for a much greater level of financial aid to hard-pressed districts.

A recent report of the United States Office of Education predicts that the nation's education costs during the coming decade will increase four times as fast as the school population, if present trends continue. It is an understatement to say that these projections are not encouraging.

Although this forecast is not absolute, it is safe to predict that the costs of education will continue to rise in the immediate future. Without a commitment from the State for a higher level of State aid, these steadily increasing costs of education will place an increasing burden on the local property taxpayer - and that burden has already become oppressive.

It is the opinion of the State Board of Education that such a commitment is in fact embodied in the report of the State School Aid Study Commission and in Senate Bill 575. This legislation represents a significant breakthrough in the problem of school finance. Beyond

providing more desperately-needed State funding to local school districts, it would change measurably the formula by which State aid is allocated. In effect, S-575 will increase State aid to nearly all school districts, but it will increase aid at higher levels in those school districts which are least able to pay for quality educational services. Further, it will provide strong incentives, through additional State aid, to those school districts which demonstrate strong initiative toward improving the quality of education.

Enactment of this legislation should have two profound and long-range effects upon education in New Jersey.

First, it should begin to mitigate the confiscatory nature of local property taxes. It is beyond reason to expect the property owner to continue to bear, virtually alone, the full burden of annual increases in the costs of education. As Governor Cahill noted in his special message on education, local property taxes for schools today exceed \$1 billion, compared with \$743 million only three years ago. Concurrent increases in State aid have not kept pace.

Second, the benefits of the incentive-equalization State aid formula will reach all children of the State. I cannot emphasize this point too strongly. Senate Bill 575 entails not only a form of assistance to the ethnic poor of our cities, however desirable and urgently needed

such assistance may be, but a method of insuring that quality education shall be a proper and attainable goal for every child.

I earnestly hope, and it is the sincere desire of the State Board of Education, that the legislature will affirm its commitment to education by taking affirmative action on Senate Bill 575. Thank you.

ASSEMBLYMAN EWING: Mr. Smith, where would you suggest the funding of this S-575 come from?

MR. SMITH: This is a burden, unfortunately, of the Legislature, not ours. I think that the relatively small start in this important program is so modest that it should not be difficult for the Legislature to find those funds.

I can say to you, sir, in addition that when I was privileged to join this State Board of Education twelve years ago these same problems existed then and, while we have done all we could without additional funds, this is the first constructive movement in the proper direction.

KATHERINE AUCHINCLOSS: Could I add, Assemblyman Ewing, my own particular support for what the Commissioner has asked for, the \$100,000 planning grant.

ASSEMBLYMAN EWING: Would you identify yourself, please.

MRS. AUCHINCLOSS: I'm sorry. I am Mrs. Katherine Auchincloss, Vice President of the State Board

of Education. I have been working on a sub-committee on this matter and it is essential to us that we have these funds in order to carry through the appropriate kind of planning that will make a desirable evaluation program. So I would like to put in an extra pitch for that, if I may. Thank you.

ASSEMBLYMAN EWING: Is that a part of the bill right now?

MRS. AUCHINCLOSS: No, it is not.

ASSEMBLYMAN EWING: It has to be a separate appropriation.

MRS. AUCHINCLOSS: In the Commissioner's testimony, it is on page 5; he asked for a planning grant. It is not, I believe, in the bill at the moment.

ASSEMBLYMAN EWING: Thank you very much.

Mrs. Doris Dealaman, represent the New Jersey Association of Chosen Freeholders. Mrs. Dealaman.

D O R I S D E A L A M A N: Mr. Chairmand and Members of the Committee: I am Doris Dealaman, an elected Freeholder of Somerset County and Chairman of the Education Committee of the New Jersey Association of Chosen Freeholders. I appear before you today to urge the passage of Senate Bill 575. If I may, I will confine my remarks to the subject of vocational education and the effects of this bill in that area.

The county vocational education system has need for greater aid from the State of New Jersey. Vocational education fills a very special need for all New Jersey business and industry. Curricula in the various schools are developed in cooperation with the business and industrial pattern of the area and so they reflect the real needs of the labor market. A glance at the want ads in any paper will indicate the seriousness of need for trained craftsmen in all fields.

If I could digress, I brought with me today copies of random sheets from the Newark News from the North Jersey area, the Philadelphia Inquirer from the South Jersey area. The need for mechanical equipment technicians, draftsmen, analysts, beauty parlor operators, LPN's, fill the pages. The apprentice programs are deliberately developed cooperately with business and labor to satisfy these pressing needs.

Costs in vocational education are high. Initial equipment and supplies are expensive. Further, there is instant need for upgrading to keep abreast of changing techniques and technological advance, Our graduates must be prepared to move into the most sophisticated of technical positions.

Let me give you an indication of costs. In Somerset County the State Aid per pupil for vocational education in 1968 - 69 was \$77.82. The cost per pupil

for vocational education in that same year was \$1575.14. The Federal Government supplied \$102.67, while miscellaneous revenues accounted for \$49.78 of this difference. The County share was \$1344.87 per pupil.

In 1970 the counties of New Jersey have appropriated \$14,118,970 for vocational schools, an increase of more than three million dollars over the last year and six million dollars over the costs just two years ago. These figures are for operating expenses only. They do not include the costs of capital construction.

The revenue picture is indeed a frightening one over the years, with a steady decline in State and Federal support and increased fiscal demands on the county. In the past school year of 1968 - 69 Somerset County Government was called upon to provide 85.4% of the funds needed to operate our school. The State of New Jersey through various types of State Aid provided 4.8%. The Federal Government provided 6.6%, and the balance of 3.2% came from miscellaneous revenues. County provided better than 85¢ of every dollar for vocational education.

The passage of Senate Bill 575 will approximately double the amount of State Aid funds for all vocational education. Using the new formula of "weighted pupils" the State Aid per pupil in Somerset County would increase to \$176.85. This still leaves the County paying approximately \$1245 of the cost. Even with this increased aid the counties are left with an ever-growing expenditure. S-575 is a welcomed first step. One which we hope will lead eventually to an increase in State Aid to vocational education comparable to State Aid to County Colleges.

Thank you.

SOMERSET COUNTY VOCATIONAL & TECHNICAL SCHOOLS

Sources of Revenue

	<u>1968-69</u>		<u>1967-68</u>		<u>1966-67</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
State	\$32,062.77	4.8	\$89,366.32	13.9	\$39,715.35	7.2
Federal	42,299.15	6.6	40,000.00	6.3	81,400.00	14.9
Miscellaneous	20,506.48	3.2	29,340.54	4.6	16,060.71	2.9
Local	<u>554,091.18</u>	<u>85.4</u>	<u>480,938.65</u>	<u>75.2</u>	<u>410,470.97</u>	<u>75.0</u>
Total	\$648,959.58	100.0	\$639,645.51	100.0	\$547,647.03	100.0

SOMERSET COUNTY VOCATIONAL & TECHNICAL SCHOOLS

Per Pupil Cost

1968-69	\$ 1575.14
1967-68	1508.60
1966-67	1404.22

Per Pupil Aid

	<u>1968-69</u>	<u>1967-68</u>	<u>1966-67</u>
State	\$ 77.82	\$ 210.78	\$ 101.83
Federal	102.67	94.32	208.72
Miscellaneous	49.78	69.20	41.18
Local	<u>1344.87</u>	<u>1134.30</u>	<u>1052.49</u>
Total	\$ 1575.14	\$ 1508.60	\$ 1404.22

ASSEMBLYMAN EWING: Thank you, Mrs. Dealaman.

I would like to introduce on my left Senator Wayne Dumont of the 15th District representing Warren, Hunterdon and Sussex County. Senator Dumont is a member of the Senate Education Committee. I forgot to tell you that Assemblyman Curcio is a member of the Assembly Education Committee.

Mr. Harold Ruvoldt, Special Counsel to the Jersey City and Paterson Boards of Education and Chairman of the New Jersey Bar Association's Legislative Committee.

H A R O L D J. R U V O L D T, JR.: Thank you, Assemblyman Ewing.

I am indeed on the horns of a dilemma this morning. To be frank, Senate Bill No. 575 is a novel approach to part of the problem posed by the present system of financing public education in New Jersey, so I am tempted to urge immediate adoption. On the other hand it is an approach to only "part of the problem" and a gradual approach at that. It disturbs me that we are talking about "gradual approaches" and "partial solutions" in the area of education while we are losing the minds and abilities of thousands of our youth each year. You know the facts as well as I.

In November of 1969 the Department of Education wrote of the Camden Public Schools "not only are most students below the national norms in reading, but

some students are illiterate." In 1968 the Governor's select commission on civil disorders wrote "Thousands of children in the Newark schools either cannot read or are such poor readers that there is little hope for an escape from the ghetto." Faced with problems of this dimension, the Bateman Report and this bill, which is an outgrowth of it, have sat in the Legislature since December 19 of 1968. It is both tragic and ironic that this final public hearing has been held only after the cities of Jersey City and Paterson filed suit over the constitutionality of the public school financing system.

While I am tempted to claim victory in these suits because of the fact that you are now acting in this most crucial area, the time for claiming victory and the time for debate on this bill has long since passed. The children we have lost in the last year and a half can never be recaptured, But while you are considering this bill I would like to suggest that this Committee consider the inclusion of municipal tax overburden as a factor in the aid formula. As you are no doubt aware, one of the major reasons urban areas are unable to finance quality education is the pressure of other services and the fierce competition for the tax dollar. I therefore suggest to you an amendment which would compensate districts with a tax rate for

schools and a total tax rate which exceeds the State average by 10 per cent.

This could be accomplished by giving a 1% increase in State aid for each 1% that the total tax rate and school tax rate exceeded State averages. Thus communities with high expenses in education and other areas would receive some relief from the pressure of municipal tax overburden.

This also, to be frank, is a half measure and would require revision as the times change and more study is devoted to the problem, but some immediate action is urgent. At least its inclusion now will make Senate Bill No. 575 a solution to a "greater part of the problem."

If I may be idealistic for a moment, I would like to offer you two other solutions to our educational dilemma. In so doing, I am not being as unrealistic as those who are more politically astute than I may think, for as Paul Mort wrote in his book on fiscal readiness for the stress of change "Neglecting the education of children in poorer communities...in the hope that some economic miracle will bring about the correction is unrealistic. Nothing is more unrealistic." First I suggest redistricting all of the schools of the State with a goal of achieving an equalized assessed value per pupil and a fair racial mix. In one act we can break the unity between the municipal and school

district boundaries, making the school districts sole concern "quality educations" and pledge an equal amount of real property to the education of every child. Such an equal pledge would seem basic to traditional notions of equal protection under the United States Constitution. A severance of the co-identity of municipal and school district boundaries to make the local boards sole concern "quality education" seems basic to the proper operation of an "educational" system. Secondly, I would ask if you really desire to provide quality education that you repeal the real property tax in so far as it supports education, replacing it with a statewide "education income tax" and have the State support 100% of the cost of education. The dependence of the real property tax makes it, in the words of the Department of Education's survey of the Camden Public Schools, "inevitable that the children in the poorest communities do not have the same educational opportunities as those in the more affluent districts."

I have mentioned these thoughts to you so you may select solutions that range from the present bill to the more permanent and idealistic approach that I mentioned last. As some of you realize I represent Jersey City and Paterson in a suit to have the financing scheme of education in New Jersey declared unconstitutional. Before that suit was instituted I urged the

Mancuso Committee to make strong recommendations in this area. I here urge you also to be idealistic enough in your approaches to this problem to make that suit unnecessary.

Horace Mann once wrote "Education...prevents being poor." Your task is to assure that poverty shall no longer prevent education.

I want to thank you for the chance to be here.

ASSEMBLYMAN EWING: Mr. Ruvoldt, in this one part where you say that those who have an overburden in their communities from their municipal problems, don't you think if the State started giving them an increase in aid, because of their overburden in other areas than education, it would certainly tend to increase the so-called - I understand - I have no definite proof of it - sort of padding of payrolls in Jersey City, etc., and putting relatives on the payroll to an excess, etc.?

MR. RUVOLDT: I have no relatives on the payroll, Assemblyman -

ASSEMBLYMAN EWING: I didn't say you did.

MR. RUVOLDT: In fact, I'm not on the payroll. I can sympathize with that concern and I think that proper measures in law enforcement and in other areas can correct it. What I'm concerned about is the fact that in the urban areas where there are large masses of people, there are sanitation, police, fire - bona fide costs, which far exceed the cost of providing the same

services in some of the more suburban areas. I am concerned with the fact that those tax dollars are being taken away from the education of the children.

Secondly, I would like to mention that there is also the concept of urban mark-up and that is that to provide the same service in the urban area quite frequently is more expensive than to provide that service in the suburban area. Therefore, I think that some compensation for this factor must be included to be effective.

SENATOR DUMONT: Mr. Ruvoldt, what is the purpose of this action in Jersey City and Paterson - to get the State to take over all the cost of public schooling in those two cities?

MR. RUVOLDT: Senator, the purpose of the action is to provide quality education for the children in cities as well as the suburbs and to provide an equal burden of financing what is, as Commissioner Marburger said, a constitutional burden equally among all taxpayers of the State of New Jersey.

SENATOR DUMONT: Well, how much State aid are you looking for? For the State to take over 100 per cent of the cost, or 50 per cent, or what?

MR. RUVOLDT: I am not looking for any State aid. I would suggest that the redistricting formula which we have suggested in the basic part of our testimony could operate under the present Bateman bill if the geographic changes were made to accomplish a relief on the urban

taxpayer, provided that those schools were capable of funding education at the level that some of the suburban communities have. I'm concerned very deeply about the fact that in excess of \$2000 per pupil is being spent on education in some areas and as low as \$500 per pupil in others.

SENATOR DUMONT: What would you endeavor to do - make the State one district by itself?

MR. RUVOLDT: No, I would suggest that we could accomplish a redistricting, dividing the State into less than 580 school districts I must concede, but much more than one. I think the crossing of municipal boundaries in counties, for example, and the division of municipalities in other counties might achieve both the fair racial balance as well as an infusion of moneys into those poorer school districts. I don't think the State would necessarily have to be one school district.

SENATOR DUMONT: Then you would cross both municipal and county lines in three of the districts?

MR. RUVOLDT: Yes.

SENATOR DUMONT: There is a request here for a statewide education income tax. I am sure you are aware of the fact that if we use the New York rates, for example, and income rate, it would not produce in New Jersey much more than \$300 million.

MR. RUVOLDT: I am aware of what those rates would produce.

SENATOR DUMONT: So if you did away with the property tax which produces well over \$1 billion and supported it instead with a statewide education income tax, you can appreciate what the rates would be.

MR. RUVOLDT: I think I suggested in my testimony the repeal of the property tax only in so far as it finances education.

SENATOR DUMONT: That is the great bulk of it. That is the great bulk of the property tax every place.

MR. RUVOLDT: That is a significant portion of it.

SENATOR DUMONT: It is about 70 or 80 per cent in most municipalities.

MR. RUVOLDT: That is correct and I think that 70 or 80 per cent of the \$1 billion which you raise by the local property tax, coupled with a reasonable State income tax, would make up the difference. We are not talking about a total repeal of the real property tax.

SENATOR DUMONT: But you are talking about repeal of most of it.

MR. RUVOLDT: We are talking about repeal in so far as it supports education.

SENATOR DUMONT: Which would make an income tax at prohibitive rates virtually in order to replace

that kind of money.

MR. RUVOLDT: I don't believe there would be a prohibitive rate, Senator.

SENATOR DUMONT: You and I would have to disagree on that. Thank you very much.

ASSEMBLYMAN EWING: Thank you, Mr. Ruvoldt.

Mr. S. Herbert Starkey, Director of Research, New Jersey Education Association.

H E R B E R T S T A R K E Y: Chairman Ewing and Members of the Joint Education Committee, I am S. Herbert Starkey, Director of Research, New Jersey Education Association.

Our Association appreciates this opportunity to again express its views and its concerns about proposed legislation that would implement the recommendations of the State Aid to School Districts Study Commission.

NJEA commends the Commission, headed by Senator Bateman, for its major recommendations that (1) distributes the State's share of school support more equitably and flexibly by recognizing, through weighted enrollments, that costs vary with grade levels and types of programs; (2) provides incentives to improve the quality and scope of local educational programs and services;

(3) increases the State's immediate goal of school support to 40% of the total spent; (4) makes special provision for the economically and socially disadvantaged pupil; and (5) provides a formula that automatically maintains the State's share of school support as school costs increase.

Governor Cahill has also added his support for a much higher level of financial assistance to the public schools. In his special message on education of April 9, 1970, he stated "I strongly urge that the Legislature act on the recommendations of the State School Aid Study Commission. I strongly support these recommendations because they will go a long way toward equalizing the burden of financing our public schools. They will also provide incentives for all school districts to improve their educational effort". The NJEA is pleased to see this strong support for the principles of the proposed incentive equalization school support program as expressed by Governor Cahill.

Is S-575 Another Mort Plan?

The five recommendations of the Commission and the full endorsement by Governor Cahill will be misleading and meaningless if money is not made available to carry out the program. Senate 575 contains no appropriation or scheme to fully implement the program. Hopes and promises for the future will not solve the fiscal crises of today in our urban school districts and poor rural towns. About forty years ago New Jersey approved a school financing program known as the Mort Plan. Money to implement the plan was never approved by the Legislature. The NJEA is not interested in seeing another such fiasco in school finance. We urge the Legislature and the Tax Commission, headed by Senator Sears, to plan now the tax measures necessary to fully implement S-575.

The State Share of School Expenditures - A Look Back and A Look Ahead

The gross inadequacy of the \$30 million additional State aid proposed for 1971-72 by Governor Cahill cannot be fully appreciated without facts about school expenditures, both past and projected. An almost unbelievable cycle of annual increases started in 1964. Factors causing the rise include: (1) an ever increasing degree of inflation; (2) school employees, like their counterparts in private employment, received major increases in salaries and employee benefits; (3) absorption of private school pupils as the percentage of school age children in private schools dropped from 21 per cent to the current 17 per cent; (4) new Federal Aid programs for the disadvantaged; (5) expanded vocational programs at Federal, State and local levels; (6) expanding programs for handicapped students; (7) a sharp increase in the number of special services offered; and (8) employment of auxiliary personnel.

I would like to interject one or two comments on the table on page 3 of my testimony. It is very evident from the increase in expenditures which back in 1964-65 was around \$64 million per year to recognize that it is closer to \$190 million in the current year.

The table shows estimates for the year beginning 1969-70. I do not want you to be misled by the word "estimate." We know that the 1969-70 and 1970-71 figures are reasonably accurate. Budgets are there. Tax levies have been approved, so we know that through 1970-71 the expenditures are accurate. For the year 1971-72 and for all other estimates in my testimony we have been conservative. We have cut back from that level of \$190 million increase each year to a figure of \$160 million. I doubt if that is enough but the figures are rather frightening even using those figures.

Table 1.

TREND OF SCHOOL EXPENDITURES AND STATE SCHOOL AID
1963 to 1971

	<u>Expenditures*</u>		<u>State Aid+</u>		<u>Percent of Increase Assumed by State</u>
	<u>(Millions)</u>	<u>Increase Over Prior Year (Millions)</u>	<u>(Millions)</u>	<u>Increase Over Prior Year (Millions)</u>	
1963-64	\$ 758	\$ ---	\$ 164	\$ ---	
1964-65	822	64	175	11	17%
1965-66	930	108	185	10	9
1966-67	1,048	118	300	115	97
1967-68	1,193	145	323	23	16
1968-69	1,350	157	357	34	22
1969-70	1,540 (est.)	190	423	66	35 (est.)
1970-71	1,730 (est.)	190	453	30	16 (est.)
1971-72	1,890 (est.)	160	478 (est.)	25	16 (est.)

* Expenditures are for Elementary and Secondary Schools and include: current expenditures, debt service, budgeted capital outlay, special schools and State contributions to pension fund.

+ State Aid includes: grants-in-aid to school districts, State contributions to pension fund and administrative costs.

Table 1 shows the rising trend in school expenditures since 1963-64 and the share of these costs assumed by State government. The expenditures listed are all-inclusive. All items normally found in a school budget are included, plus the amount of money contributed by the State toward teacher retirement. Data were taken from the Commissioner's Annual Report of Financial Statistics through the year 1968-69. The NJEA Research Division has made estimates through 1971-72. Estimates for the school year 1969-70 and 1970-71 can be accurately predicted either from school budgets or from known revenues from local property taxes, State aid appropriations and Federal allotments. The 1971-72 expenditure estimate assumes a definite reduction in the present inflationary spiral will take place in the next two years.

The right side of Table 1 shows the corresponding amounts of State school aid, including State contributions to teacher retirement. A major increase occurred with a revision in the State aid foundation program in 1966-67. Three years later an increase of \$25 per pupil accounts for at least one-half of the \$66 million increase in aid in 1969-70.

Now if you will turn over to page 5. The material on page 4 simply documents the table on page 3. If you will turn to page 5, I would like to interpret these cost figures.

CHART 1

ANNUAL INCREASES IN SCHOOL EXPENDITURES AND STATE SCHOOL AID, 1964 to 1971

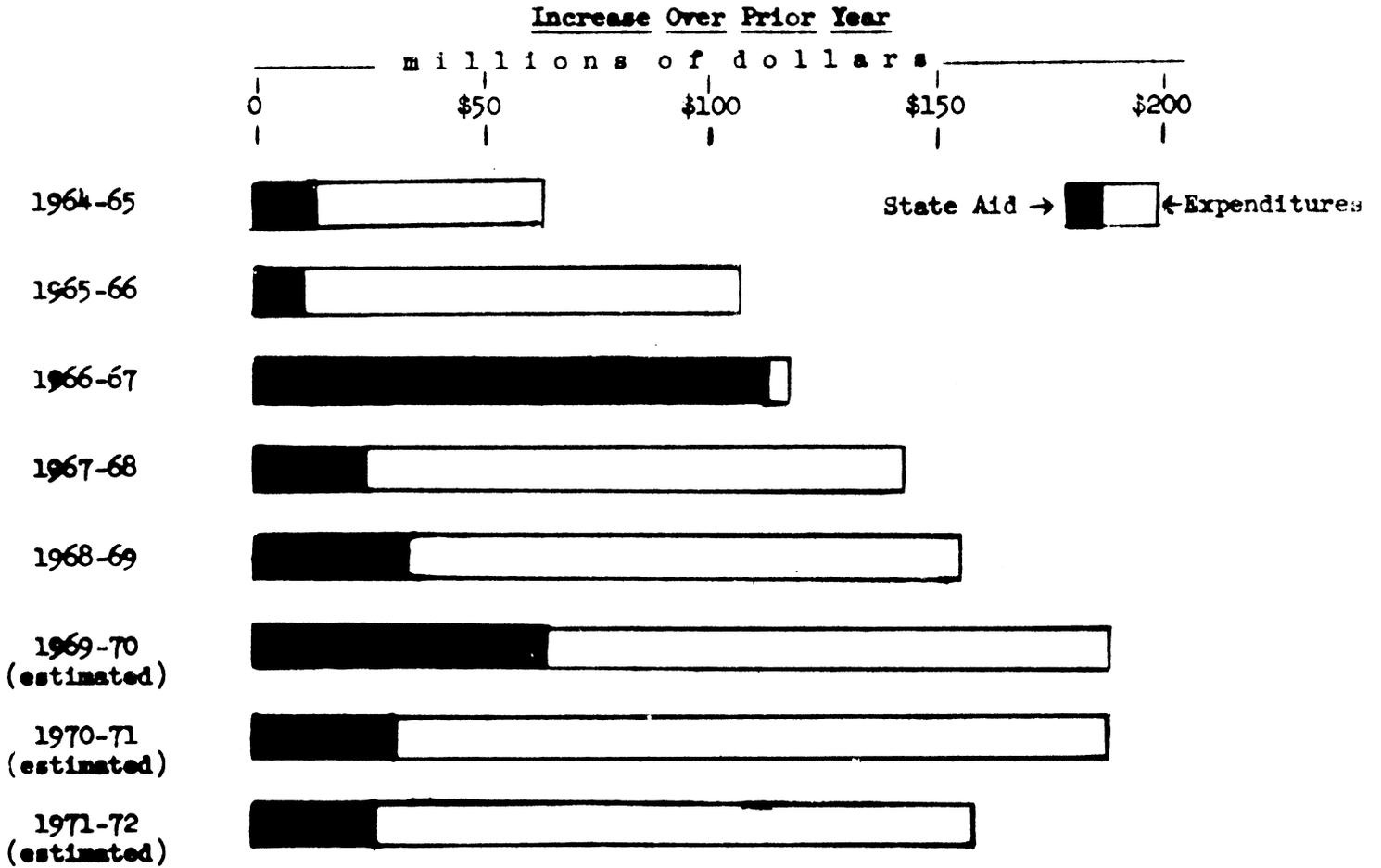


Chart 1 (see page 5) shows the relatively small share in rising educational costs assumed by the State. For the school year 1966-67, due to the adoption of the sales tax, the State supplied almost the entire rise in school costs. During the current school year costs are an estimated \$190 million above 1968-69. Increased State aid covered almost one-third of this record increase. However, looking ahead to another inflationary year in 1970-71, the State will pay for only one-sixth of the increase. Record increases in 1970 property taxes are inevitable. With future annual increases in school expenditures probably ranging from \$150 to \$200 million, the State should not only assume the cost of a general increase in support to 30, 35 and 40 per cent, if S-575 is enacted, but it must also be prepared to assume 40 per cent of each annual increase thereafter. This alone will require from \$60 to \$80 million of new State money every year.

CHART 2

PERCENT OF SCHOOL REVENUE
RECEIVED FROM STATE AID

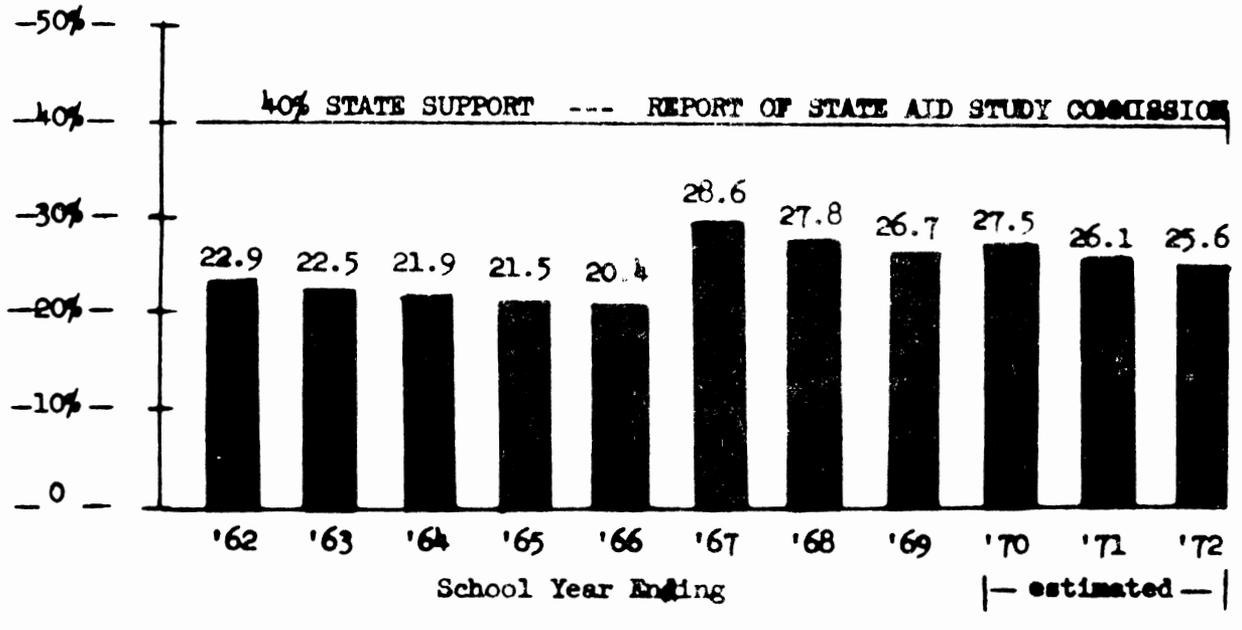


Chart 2 shows the per cent of school revenue received by New Jersey schools from State sources from 1961-62 to the present with projections through 1971-72 based on current laws. Under a fixed foundation program, the percentage shrinks each year until the formula is revised. This revision occurred in 1966-67 when the foundation program was doubled from \$200 to \$400 per pupil. Since that year, the percentage has been steadily decreasing with the exception of 1969-70 when \$25 per pupil was added. This raised the percentage less than one percentage point. Governor Cahill's proposal to grant \$30 million of additional aid in 1971-72 is only \$20 per pupil. It is not expected to raise the overall State aid above 26 per cent. This is a far cry from the 40 per cent aid envisioned by the Commission Report, by S-575 after 1971-72, and by Governor Cahill in his recent message on education.

The Cost of Full Implementation of S-575

When the Commission Report was submitted in December 1968, the chairman's statement pointed out that full implementation would produce State support of at least 40 per cent. It was suggested that it might require three years to fully finance the additional cost of \$180^{million} based on 1968-69 data. Governor Cahill has proposed a five-year plan of implementation beginning in the year 1971-72.

There are serious flaws in both Governor Cahill's cost projections, as well as the original three-year plan. Both plans computed the cost only on the first year and then took either one-third or one-fifth of that first year cost as the cost of each succeeding year. This completely ignores the annual increases in school expenditures of from \$150 to \$200 million per year. In addition, Governor Cahill's proposal places all districts in the "basic" category or the lowest of the five classifications of districts. According to calculations made by the NJEA Research Division, the \$30 million first year program represents only about 12 per cent of the full cost of the program were it fully implemented in 1971-72.

The NJEA has projected a realistic estimate of the cost to the State of moving to a 40 per cent support program over a 3 year period and over a 5 year period, both beginning in 1971-72.

Plan 1 - Reach 40% State Support Over 3 Years in 3 Equal Steps

	<u>Est. Expenditures⁺</u> (Millions)	<u>Present⁺</u> <u>Aid</u> (Millions)	<u>Additional Aid⁺</u> <u>Required</u> (Millions)
1971-72	\$ 1,890	\$ 478	\$ 119
1972-73	2,050	503	238
1973-74	2,210*	528	356

* 40% aid is equal to \$884 million; additional required \$356 million.

+ Includes State contributions to pension fund.

This plan assumes that expenditures rise \$160 million per year each year. At 40 per cent State support level, aid of \$884 million would be required. Under present laws \$528 million would be available and the additional aid needed would be \$356 million. If spread equally over the 3 year period, the State would appropriate an additional \$119 million each year for 3 years.

Plan 2 - Reach 40% State Support Over 5 Years in 5 Equal Steps

	<u>Est. Expenditures</u> (Millions)	<u>Present Aid</u> <u>Will Provide</u> (Millions)	<u>Additional</u> <u>Money</u> <u>Required</u> (Millions)
1971-72	\$ 1,390	478	\$ 87
1972-73	2,050	503	174
1973-74	2,210	528	260
1974-75	2,370	553	347
1975-76	2,530**	578	434

** 40% aid is equal to \$1,012 million; additional required \$434 million.

Here is a more realistic cost picture for full implementation by 1975-76. Instead of the \$30 million proposed by the Governor an amount of \$87 million is required the first year. By 1975-76 an additional \$434 million of State aid would be needed.

In 1966-67, State support reached a high point of 28.6%. To maintain this level of support would require an additional \$63 million in 1971-72 or more than twice as much as the Governor has proposed. To remain at a 28.6% support level in 1975-76 would still require \$145 million in new State money.

To step up the level of State support from 26 per cent to 40 per cent will require far more money than was previously estimated. This is one of the inevitable prices of inflation. The price of inaction may well be a collapse of the public schools in our poorest school districts. The plight of these districts in 1970 is even worse than it was just prior to 1966 when

relief came from the sales tax.

The Plight of Low Ratable Districts

The dramatic increases in education costs can be absorbed without too much pain by school districts with adequate ratables back of each student. Poor districts with few ratables show higher and higher full value tax rates. The serious disparity in tax rates and the quality of educational services between a few high and low ratable districts is shown in Table 2.

I regret that I could not use other illustrations but I was trying to get 1970 taxes. These are not available from every county at this point. Table 2 shows the 1970 tax rate in Elmer, Paterson, Pleasantville, Salem and Trenton over \$4 full value. That is over a 4% tax rate. The school tax rates are higher than they were in 1966. They are higher than in 1965 prior to sales tax. The cost of education in those districts is far less than in the wealthier districts. The staffing is far less. The disparity is there more evident than it was five years ago.

	Equalized Valuation Per Pupil	<u>Equalized Full Value Tax Rates</u>			<u>Total 1970</u>	Prof. Staffing per 1,000 Wt. Pupils	Total Expend. per Wt. Pupil
		<u>1965</u>	<u>1966</u>	<u>1970</u>			
<u>Low Ratable Districts</u>							
Elmer	\$ 13,657	\$2.12	\$1.25	\$2.32	\$4.51	43.5	\$ 526.02
Paterson	22,696	1.80	1.53	1.94	4.67	48.7	694.44
Pleasantville	16,646	1.82	1.39	1.90	4.41	44.1	541.75
Salem	13,715	2.47	1.84	3.07	4.78	50.4	731.17
Trenton	21,039	1.88	1.64	2.52	6.20	48.4	830.94
<u>High Ratable Districts</u>							
Bedminster	106,171	1.13	.96	.99	1.75	59.2	919.14
Bernardsville	63,296	1.37	1.40	1.80	2.91	56.8	927.53
Englewood Cliffs	107,338	1.20	1.10	1.14	1.74	68.6	1,131.38
Hackensack	70,521	1.17	1.12	1.52	2.79	61.2	1,032.42
Hawthorne	57,494	1.39	1.26	1.50	2.57	53.1	735.38

The low ratable districts received major tax relief from the increased State aid program financed through the sales tax. However, by 1970 equalized school taxes are consistently higher than the pre-sales tax rates of 1965. Total tax rates in 1970 are all above \$4.00 for the low ratable districts and below \$3.00 for the high ratable districts.

Expenditures per pupil in high ratable districts are almost ["]300 above those in the low ratable districts. Staffing in the high ratable districts is about 25 per cent above that in the low districts. Equal educational opportunity is far from a reality in New Jersey in 1970.

A new crisis may well develop in New Jersey's two largest urban school districts before the close of the calendar year. Both districts have school boards which made commitments to spend money after the budget was originally drawn and later cut by the board of school estimate. Contracts or commitments have been made with various employee groups for which no money is provided in the 1970 school tax levy. It is conceivable that schools may close in November or December in both Newark and Jersey City because no funds are available to meet payrolls. If funds are made available, the money would eventually have to come out of the 1971 tax levy, including interest charges for the borrowed funds. This postponement of taxes only aggravates an already desperate tax situation. Massive State aid to the schools of our ailing cities must be available by 1971. Without such aid, we predict the schools will not be able to operate effectively on the money that can be squeezed from the property taxpayers of these cities. The breaking point on property taxes will soon be reached in smaller cities, such as Salem or Pleasantville.

The State must meet its obligations to keep all public schools open and functioning at least at a minimum quality level. This obligation must take top priority.

S-575 Threatens The School Budgeting Process

S-575 requires the submission of an estimated school budget to the Commissioner by October 15 of each year. NJEA is greatly concerned because it not only threatens to destroy the normal school budgeting process but will seriously affect the negotiating procedure between school boards and their employees.

The October 15 date was inserted so that incentive-equalization aid can be based on the budget for the same year for which aid is distributed. This would mean that the tentative budget on which State aid is calculated and the board informed by November 15 would be set without the board of education knowing how much incentive aid would be payable. This, in turn, would mean tentatively setting a budget without knowing the amount of the tax levy or the affect on the tax rate. This is both dangerous and impractical.

NJEA questions the legality of the use of a tentative budget figure submitted by the secretary of the board with the approval of either the superintendent of schools or the county superintendent. Does the board have any responsibility for the preparation, acceptance or formal adoption of such tentative budget? Could a request budget, formulated by district administrators, be submitted to the Commission with or without board approval? What about public hearings usually held in January or February? The bill provides for cutting incentive aid if the final budget is less than the tentative budget. However, if the final budget is higher than the tentative, all additional incentive aid is denied the district. Whenever a district decides it must spend more than it estimated by October 15, it must pay for 100% of such necessary expenditures.

In order to be filed on time, tentative budgets would have to be finalized in September and prepared the prior spring. Negotiations with employees would be very difficult for both parties since salary and employee benefits would be determined more than a full year before the effective date of the contract. This is not a practical timetable. We strongly urge that amendments be made in S-575 so that the October 15 tentative budget deadline is eliminated and the present timetable for budget making is retained.

I have added an insert or supplement to bring out two other points which we have since determined.

There are two other serious drawbacks in basing State aid on a tentative budget that would threaten sound school financing.

First, under the proposed bill a school board could set an artificially high budget, receive State aid based on this budget and then not spend a sizeable percentage of the budget. The unspent amount, including a portion of the State aid, would show up as surplus money. With aid based on budgets rather than audited expenditures, it is possible for boards to build up such surpluses then use the money to hold down local taxes in crucial election years within the school district or the municipality. State aid would thus not serve the needs of children through improved instruction and needed program but rather be a political football in the setting of tax rates and election of board members.

There is a second serious loophole. Surplus money could also be built up by school districts whose ratables were increasing in anticipation that the district would soon become a minimum aid district. Such districts could receive money to which they were not really entitled, maintain this through surplus funds and then use the surplus after the ratables were high and the district was eligible to receive only minimum aid.

It is very apparent that there would be many ways to manipulate State aid which is based on a plan to spend. We urge that S-575 be amended so that actual distribution of funds be tied to money actually being spent to educate children.

Criteria and Standards For Classification of School Districts

S-575 proposes that the Commissioner, with the approval of the State board, shall determine the criteria and standards to be used in defining the various classifications of school districts. Any system of rating school districts against a set of standards will be practical, workable and free from political pressure only in so far as these criteria are objectively established and applied.

Since all operating districts will automatically qualify for the "basic" classification in 1971-72, great interest and importance will center on the "limited", "intermediate", "precomprehensive", and "comprehensive" criteria for possible use in 1972-73 and thereafter. Any system or rating which will determine the apportionment of tens of millions of dollars in State aid must be carefully constructed.

NJEA is greatly concerned that in the 18 months which have elapsed since the Commission report was published, the Commissioner has not revealed the criteria or standards that he expects to use. We seriously question how any evaluation process can be developed, tested and the defects eliminated in less than three years. We are concerned lest the classification and rating system be rushed into use without adequate publicity, understanding and testing. It is essential that the initial criteria, as well as their annual revision, be determined by the Commissioner only after public hearings at which interested parties may express their views.

I might point out that, as we read the bill, there is an annual hearing only on the rating of each school system. It does not call for a hearing on the establishment of the criteria.

Summary

The New Jersey Education Association supports the general provisions of S-575, especially its two-part program of minimum support and incentive equalization aid, annual adjustments based on changes in per pupil expenditure within the State and the concept of pupil weighting.

The proposed funding is completely inadequate and will come too late. Unless the amount of aid is greatly increased, particularly for districts with low ratables and excessively high total tax rates, the Legislature should be ready in 1971 with large sums of emergency aid to help children in school districts shut down by lack of funds. We remind the Legislature that it is most likely to happen to our two largest cities of Newark and Jersey City and sometime during the 1970-71 school year. This must not happen to the thousands of disadvantaged children in our two largest cities. The need is clear - more State aid for public schools.

ASSEMBLYMAN EWING: Mr. Starkey, on these figures - the student population you are basing these figures on, is it on an up-trend or a down-trend or stabilized?

MR. STARKEY: The population trend from public sources, at least as we have seen them, will not be increasing in the '70's in any way in proportion to what it was in the '60's.

ASSEMBLYMAN EWING: Will it show a decrease?

MR. STARKEY: No, no decrease, but the increase will not be as sharp. Now whether this will be affected by what happens on our testimony a week from today and concerning whether there has to be some absorption, the possibility of absorption, of more pupils who are now being educated in private schools is the big question.

SENATOR DUMONT: Mr. Starkey, where you say the absorption of private school pupils has dropped, or rather that they have dropped from 21 per cent to current 17 per cent, what is that time period - from 1964 to date?

MR. STARKEY: We figure out that the peak was back in the early '60's and stayed at around 21 per cent and there was no real apparent increase started until about two years ago when it began to drop relatively around 1 per cent a year. I would estimate that it is currently 17 per cent and -

SENATOR DUMONT: Do you have any forecast on this as to whether it is going to continue?

MR. STARKEY: I would predict that by '71-'72 which would be the year that this would be implemented, it would be running toward 15 per cent. It might be a little above but in that neighborhood.

SENATOR DUMONT: This is because of the closing out of parochial schools?

MR. STARKEY: Either closing out or inability to expand.

SENATOR DUMONT: Is it occurring in the sense of an entire school being closed or the phasing out of certain grades, such as first, second, third.

MR. STARKEY: That is something we cannot determine. The figures that are available are only statewide totals by the U.S. Office of Education and current breakdowns are not available.

SENATOR EWING: Thank you, Mr. Starkey. Mrs. Myra Malcovany.

M Y R A M A L O V A N Y: Assemblyman Ewing and members of the Senate and Assembly Education Committees, I am Myra Malovany, President of the State Federation of District Boards of Education and President of the Caldwell-West Caldwell Board of Education. On my right is Mrs. Ruth Page, Executive Director of the State Federation, and on my left is Mr. Chester Whitaker, Vice President of the State Federation and member of the Burlington Township Board of Education in Burlington County.

On behalf of the Federation and of the many representatives of local boards, some of whom you see represented in this Assembly Chamber today, I wish to thank you for this opportunity of presenting our views on Senate Bill No. 575.

Not all boards are in accord with all of the recommendations of S-575. This situation is not unusual; in fact, it is to be expected. Mixed approval probably exists to a greater or less extent in the minds of most people and agencies who have made a careful study of the bill.

Nevertheless, the Federation and its members are thoroughly in agreement that New Jersey schools are greatly in need of massive increases in state aid now. In spite of some reservations, we strongly support the so-called Bateman bill for immediate implementation in order for school boards to anticipate that aid in the budgets for 1971-72 which we will soon be formulating.

Our 1969 record of 170 budget defeats out of 524 must have some significance for the Legislature and the Governor as they consider implementation of S 575. This record number of budget defeats could surely have been predicted and is certainly understandable when we realize that school costs rose more than \$120 million in the 1968-69 year.

If S 633 had passed last year as the Federation and many others urged, districts could have anticipated a considerable infusion of new aid. Full implementation of "Bateman" last year would have meant that the state absorbed the \$120 million increase in the school tax and would have provided a margin for improvement of program.

Unfortunately for New Jersey's children, the political climate was apparently not ripe for early implementation of the bill, and New Jersey's local districts once more absorbed the enormous increase in school costs at the property tax level. Obviously the climate was no better at the local level, as was testified at the polls in February, when voters turned down budgets which had been negotiated, trimmed and trimmed again before submission.

We can only look to our next budget election with foreboding. The best estimates that are available to us predict that the increase in school costs for 1969-70 will be close to \$150 million. Some estimate that the increase will be higher. We do know that if costs continue to rise at the rate we have had in the past 5 years, we can expect total school costs in New Jersey to increase by \$1 billion by 1974.

It is for this same period that the Governor and Legislature are presently considering a piecemeal approach to a gigantic problem by implementing S 575 over a period of five years. Such a plan would bring to the schools approximately \$30 million in state aid in the first year and \$37 million in each of the next

four, depending on the classifications of school districts. Thus the total increase in state school aid over five years would approximate \$180 million to \$200 million to be applied to a total projected increase of \$1 billion.

The Federation is adamantly opposed to this piecemeal approach as totally inadequate. Though partial implementation of S-575 may seem to offer the Legislature a solution to the State's dilemma of meeting its financial needs, we must point out that the solution callously shifts the burden to the already overburdened property tax and too often makes the load disproportionately heavy for those least able to assume it.

Worse, it all but guarantees that there can be little improvement in the educational program of too many schools. The money raised at the local level at increasing cost to the taxpayer year after year will be used to pay fixed and built-in charges. Such a situation is unthinkable at a time when the cry everywhere is for innovation and change in education; when the cry is for relevance of program, for varied career opportunity, for remedial education for the disadvantaged, for nursery classes, for special education of the handicapped, the emotionally disturbed and the retarded, and for broader adult education opportunities.

These needs must be met or the deficit in education, especially of the urban and rural poor, will fall further and further behind. Actually S-575 as it now stands does not afford enough relief for the disadvantaged. The Federation

has advocated that income tax payments be used as a measure of wealth in determining a district's ability to support its schools. We continue to urge that further study be undertaken to incorporate family income as a measure of wealth to supplant or to supplement property valuations. Income as a measure of wealth would identify need wherever it existed. Welfare payments alone do not constitute a sufficient measure of need, and there are many pockets of poverty in our state outside of the urban areas.

We would also point out that we have continually urged improvement of our program for building aid. There presently exists a deficit of \$1.2 billion in meeting the need for new classrooms. Rising construction costs and high interest rates are rapidly discouraging boards of education and their constituents from undertaking building programs. The deficit can only increase.

While the program of making \$90 million available for districts on an emergency basis has been helpful to some few, the program does not offer any lasting solutions to the monumental task of replacing old, obsolete buildings in urban and some rural areas, nor does it offer much aid and comfort to boards in fast growing areas.

The Federation urges the creation of a school building authority such as has been established in other states. It is no longer enough to cry economy. School districts are doing without badly need classrooms. Children in our ghetto areas are constantly refaced with the misery and hopelessness of their

lives as they attend classes in rooms which duplicate the conditions under which they live. A school building authority offers a means by which boards of education can build classrooms as soon as they are needed. We ask careful consideration of our proposal and early favorable action on it.

Governor Cahill stated some months after his inauguration that he had been led to believe that New Jersey's fiscal condition was better than it is. The Federation believes New Jersey's public labors under a similar misconception. The penny-pinching policies of our past have produced enormous deficits in our public needs. We publicized these needs when we projected the need for a state sales tax. Unfortunately New Jersey's deficit was so large, the moneys from the 3% and now from the 5% sales tax were quickly absorbed.

People led to believe that they would have tax relief have asked where it is and have felt justified in turning down school budgets or building referenda. These same questions will be asked of any future new form of tax, if New Jersey does not begin at once methodically to meet the needs for public services as they arise.

Piecemeal implementation of S 575 can only mean that the deficit in public services will rise faster than the means for meeting them. It can only mean that some children, for reasons beyond their control, will be forever disadvantaged and a charge upon our society. It can only mean that New Jersey will drop behind and lose its place as a great state. The pressure from its

discontented masses will be vented in social disruption and in expensive litigation in the courts as these people demand equal opportunity.

Eventually, the burden must be met. We think fully implementing S 575 now would be a long step toward meeting New Jersey's education needs and reducing its backlog of public service to education. We believe continued study and amendment can improve the equalization of opportunity offered by the bill and can increase the state's sharing to at least 40% of the total cost of education.

Fully implementing the Bateman Bill now could represent a giant step forward in New Jersey education. It would be too bad if the Governor and the Legislature call for small steps only. We ask this Hearing Committee today to give heed to the plight of too many of our school districts and join the Federation and its many friends in urging the Governor and the Legislature to fully implement S 575 now.

Thank you.

SENATOR DUMONT: You show \$120 million increase from 1967-68 to 1968-69 and the New Jersey Education Association shows \$157 million increase. I presume that each of you thinks your figures are right but that is quite a bit of difference there - \$37 million.

R U T H P A G E: There is, Senator, and I think there is a question as to exactly what the amount is. We preferred the more conservative figures, although we were aware of estimates of \$150 and \$190.

SENATOR DUMONT: Now the other thing, on the question of school buildings, some districts under the guidance of their boards at the present time are attempting to hold down costs -

bring in what amounts to prefabricated buildings and I have been deeply concerned over the fact that the Department of Education or one branch of it is trying to tell those boards that they are attempting to bypass the voters by not going to a referendum for a bond issue. Yet these same boards are endeavoring to save the taxpayers money by using this approach, by not having architects, and by holding down on the costs of the buildings which they usually purchase on a lease purchase arrangement over five years. What is your feeling in respect to that?

MRS. PAGE: We would admit that boards are hard put to it and must use whatever means are available to them to use. If they are in trouble, it seems to me this is the only thing they can do and I think this is the best illustration we can give you that we need increased state building aid right now.

SENATOR DUMONT: Well, do you object to a board using that kind of system and do you subscribe to the position of Doctor Spare in the Department of Education that this is an attempt to bypass the approval of the people by way of a bond issue which we know would involve much more expensive buildings as a rule than prefabricated buildings.

MRS. PAGE: I think you are calling it by its right name and, of course, I am sympathetic to the plight of the board members. What are they going to do under the circumstances. That's why we suggested a School Building

Authority because in effect that is about the same kind of thing.

SENATOR DUMONT: Thank you.

ASSEMBLYMAN EWING: Francis G. Fitzpatrick, Mayor of Bayonne.

F R A N C I S G. F I T Z P A T R I C K: Honorable Members of the Committee, my message is mercifully brief here today. I am going to leave the discussion of the ramifications of this bill to Superintendent of Schools Hin who is more learned than I. However, I do want to just talk about one small item which is very important to the people of the City of Bayonne. Eighty-six per cent of our school budget is paid by local taxes in the City of Bayonne compared with 74 per cent throughout the State. Now I realize this is because of the school aid formula, but I want to call attention to the fact that cities such as Bayonne which have exercised good husbandry, which have kept their industries and their valuations, are penalized and do not receive the same aid such as the other cities. And I have no objection to other cities receiving the same, but we are surrounded by municipalities - Newark, Elizabeth and Jersey City - who do receive this aid, and as a result of receiving this aid they can raise salaries of teachers and employees - and I have no objection to that - but the City of Bayonne in the center of all this must compete with those salaries, and we must compete with the other

cities, and I hope that in this bill there will be no such discrimination. If it is, we are only going to create a condition that we are striving to eliminate.

The middle income people are going to leave cities such as Bayonne and, therefore, we will become a slum area. We will become a depressed area, with the result that the State of New Jersey will then have to increase its contribution.

I thank you for letting me be heard on this. I hope that there will be no such discrimination in this bill when you bring it out for final hearing. Thank you very much.

SENATOR DUMONT: Mayor, one question here. The report of the State School Aid Commission shows that Bayonne which in the current school year received \$915,700 in school aid would receive an increase of over \$1.3 million, which is considerably more than 100 per cent increase over what you are getting now. Are you contending that that is discriminatory?

MAYOR FITZPATRICK: Well, it is discriminatory if we put conditions. I don't know - there are many ramifications in here to be set up yet and I say that this is not discriminatory, but if all those rules and regulations that I read that may happen, the different things you are putting in here - I don't know what term to use on it - but I hope that it isn't changed, because too often - for instance, in the City of Bayonne 1/7th of our city is owned by the

United States Government, the Army base, and we have children at that base that go to our schools and we receive \$468 per pupil from the Federal Government, and it costs us nearly \$800 to educate those children and we have been refused money from the State of New Jersey and the Board of Education from the State's money. We are being discriminated against in many, many ways.

SENATOR DUMONT: Of course, that represents, based on your figures, 50 per cent of the total cost which is being contributed for those children by the Federal Government, whereas the average state aid at the present time is 27 per cent.

MAYOR FITZPATRICK: Well, of course, I agree with that but we only get 14 per cent in Bayonne.

SENATOR DUMONT: Of your total cost?

MAYOR FITZPATRICK: Yes, sir.

SENATOR DUMONT: That is what the \$915,700 represents?

MAYOR FITZPATRICK: Yes, sir. And I don't want anything like that read into this act and that is my purpose here today. Thank you.

SENATOR DUMONT: Thank you.

ASSEMBLYMAN EWING: Doctor Hin, Superintendent of Schools, Bayonne.

W I L L I A M G. H I N: Assemblyman Ewing,
the continuation and improvement of instruction in public
education has valid priority value for the people of
New Jersey and for the people of Bayonne. The urban City
of Bayonne lies between and adjacent to the State's two
largest cities. We function as an active, positive, whole-
some, interested and dedicated public school system in
this State. We need increased funds and resources to
invest in our children's education and in their future.

The national average of our other forty-nine States
investment aid to education is about 40 per cent, while
New Jersey's state aid currently to education is but
24 to 28 per cent.

My own twenty years' experience in New York State,
including five or more years as Superintendent of one
of the city's school systems in New York State, was in
the area directly neighboring New Jersey. It was in a
State which provided about 50 per cent of public school
funds from the State level to local school district
budgets. Equalization formulas in New York enabled
my own former city district to specifically receive well
above 50 per cent of its school funds from State sources.
The contrast with the two cities and States is naturally
personal and obvious.

The urban school system of Bayonne has need for much
more fiscal aid than is now provided by the State of
New Jersey. Currently we in Bayonne receive 13.6 per

cent of our school budget from New Jersey, thereby requiring between 85 and 86 per cent of our city school funds to be paid by city taxpayers and annual tax rates. We face the pressures of municipal and county overburden, the pressures of facility expansion and improvement, the affirmative need of improving the quality of education.

We here go on record as clearly stating that Senate Bill No. 575 should be approved without delay. Further, that expansion of the amount of State funding investment be given sincere, continuing and energetic attention. We respectfully submit that the State of New Jersey raise its 24 per cent of State aid ratio to some point above the national average of 40 per cent.

Our Bayonne citizens and educational staff are making substantial investments and contributions to the support of our schools. It is inequitable for us to receive but 13.6 per cent of our funds in our district from the State of New Jersey in light of our broad national ability to invest and provide over 40 per cent of school funds from State sources. Not only should Senate Bill 575 be the subject of prompt affirmative action, it should be supplemented by further financial aid for capital expenditures in our opinion. It should be expanded to incorporate the following: A State investment that is far greater than the projected \$30 million; a State investment well above the 40 per cent national average ratio; a State intent to utilize and rely on a regularized State formula for

support rather than any annual State decision policy; a budget planning year similar to the current fiscal planning calendar in use. Our chief interest is to maintain and improve the quality of education for our children, our youth, and our adult citizens in our district.

We commend Senator Bateman and his Commission for all of their work and their reflection on provisions that have a potential for improving education and for equalizing taxpayer costs, while we yet solicit their continuing attention to both those aims in greater amount.

Thank you for accepting our testimony.

SENATOR DUMONT: Dr. Hin, this increase of well over 100 per cent would actually raise Bayonne, I take it, to about 30 per cent State participation. Is that right, based on your present State aid?

DR. HIN: Actually the basic provision, Senator, would raise us by about \$330,000, as I understand the bill, this coming year. Actually that would not come to us until another academic year had passed and our inclusion as a basic district would not be at the \$1,306,700 figure which you have listed in the report, but in the initial year would be approximately \$300,000.

SENATOR DUMONT: Thank you.

ASSEMBLYMAN EWING: Thank you, Dr. Hin. I would like to announce that Senate President Ray Bateman who is Chairman of the School Aid Study Commission is unable

to be here today since he had to take a member of his family to the hospital, but he is going to be forwarding to the Committee a written report to be included in this over-all report.

Mr. Allan Krim, Chairman of the Instruction Committee, Newark Board of Education.

A L L A N K R I M: Gentlemen of the Legislature, it is my privilege and extremely serious responsibility to present these remarks to you on behalf of the Board of Education of New Jersey's largest city, Newark. It is a most serious responsibility because it is concerned with the educational fate of 78,000 children in our schools and with the hopes and the goals for those children held by the thousands of parents who send them to school to fulfill those hopes. It deals with the possibility of providing decent wages and working conditions for the almost 4,000 teachers and many additional hundreds of other staff members who work for our schools. It involves the problems of a school system, the overwhelming majority of whose pupils is made up of minority racial and ethnic groups - groups which are convinced, and the facts amply justify their conviction, that they have for altogether too long been short-changed in their right to share equally in the political, social, economic, and educational life of our State and Nation and who are determined that this must not and shall no longer be the fate of their children.

On January 5th of this year, a special Task Force on Urban Education of the Department of Health, Education, and Welfare submitted an exhaustive report to Secretary Robert Finch describing the problems of urban schools. Commissioner Marburger and Dr. Bernard Kaplan, Director of the Office of Planning of the New Jersey Department of Education both served on the Task Force. The report presented by the Task Force ought to become required reading for every member of this Legislature especially those of you sitting at this hearing today.

The report pointed out that the urban public school systems of our nation are in a moment of acutely dangerous financial crisis at precisely that period in our history when their educational needs are the most demanding in their history and yet when their students "hold fewer expectations of having those needs met than ever before."

The report stated, "Education in the cities simply costs more than education in the suburbs. Several factors are responsible for this. There are far more disadvantaged students in the cities than in the suburbs. It is a costlier job to effectively educate students whose poverty and low levels of family education are obstacles to that education."

"Yet the financial deterioration of the central city is ever deepening because of the patterns of population migration detrimental to the city coffers. High tax producers--members of business and high salaried population--are moving to the suburbs and are being replaced by an ever-increasing number of high tax consumers--disadvantaged persons who are concentrating in the central cities."

Newark has seen this change and accompanying financial deterioration take place more rapidly and more completely in the last decade than almost any other city in the nation.

Of course, the high tax-producers have not completely abandoned Newark-- they return to Newark to do their daily work by the thousands--and when they do come to Newark they do so almost exclusively as tax consumers not as tax producers. Every work day of the year close to one-half million of these non-Newarkers pour into the city and they help create costs that must be financed by the city's shrinking funds to provide them with police and fire protection, traffic regulation, health services, sanitation facilities, parking facilities, and other services. But though they accept, use and take for granted these services, and complain vociferously when they find such services lacking in any way, they pay their taxes--specifically, the taxes that maintain all such local services--to other communities, the communities where they reside. Though, as a rule, they are high-tax-producers in their home towns, they become high tax-consumers in Newark.

As a result of all of these changes, Newark's tax consumption has grown and far outstripped its tax productivity. At a time of great affluence in this state and nation, Newark's ability to maintain its needed municipal and educational services has declined sharply. This is especially devastating because the services and products needed to conduct and keep a big city and its school system going must be purchased at price levels characteristic of the current inflated economy. To add to the difficulty of the whole situation, large portions of our city have become tax-exempt quite recently in order to provide space for such facilities as the expanded Rutgers University in Newark, Newark College of Engineering, the Essex County Community College, the New Jersey College of Medicine and Dentistry, and new speed highways - all of which now and in the future will serve non-Newarkers far more than they ever will the citizens of our city.

But this is not the whole story yet. Over and above the problems emerging from a changed and changing socio-economic status of our population, the growth of tax-consumption over tax production, and the shrinking tax base is the whole problem of municipal overload. By that we mean that the tax income of Newark, as with every other municipality is spent not only on public education but on many other services--hospitals, fire departments, police, sewers, libraries, services to the indigent. The trouble is that Newark must spend so much proportionately more than do other communities. The United States Bureau of Census indicates that while the cost of this overload averaged about \$145 per capita in the suburbs surrounding Newark, in Newark itself the cost was \$299 per capita - more than double. The result, as it affected our schools, was that while Newark was able to spend only about one-quarter of its tax dollar on its schools, the surrounding suburbs were, with less difficulty, able to spend almost one-half of their tax dollar on their schools - and their school funds stretch much further in direct instructional services because, unlike the schools of Newark, they do not have to supply eye glasses, recreational services, dental care, and thousands of free lunches, breakfasts, and containers of milk every school day.

Put into a somewhat different context let us make a comparison between two communities. If you lived in Tenafly, you would only have to pay 56 cents in local taxes for every \$1.00 you have to pay in Newark. Yet, with only 56% of the local tax effort, Tenafly has enough to provide \$1.43 for

the education of each child for every \$1.00 available for educating a Newark child. But if there were truly any real social equity it would be just the other way around for in order to overcome the handicaps of social and economic deprivation, Newark should be in a position to spend double or even triple what it is spending for each pupil's education. Therein lies the tragedy - not only are the poor suffering from the effects of their poverty but, even worse, the whole structure of our social organization is so designed and operated as to reinforce and maintain that poverty.

Under the circumstances, it is a cruel hoax to dare suggest that there is anything remotely resembling true equality of educational opportunity for all children who attend the public schools of New Jersey. Not only has that never been true but even sadder - the disparities and inequalities seem to be growing worse and worse.

The aforementioned Urban Task Force was not exaggerating when it stated, "A recent survey of several selected large city school systems (and this included Newark) and a satellite suburban system indicates through approximate per pupil expenditures that the gap between a city and certain of its suburbs was startling. Far more money is being spent on the suburban child ----- than on the inner city child whose educational needs are greater and for whom extra school resources to meet them are fewer."

Whose responsibility is it to eliminate this inequality of educational opportunity? An inequality totally alien to a democracy - an inequality clearly forbidden by the basic philosophic document of our nation, the Constitution, in terms of the equal protection clause of the 14th Amendment.

Whose responsibility is it? Is it that of the people of Newark alone? To suggest such an answer is both calloused and without compassion. In a research report written by Netzer and Dick in 1969, entitled, "The Impact of the Property Tax," the research workers indicated that in terms of meas-

ures of tax effort in central cities of the 22 largest standard metropolitan statistical areas in the nation, Newark's per capita tax revenue as a percent of per capita income was the highest in the nation by far bar none. In practical effect, Newark's people are making a greater financial sacrifice to maintain their schools than any other major city in the nation--certainly far more than the suburbs that surround it. Newark is struggling to meet its responsibility but it has become impossible to keep up with it.

The responsibility is clearly that of the State of New Jersey which must help far more than it does to carry the burden. The members of this Legislature may possibly wish to point out that state aid to schools has been increased in recent years. And so it has--but not nearly enough. New Jersey still lags behind a majority of our country's states in this respect though its per capita wealth and income make it among the seven richest states in the nation.

In our formulas for state aid to schools, New Jersey does this by a subtle device of overstating the fiscal capacity of its large cities by using a tax base per pupil rather than a tax base per capita. This has a major effect because by concentrating only on the per pupil relationship to the tax base, the formula assumes that Newark's fiscal resources are equally available for educational purposes as those in its surrounding municipalities. This is totally fallacious and we have tried earnestly to convince you of that fact in this presentation.

Be that as it may, we come here today to support a program of increased state aid for public school systems - especially our own and such others as face the kinds of problems that Newark does.

There is little value at this hearing in reviewing Senate Bill 575 in step by step detail. The views and criticisms of the Newark Board of Education were carefully presented to the Legislature one year ago when

a joint Assembly-Senate committee conducted hearings on the recommendations of the Bateman Committee. We continue to maintain these views and criticisms. To refresh your memory we are presenting to you at this hearing copies of the statement we made at that previous hearing.

What we must stress here and now is that you must understand the fact that the present financial plight of the Newark public schools is a desperate one. This year we went through a long and bitter strike during all but two days of the full month of February and about 2500 of our teachers stayed out during this illegal work stoppage.

We were not happy with what the negotiation statute passed by the Legislature forced upon us, though we believe firmly in the process of negotiating with our employees. We might suggest that it is easy enough for you to pass legislation forcing school boards to negotiate with employees - it is not quite so easy to have to carry out such legislation back home. Please remember that when you passed this legislation you gave us no power whatsoever to undertake to bring to practical effect that which we may be forced to yield in negotiations. How can we really meaningfully negotiate teachers' salaries when we have not even the slightest independent power to raise the money needed to pay for such improved salaries and working conditions. Yet, if we refuse to negotiate we are charged with disregarding the law and acting in bad faith.

In order to end our Newark strike, we found it necessary to add large sums of money to a budget already large enough to raise the Newark tax rate substantially, and not confiscatory.

Please try to understand and avoid any unwarranted conclusions--in truth, the salary settlement we effectuated with our teachers was just about enough to bring us to relative parity with the salaries of other teachers in Essex County--not more. We are in no way near the situation which used to be true for Newark when our salary schedule for teachers was

the best in the nation. At that time we had no trouble in obtaining the finest teachers available. Our present proposed increase of salaries to teachers makes us just barely able to compete with the surrounding areas for teachers at the very best. What should actually be the case is that a school system such as ours should be able to outcompete its neighbors-- because we need the very best teachers to help compensate for the educational disadvantage that the children of the poor bring with them to our schools.

When we asked our city's government, through the Board of School Estimate, to provide us with these extra sums, they turned us down. As a result we are at present in litigation against our own city to try to force it to provide this extra money we are pledged to pay. Whether we win the case or lose it, Newark is in severe financial difficulty because the amount we are talking about is 21 million dollars.

Unless we can get that money either from the city or state or both, we are fearful that we will not be able to finish out the school year of 1970-71. If that should become the case, the consequences are hard to predict other than to venture that they will result in great anguish and turmoil in our city.

We, therefore, have come to plead with you that you act on this legislation or any other that will give us substantial assistance and that you do so with speed and regard for our needs. Moreover, we urge that you make the full force of any new state aid system operative at once rather than setting up a system based on a series of installments spread out over a number of years. Half a loaf may be better than none - but not when it is insufficient to prevent death from starvation! We need it all and we need it this year.

We remind you that with all of this aid - should you make it available, we are still seriously lacking in the funds we need for a full capital building and rehabilitation program.

We have come here - seemingly pleading and demanding a great deal - but that is not really the way to look at it. All we are asking for is that the State of New Jersey fulfill its obligations to provide every one of our children with an equal and an excellent education! We think it is owed our children - that and no less!

Thank you for the opportunity.

ASSEMBLYMAN EWING: Mr. Krim, back on page 3 of your statement you name some of the facilities up in Newark that serve non-Newarkers. Can you honestly say that the College of Medicine and Dentistry is going to serve non-Newarkers?

MR. BENJAMIN EPSTEIN: You are not suggesting, Assemblyman, that with only two possible medical schools in the State of New Jersey all the doctors are going to stay in Newark.

ASSEMBLYMAN EWING: No, but they are going to take care of patients there.

MR. EPSTEIN: I understand, but we are suggesting that these facilities will serve the entire State but when their buildings are erected in Newark, the buildings and the land on which they stand become tax exempt so that all the people in the State enjoy their product but the people of Newark pay for the enjoyment of all of the others.

ASSEMBLYMAN EWING: Certainly but also there will be a great deal of employment in that particular area up there, there is no question about that.

MR. EPSTEIN: We are not opposed to them.

ASSEMBLYMAN EWING: Also I feel very strongly that if Newark cleared up some of its own local mess and the way they run their local government, they would have more to give to education.

MR. EPSTEIN: We might suggest to you, Assemblyman, that we have urged again and again that the members of the Assembly who feel that we have messed know that the Legislature is empowered to take action and so is the Prosecutor. I don't think the children in the Newark schools should pay the tariff.

ASSEMBLYMAN EWING: No, but if some citizen with a strong back and with backbone in him would get up and throw out the type of government that is going on in Newark now and take things in their own hands and put some decent people on the committees, etc., maybe you could find more efficiency and money available.

SENATOR DUMONT: You indicate in here that you are spending \$299 per capita and \$145 per capita from the overload. What do you do about supervising this expenditure of money? In other words, you say that you have only 25¢ of your tax dollar available for your schools. In most municipalities it is 70 or 80¢ of their tax dollar goes into their schools. Why does

yours happen to be that low?

MR. KRIM: Senator, you are raising a question with people from a school system and a school board. We are not the municipal government, as you well know. There is, nevertheless, overload. We do have to provide a tremendous number of services in cities. This is characteristic of cities throughout the entire nation; it is not a peculiarity of the City of Newark.

SENATOR DUMONT: Why does it have to be, as I recall this statement, the highest of any city in the Nation?

MR. KRIM: Senator, one-third of all of Newark is tax exempt and one-third is the Port Authority and only one-third of the rest of our land is available for taxation.

SENATOR DUMONT: Well, that is true but at the same time -

MR. KRIM: And that is different from any other city in the nation.

SENATOR DUMONT: It is not different, however, from any other municipality in New Jersey, because in several municipalities we have over one-third that is tax exempt.

Now one other thing here. Newark presently receives in the present school year \$18.3 million in State aid. This is in round figures. What does that represent by way of percentage to your over-all cost of public education in Newark?

MR. KRIM: It is less than one-fourth.

MR. EPSTEIN: Over 30 per cent, Senator.

SENATOR DUMONT: Now you would receive under the Bateman Commission Report almost a doubling of that aid which, in other words, would take you up to about 60 per cent of your total school cost. Is that right?

MR. KRIM: That may be right but, Senator, I might suggest you check what it would do to some of our suburbs. It would go much more than double.

SENATOR DUMONT: Here is the report. On page 73 it breaks down all of the Essex County municipalities. It shows today, for example, that the Essex County municipalities as a whole - this is the present school year - get 28.3 million, of which \$18.3 million is going into the City of Newark alone, and that the increase under this report would be \$17.8 million for the City of Newark, which again is over 50 per cent of the entire increase for the whole county of Essex, and if the present amount of State aid represents over 30 per cent or about 30 per cent of your total cost, then you would go to approximately 60 per cent. We are trying to get the statewide average under this legislation up to 40 per cent.

MR. EPSTEIN: May I suggest, Senator, that that 60 per cent figure is no longer valid. The figure is no longer valid because of the fact that as a result of our strike, as a result of a wage increase in the county which we are trying to compete with in terms of getting teachers - our budget for next year we indicate will have

to be \$21 million above what it was, so it will now be \$84 million. The \$36 million will not make that change in percentage. You forget, for example, that when prices go up, these percentage go down.

SENATOR DUMONT: \$36 million as related to \$84 million is still about 40 per cent, which is what we are endeavoring to get by way of a statewide average.

MR. EPSTEIN: I agree with you and I think that we ought to be something nearer our neighboring State New York which is a higher percentage.

SENATOR DUMONT: It might interest you to know that the nationwide average of the States is between 40 and 45 per cent, the State aid to the total cost of public education.

MR. KRIM: I might suggest, Senator. I don't want to argue with you but if we went up, the national average would go down a little bit.

SENATOR DUMONT: What is your minimum starting salary under your new contract?

MR. EPSTEIN: \$8,000.

ASSEMBLYMAN CURCIO: What is the present budget for the school district in Newark?

MR. EPSTEIN: \$83 million, going up \$14 million as of July 1st.

ASSEMBLYMAN CURCIO: The current budget.

MR. EPSTEIN: The current one was in the neighborhood of \$64 million.

MR. KRIM: Which will be completed this July 1.

ASSEMBLYMAN CURCIO: So that your representation of \$18 million in state aid being 30 per cent is not correct. Is that right?

MR. EPSTEIN: I said it is over 30 per cent.

ASSEMBLYMAN CURCIO: Actually it would be less than 30 per cent.

MR. EPSTEIN: Yes, I'm sorry.

ASSEMBLYMAN EWING: Thank you.

Dr. Ralph Barone, Mayor of Woodbridge Township.

R A L P H B A R O N E: Thank you, Mr. Ewing, for hearing me.

On April 27th I led a fair share caravan of over 300 people to the State House and presented to Governor Cahill a letter which is a short summary of our views in Woodbridge and updates my testimony of last year before this Joint Committee. I would like to read it to you and fill in in some places.

"On behalf of the 100,000 residents of Woodbridge Township, I hereby request your assistance in helping relieve our property taxpayers, who now pay 70 per cent of each tax dollar for education, of some of the excessive burden placed upon him by a drastically inadequate amount of state aid for schools. Despite the statewide average of about 30 per cent of each school district's budget being assisted by state aid, our township schools get only 17 per cent of their budget revenues from state money. This

means that the taxpayers of our school district, which is the fourth largest in New Jersey, are unfairly getting just a little more than half of what other school districts receive in state financial aid.

"Our school budgets during the past four years have increased from \$12-1/2 million to \$20 million with accumulative increase of \$19-1/2 million in additional costs since 1966. In the same four year period, we have also experienced an aggregate loss of \$4 million in decreased formula state aid. This comes about by the fact that in the first year of the sales tax, 1966-67, Woodbridge's school budget was \$12.6 million and we received \$2.7 million in aid.

"In the coming year, 1970-71, Woodbridge's budget will be \$19.9 million but our aid to education will be only \$1.6 million.

"This means that while our school costs in Woodbridge Township have risen by \$19-1/2 million, we have actually received \$4 million less in formula state aid. In other words, our property taxpayers have been squeezed by \$23-1/2 million in increased cost and decreased aid.

"Therefore, we plead to you, please recommend to the Legislature at least a one-third implementation of the Bateman-Tanzman bill this year. Without such additional school aid, there will be still more elderly persons and others on fixed income who will have their homes confiscated by excessively overburdensome property

tax increases."

Gentlemen, I repeat the same appeal to you, the Joint Legislative Committee. Thank you for hearing me.

SENATOR DUMONT: Why, Mayor, has your state aid been going down? Is it because of the fact that your ratables have gone up?

DR. BARONE: It is because of the fact that the current formula is a drastically and outrageously inadequate formula. What has happened in the years of 1967-68, the two years then following, - we did receive additional income through industry, but because of the formula we lost \$2.25 in aid to education for every \$1.00 of new taxes that was brought in.

SENATOR DUMONT: Well, the present formula, as we well know, is tied in quite closely to transfers of real property and if there are transfers, as there are in many districts, that are out of line because somebody pays more for a property than a native of that area, for example, would pay, you can always take an appeal based upon transactions that perhaps should not have been included. Now is that part of the reason why your state aid has gone down?

DR. BARONE: No, it is not. It has to do with the inadequacy of the formula and the way it's designed.

SENATOR DUMONT: The increase that you would get from this proposal in Woodbridge, which is about 150 per cent increase over what you get now, would amount to

what percentage of your total expenditures?

DR. BARONE: It would amount then to about 35 or 40 per cent.

SENATOR DUMONT: All right. Thank you.

ASSEMBLYMAN EWING: Mayor, what was the actual dollar figure you received four years ago from the State.

DR. BARONE: Four years ago? \$2.7 million, 1966-'67.

ASSEMBLYMAN EWING: And what did you get this year?

DR. BARONE: This year, \$1.6 million. And next year, \$1.6 million is what we anticipate.

ASSEMBLYMAN EWING: It's a decrease of \$1.1 million then.

DR. BARONE: Right.

ASSEMBLYMAN EWING: Cumulative. I thought maybe you had been getting eight or ten million and you had gone down to four or six million.

BERNARD FREEMAN: Each year the taxpayers have to absorb that decrease in the amount of state aid in additional property tax increases.

DR. BARONE: For the first two years preceding the sales tax, we lost the \$1 million. We are now a minimum state aid district.

ASSEMBLYMAN EWING: But in Woodbridge, haven't you had a tremendous increase in the number of industries?

DR. BARONE: We have had an increase in industries but -

ASSEMBLYMAN EWING: How have your evaluations changed? What were they in 1966-67?

DR. BARONE: The valuation changed by about \$10 million. As I say, what has happened in those two years, for example, is that for every dollar that we brought in in new taxes through the increase in industry coming into town, and we have been successful and very successful in bringing in industry - but for every new dollar that we got from that source, we lost two and a quarter dollars through the way this formula is set up.

SENATOR DUMONT: Mayor, you said \$1.6 million but this booklet here, which breaks down all the municipalities, shows that in this present school year the formula, plus the \$25 across the board, which took effect about a year ago, Woodbridge is getting \$2,171,400.

DR. BARONE: That, Senator, has nothing to do with the formula. I was talking about the formula.

SENATOR DUMONT: It says "formula plus \$25." You said \$1.6 million. You were not including the \$25.

MAYOR BARONE: That's right. Nor did we in the \$2.7 million.

SENATOR DUMONT: Yet you are still getting the \$25.

ASSEMBLYMAN CURCIO: I have some questions. What has happened to the total tax rate in your community over the past several years?

MAYOR BARONE: It went up by about 230 or 240 points over the last two years.

ASSEMBLYMAN CURCIO: So what is your present tax rate at the present time, for 1969-70?

MAYOR BARONE: For 1969-70, it is 790. However, we have had a re-evaluation program so it will now drop to 570.

ASSEMBLYMAN CURCIO: It will drop to 570 in 1970?

MAYOR BARONE: Because of re-evaluation, yes.

ASSEMBLYMAN CURCIO: What was your tax rate in 1969?

MAYOR BARONE: In 1969 it was 790 - that was last year.

ASSEMBLYMAN CURCIO: How about 1968?

MAYOR BARONE: In 1968 it was, as I recall, it was something like 740 and it was 620 or 630 the year before that.

ASSEMBLYMAN EWING: When was the last re-evaluation?

MAYOR BARONE: This year.

ASSEMBLYMAN EWING: Prior to that?

MAYOR BARONE: 1959.

ASSEMBLYMAN EWING: That would be 11 years ago.

MAYOR BARONE: We have had a re-evaluation that will go into effect this year.

ASSEMBLYMAN EWING: That's quite some time ago, 1959.

MAYOR BARONE: Yes, 10 years ago. I don't think we are any different from any other community. We have had two re-evaluations, total re-evaluations, and there are very few communities that have gone through it the second

time.

ASSEMBLYMAN CURCIO: What ratio to true value are you now assessing?

MAYOR BARONE: Fifty per cent of true value.

ASSEMBLYMAN CURCIO: And on that basis your rate is 575?

MAYOR BARONE: It will be about 570, exclusive of fire districts.

ASSEMBLYMAN EWING: Thank you very much, Dr. Barone. The last person before the luncheon break will be Dr. William W. Ramsay.

W I L L I A M W. R A M S A Y: Assemblyman Ewing, Senator Dumont, and members of the Committee, I am Bill Ramsay, Executive Director of the New Jersey Association of School Administrators. I wish to express the appreciation of our membership for this opportunity to present our thinking regarding Senate Bill No. 575. We would like to commend the Chairman of the State Aid to School Districts Study Commission, and the members of the Commission, for their efforts in the development of a State aid plan which serves as a basis for this bill.

When we testified on Senate Bill 633 last year, we requested that additional weighting be placed upon the AFDC children. We are pleased to learn that S-575 has been amended to provide for increasing the weighting of AFDC children from .5 to 1. Although the AFDC factor may not represent the most reliable index for providing additional funds for the education of socially and economically disadvantaged children, it does indicate a recognition of the needs in this particular area of education.

We continue to be uncertain, as we testified on S-633 last year, that all funds intended for the "disadvantaged" programs will be so utilized. It may well be that experience will call for the adoption of a categorical approach for these programs. In any event, mobility makes the disadvantaged child more a responsibility of the State than of the local community. If his educational progress and personal development are not encouraged and fostered by every means, the entire State will suffer.

We note that another amendment to S-575 calls for an increase in weighting for vocational pupils and also takes into consideration the pupil who attends vocational school on a half-time or shared time basis. The high costs of vocational programs certainly justify this amendment.

The New Jersey Association of School Administrators recognizes that, as of this date, Senate Bill 575 is the most encouraging State aid bill to be proposed in New Jersey. We endorse it in substance, and offer the following recommendations:

1. We recommend that S-575 be fully implemented within the three year period originally recommended by the State Aid Study Commission. The amount of \$30,000,000 a year, as proposed in the Governor's five-year plan will have little or no impact upon many of the State's school districts.
2. We recommend that private school aid proposals not be attached to S-575. We are aware that we will have an opportunity to speak at length on this subject at the hearing on June 16.

3. It is regrettable that the formula proposed in the bill contains no provision to compensate for the problem of municipal and county overload. This problem is especially acute in some of our larger and older cities.

We recognize that the Commission, after considering several proposals, has recommended continued study of this problem. We recommend that this study be given priority and that any necessary modifications in the formula be made in the near future.

4. Section 4 of S-575 requires the secretary of a board of education annually, on or before October 15, to file with the Commissioner the estimated budget for the ensuing school year. In our judgment this is much too early in a given school year to develop, with fiscal responsibility, a budget for the following year.

Boards of education are generally involved in the fall with negotiations and have not clearly established priorities and determined needs for the next school year.

We recommend that S-575 be amended to permit a budget deadline of December 31. We recommend also that Section 8 of the bill be amended to permit an upward recalculation of State aid when the local current expense tax appropriation is increased above the amount shown in the estimated budget of December 31.

5. We are pleased that S-575, in Section 11, calls for the use of a weighted pupil factor in computing capital reserve. Since city,

suburban and rural school systems, however, are in desperate need of building funds, the State will have to make an additional effort to provide building fund assistance. This assistance may have to go beyond the present emergency building fund program. Today's emergency appears to be tomorrow's norm.

6. Senate Bill 575 does not provide funds for those districts which may find it fiscally improbable, if not impossible, to move from a lower to a higher classification. Boards of education, in these districts, will face great difficulty in persuading the voters to provide them with additional funds needed for the experimentation and innovation which precedes programming. In this regard, the plan appears to make the rich richer and the poor poorer.

If city and rural school districts with severe problems are to improve, some initial funding from the State will be required. This funding could be in the form of planning grants, approved by the Commissioner, along the lines of the present Title III of Public Law 89-10. Additional funds should then be available to enable a district to carry on a program for at least a year before the district is expected to fund it.

Without this kind of initial assistance, many districts may be impeded in their attempts to move to higher classifications.

7. Coupled with classification is accountability. We believe that the Legislature, as well as the local citizens, has a right and a responsibility, to look for results in the schools of the State. This is the greatest strength of the public school system.

Accountability, leading to classification, should be based upon a meaningful evaluation. We do not support the kind of unilateral evaluation called for in the New York State Regents Examination. We do support a mutual evaluation similar to that of the Middle States Association, where the broad proposals and objectives of a program, in addition to the specifics, are examined.

There will be great pressures upon a school system to move upward in classification. The re-classification of districts will involve millions of dollars. The criteria utilized then, for re-classification decisions, should be carefully thought out. We recommend that the Commissioner tap the State's resources, educational and otherwise, in arriving at a determination of criteria.

We realize that the full implementation of S-575, including our recommendations for additional funding, calls for the expenditure of great amounts of funds. We do not envy the task of legislators in seeking ways of raising these funds. When we recognize, however, the alternatives, should this bill not be approved, the amounts of money called for pale in significance.

Last year when we testified on Senate Bill 633, we emphasized that the income tax appeared to be the significant tax needed to support the State's public school programs. We suggested that the Legislature provide leadership in obtaining public support of such a tax. This year we will not be that presumptuous. We will say only that the Legislature has its job "cut out for it." The Legislature should decide how to best fulfill these needs. The New Jersey Association of School Administrators will give you full support in meeting the needs of public education in New Jersey. Thank you.

SENATOR DUMONT: What is the present budget deadline?

DR. RAMSEY: I believe it is close to December 31. I think we have a hearing generally at the end of January.

SENATOR DUMONT: Do you have any problems with the question of classification? My recollection is there were some at least mild criticism about the bill with respect to the various classes proposed.

DR. RAMSEY: Last year when there were three classifications, we had some question about a district moving I think then from standard to intermediate, or what have you. We have talked on a number of occasions with the Department of Education people and we have reason to believe it can be worked out. We are concerned strongly about the evaluative criteria, however.

ASSEMBLYMAN EWING: We will now break for lunch and will commence again at one o'clock.

[R E C E S S]

AFTERNOON SESSION

SENATOR DUMONT: The hearing will please come to order. We are going to resume in the absence temporarily of the Chairman of the Assembly Education Commission, John Ewing, who has a couple of problems to look after for his constituents, but he will be back shortly.

Mr. Herbert Harrison, President of the Essex County Association of Boards of Education.

HERBERT HARRISON: Testimony in support of S 575 on behalf of the Associated Boards of Essex County.

Mr. Chairman, and members of the Joint Education Committee, I am Herbert Harrison of 210 Passaic Avenue, Roseland, New Jersey, President of the Associated Boards of Essex County, representing the 22 Public School District Boards of the County, which has a public school population of 176,693 pupils.

The Executive Council of the Associated Boards of Essex County, at its last regular meeting, instructed me to poll each board as to its position on S 575 and to prepare and present to you at this hearing testimony based on the results of this poll.

Almost every type of school district organization is represented in Essex County. We have four elementary districts, 16 kindergarten through 12 districts, one regional high school district, and a County Vocational school district. Among those districts which firmly support S 575 is Newark, the County's and State's largest school district, and Essex Fells, the smallest school district in Essex County. Strong

support for S 575 in this County is to be found in suburban as well as in the urban school districts.

The chart which I have prepared for and distributed to you provides pertinent testimony to the high degree of support of S-575 within the school districts of Essex County. Of Essex County's 22 public school districts representing 176,693 school children, 18 district school boards are in favor of S-575. Two school districts representing 3,823 pupils are opposed to this legislation, and two school districts representing 3,606 public school pupils took no position on S-575.

Those district boards which expressed opposition to this bill are not opposed to the formula provisions of S-575, but expressed reservations against the powers granted to the Commissioner of Education. We were unable to get an expression of opinion on S-575 from two of our boards because their meeting schedule would not permit full expression of opinion by all board members.

Local board support in favor of S-575 is overwhelming in Essex County. Ninety percent of the district boards expressing an opinion on this Bill are in favor of it. The public school population of those local school districts which support S-575 is over 95% of that of Essex County.

Therefore, on behalf of the Associated Boards of Essex County, I urge full and immediate implementation of the provisions of S-575, and I pledge to you the continuing active efforts of the Associated Boards of Essex County towards its passage. Thank you for giving me this opportunity to testify today.

CHART TO ACCOMPANY TESTIMONY ON S-575 BY ASSOCIATED BOARDS OF ESSEX COUNTY

	<u>For</u>	<u>Against</u>	<u>No Position</u>	<u>Pupil Enrollment</u>	<u>Comments</u>
BELLEVILLE	X			5,776	
BLOOMFIELD	X			8,437	
CALDWELL-WEST CALDWELL	X			4,237	
CEDAR GROVE		X		2,803	Not opposed to the formula but opposed to the wide powers granted the Commissioner in implementing the Bill.
EAST ORANGE	X			11,545	
ESSEX FELLS	X			342	
FAIRFIELD		X		1,020	Opposed because of powers granted the Commissioner of Education.
GLEN RIDGE	X			2,279	
IRVINGTON	X			7,514	
LIVINGSTON	X			8,094	
MILLBURN	X			4,393	All 9 members agreed as to the need for this legislation. Five, however, questioned the strength in Commissioner's hands in implementing this Bill.
MONTCLAIR	X			7,818	
NEWARK	X			77,130	
NORTH CALDWELL			X	725	Unable to arrange a meeting of a majority of the Board.
NUTLEY	X			5,874	
ORANGE	X			4,263	
ROSELAND	X			568	
SOUTH ORANGE-MAPLEWOOD	X			8,063	
VERONA			X	2,881	Unable to arrange a meeting of a majority of the Board.
WEST ORANGE	X			8,398	
COUNTY VOCATIONAL	X			2,485	
WEST ESSEX REGIONAL	X			2,048	
Total Districts	18	2	2	22	
School Population Represented	169,264	3,823	3,606	176,693	

SENATOR DUMONT: Assemblyman Curcio?

ASSEMBLYMAN CURCIO: No questions.

SENATOR DUMONT: You say two boards were opposed and I gather that Fairfield is one of those, but I am not quite clear as to which the other would be.

MR. HARRISON: On the last sheet - Fairfield and Cedar Grove were opposed.

SENATOR DUMONT: But that is opposed because of the powers granted the Commission only.

MR. HARRISON: That's right. That was their position.

SENATOR DUMONT: Thank you.

Mr. S. J. Williams, President of Salem County Associated Boards of Education.

M R. S. J. W I L L I A M S: I am Jay Williams, President of the Upper Pittsgrove Township Board of Education and current president of the Salem County Associated Boards of Education. It is my pleasure to comment briefly this morning on the necessity of the implementation of S 575 as we in Salem County see it.

Salem County, as you may know, is one of the poorer counties in our state regardless of what yardstick is used. We lack industries and we lack the ratables. Yet we have over 15,000 pupils to educate in our public schools and we desire to do every bit as good a job as some of our neighboring counties who have greater resources.

We would offer these facts as proof of our relative position. Last year, the 1968 - 69 school year, the New

Jersey average equalized value per pupil was \$35,103. The most any district in Salem County could muster behind a student was a little over \$25,000, and our county average was only \$18,136, just about half the State average. Two of our districts had fewer than \$15,000 behind each pupil. Thus you can see how vitally the guaranteed valuation feature of this bill will be to us. Even if we were to only achieve the level of basic districts, our average in Salem County would nearly double under this proposal.

We also welcome and need the added state revenues which would accrue to our districts through the weighting of pupils. We all know that some types of classes and students cost far more than the basic program, yet we both need to, and want to, provide these types of programs.

Many of us in Salem County feel that the guidelines for districts should be a part of such a bill. However, we really do not fear such guidelines. No school board exists in this state that does not wish to do the very best job possible for all the children of its area. Yet we all feel the stress of going constantly to our local taxpayers for more funds. Last year the average New Jersey district used 55 per cent of its total property tax levy for schools. In Salem County we used 61 per cent and in my home district it was 68.4 per cent, the highest in the county. We do not feel that any child should have an inferior education because of where in our state he or she happens to live. Yet it takes a greater effort for some of us to "make it" just up to

the average. Counties like Salem are making the grade but are working far harder to do it.

These are really only a few of the reasons why we in Salem County support S 575. We do not know where the funds will come from, but we do feel that this is a vital first step toward a fairer and better educational program for all students of all the people in New Jersey's public schools. Thank you.

SENATOR DUMONT: Assemblyman Curcio?

ASSEMBLYMAN CURCIO: No questions.

SENATOR DUMONT: Thank you very much.

Mrs. Ruth Glick, President, Public Funds for Public Schools of New Jersey.

M R S. R U T H G L I C K: Thank you, Senator.

Public Funds for Public Schools of New Jersey is an association of eighteen civic, educational, and religious organizations whose names are listed on the back page of this testimony. We have a combined membership of more than 264,000. These organizations share the belief that the American system of free public education is essential to our economy and to our democratic form of government.

We recognize that New Jersey has failed in its obligation to fund adequately its own public schools, and has thus limited many educational opportunities for its children. Our organization has urged more State financing of public education, distributed according to the greatest need, and, therefore, we are delighted to support Senate Bill 575, known as the "State School Incentive Equalization Aid Law."

We strongly endorse the broad State School Support Program on which this Bill is based. Our focus will be primarily on the Study Commission's Report on the Purposes, Criteria, and Recommendations for a Sound State Support Program.

We believe that the Report accurately defined the basis for State support of public education when it stated: ". . . the over-riding consideration is that education be improved through a program of State support."

It is our view that the Legislature should emphasize this statement to the general public when the Support Program is explained to residents throughout the State, so that, in the words of the Commission's Chairman, ". . . an informed public will assist . . . in the money-raising efforts."

In order to provide an effective education for the children of New Jersey, our organization agrees that the State will have to develop and improve a variety of approaches to the diversity of students in its public schools. Creative programs require specially trained personnel, from staff as well as community. Efforts to improve the quality of education must begin with improving the quality of teacher education, both in training and on the job. All of these programs for our public schools require money. We think the results are worthy of the expenditure. We might add that the expenditures recommended in the Bill are both reasonable and prudent, especially in view of the many long-standing problems afflicting our schools.

The thirteen Criteria in the Commission's Report provide valuable proposals for accomplishing major educational goals. It

is our belief that some guidelines relative to these goals should appear in the text of Senate Bill 575, and that certainly the philosophy underlying these criteria should be reflected in the language of the Bill, perhaps in an introductory statement, and we would so recommend.

Since one of the concerns of our organization is the improvement of the quality of public education, we are particularly interested in one of the criteria, which states: "The program encourages experimentation, innovation and evaluation in all districts. It also provides incentives to improve educational goals and to achieve them." Among these creative approaches to problems of learning could be challenging new provisions for continuing teacher education and training; improved team teaching; individualized instruction for children with varying levels of achievement, in rural, suburban, and inner core schools; and an inevitable improvement in the teacher evaluation process throughout the State.

Over the years, many school districts have been hampered by a lack of funds in their efforts to institute innovative programs geared to helping their students learn more effectively. We are glad to note that the State Support Program has flexibility, with a "built-in factor for financial change", and this is reflected in the proposed Bill. Has the Legislature projected and provided for the amount of additional monies needed to fulfill this commitment, in the event of rising educational costs?

The program also "recognizes that extraordinary expenditures are necessary in certain districts." The proposed Bill includes this consideration, yet we are concerned that the Legislature does not plan to implement this commitment to any significant degree.

We say this because we understand that, although the Report recommends a period of three years for putting the plan into full effect, a period of five years is now being considered for implementation. Since New Jersey has been remiss for so many years in its responsibilities to its public school children, and since our city schools are plagued by such serious problems, how can this Legislature delay any longer the educational benefits now in its grasp? We cannot urge you strongly enough to implement this aid within a three year period.

Further, the estimated cost of this State Support Program was \$180 millions when the Final Report was completed in December 1968. Since that time, rising costs have increased the estimate to \$200 millions. By the time the Act takes effect on July 1, 1971, our economy may have experienced additional rising costs. Under those circumstances, we question why the Legislature, according to published figures, plans to appropriate only \$30 millions for school support during 1971-1972?

Is this Legislature saying that there is insufficient money to support our public schools, in the face of the Governor's announcement of a \$75 million surplus?

In view of the dire needs of public schools throughout New Jersey, and the very important help which Senate Bill 575 would provide, we urge the Legislature to designate such aid to public education as its top priority. To make this priority a reality, we strongly recommend that most of the surplus of \$75 millions be allocated to fund the first year of this State Support Program. This would mean that, on the basis of the 1970 estimated total cost of the program at \$200 millions, appropriated over a three-

year period, the cost of the first year would be almost \$70 millions. Of course, this annual estimate would be subject to revision if costs increased or decreased in the three years during which the program would be implemented.

Public Funds for Public Schools of New Jersey has been deeply concerned by the previous official lack of commitment to public education in our State. We welcome Senate Bill 575 as a most worthwhile measure to improve the quality of public education for the children of New Jersey. In order to initiate this Program and to achieve its goals, we believe that the proposals for State Support of education should be implemented within three years and at the reasonable costs recommended in the Commission's Report. Thank you.

The eighteen member organizations are:

American Civil Liberties Union of New Jersey
American Jewish Committee
American Jewish Congress
Americans for Democratic Action
Americans United for Separation of Church and State
Anti-Defamation League of B'nai B'rith
Fair Lawn Citizens for Public Schools
Jewish Community Relations Council of the Jewish Federation
of Camden County
Community Relations Committee of the Jewish Community Council
of Essex County
National Council of Jewish Women
New Jersey Association of Reform Rabbis
New Jersey Catholic Layman's Association
New Jersey Conference for Seventh-Day Adventists
Scotch Plains-Fanwood Association for Good Schools
Teaneck Citizens for Public Schools
Union of American Hebrew Congregations, New Jersey Council
Unitarian-Universalist Churches--New Jersey Council
Ethical Cultural Society of Bergen County

SENATOR DUMONT: Assemblyman Curcio?

ASSEMBLYMAN CURCIO: I have no questions.

SENATOR DUMONT: Mrs. Glick, in recommending that most of the surplus of \$75 million be allocated, there is only one thing I might mention to you. We have to be careful here that we don't get our surplus down to a point in any given year that we cannot take care of the contingencies that you cannot foresee when the Appropriations Bill is being drafted. For example, if we get into flood damage as we often do on one of the rivers of the State, the Delaware, the Passaic, whatever it may be, and we have an encephalitis epidemic as we had once or twice at some of the seashore counties, considerable amounts of money have to be withdrawn from surplus and it is dangerous to take it down too low. I don't think we have gone through a year when we didn't have certain emergencies or contingencies arise that necessitated taking something out of surplus and in a state where the budget is about \$1.6 billion, we usually figure that it is getting a little bit unsafe if it goes much below \$40 or \$50 million in the course of planning budgetarily for a year.

MRS. GLICK: Don't you provide funds for just these emergencies in your budget?

SENATOR DUMONT: No, we do not. Everything in the budget is spelled out on a line-item basis and therefore there is nothing available except what is left in surplus. I might add we cannot operate under our Constitution the way the Federal government does on deficit financing and I am

glad we can't for your sake particularly because we have to provide the revenues to finance the operation of the State. There can be no deficit financing. They have to balance out.

ASSEMBLYMAN CURCIO: Then too, if I may comment, Senator --

SENATOR DUMONT: Go ahead.

ASSEMBLYMAN CURCIO: -- this is only an anticipated surplus provided the revenues which are anticipated come up to expectation. There is a possibility, however remote, that perhaps the sales tax will not produce the anticipated \$500 million. Let's assume it comes up to only \$470 million, then we would have the problem that we wouldn't have enough money if we appropriated to the penny what is anticipated in revenues. That is the reason for the built-in cushion of a surplus.

MRS. GLICK: I don't want to discuss another kind of aid in this hearing because that will come next week. But I do want to call your attention to our believe that public education needs top priority and that if money is tight in the State of New Jersey, any allocation to private education should not receive top priority and for your own thought, this might be put aside for next week's hearing when you will be discussing the needs of other schools than public.

ASSEMBLYMAN CURCIO: Well, the comment that I made, Mrs. Glick, was with respect to appropriating \$70 million of the anticipated \$75 million, which I think would not probably meet with the approval of the Legislature for sure.

SENATOR DUMONT: Your organization will be making a statement next week?

MRS. GLICK: Right.

SENATOR DUMONT: Thank you very much, Mrs. Glick.

Mrs. Ann Merchant, Federation of New Jersey Taxpayers.

M R S. A N N M E R C H A N T: I am speaking on behalf of both the Federation of New Jersey Taxpayers and the Hunterdon County Citizens and Taxpayers Association, a founding member of the Federation. For anybody who hasn't heard of the Federation, I would like to mention here that a message from Ronald Kidwell, President of the Federation of New Jersey Taxpayers, will be broadcast on WOR-TV, Channel 9, 14 times, on Wednesday and Thursday of this week, 9:30 and 11:30 in the mornings, 3:00 o'clock, 7:00 o'clock, 9:00 o'clock, 11:00 o'clock and 1:00 A.M. Anybody who is interested in a state-wide group which is really trying to represent the unrepresented taxpayer, please make a point of looking at TV on Wednesday and Thursday, Channel 9.

The Federation represents taxpayers organizations throughout the State. We speak for the unheeded majority, the lower and middle-income taxpayers - the ones who bear the brunt of the folly, mismanagement and corruption of government in New Jersey. We are the people who cannot afford to send our children to private schools when our public schools become blackboard jungles.

S 575 seeks to implement the report known as the Bateman Report. This report's basic aim is identical with

that of the now discredited Mancuso Report, namely, elimination of the small school districts, imposition of statewide uniformity and complete State control of education. Whereas the Mancuso Report wanted to do this by legislative mandate, the Bateman Bill is more subtle - it recommends instead the use of bribery. The money to be used to bribe us will be our own. Though nobody dares say so yet, it will come from an income tax. The Governor's so-called Blue Ribbon Tax Commission should more honestly be called the Governor's Blue Ribbon Income Tax Commission, for its sole task, as you all know, is to brainwash us into swallowing an income tax. Passage of the Bateman Bill would greatly help the brainwashers' task.

The Federation opposes any new taxes, but even if it did not, it would still oppose this bill for its totalitarian philosophy and for the falsity of its two basic premises. S 575 refers to six different categories of school districts and gives one appointed bureaucrat, the Commissioner of Education, the right to determine the criteria for these categories. Still worse, the Commissioner is also given the power to grant or withhold money according to his judgment of each school's compliance with his criteria. Clearly, this recommendation is in line with the Bateman Report's oft repeated thesis that education is "a State and not a local responsibility." Along the same lines, Governor Cahill on 16 February this year said that the more state aid a school receives, the more state control it must accept. We would

remind the Governor and the framers of the Bateman Report that the money they are talking about is not theirs but ours. They are our servants, not our masters nor our Big Brothers.

I should like to mention here that we are indeed grateful to the New Jersey Education Association for making a point that these criteria have not yet been spelled out and yet S 575 is seeking to appropriate money. I would agree with the NJEA that these criteria should not be finalized until there have been extensive public hearings on them.

The first false premise upon which the bill is based is the myth that the inferior achievement of the children of the poor is the result of inferior schools. During 1965-66, the U.S. Office of Education sponsored the most extensive study ever undertaken to prove the truth of this believe. The study, headed by James S. Coleman of Johns Hopkins University, covered 4,000 schools with 600,000 students in grades 1 through 12. Much to everybody's surprise, the Coleman Report showed that differences in physical and economic resources are not a significant factor in explaining differences in pupil achievement. In other words, however much money is spent, some children will never learn and perform at a level equal to the national norm.

The second false premise of the Bateman Report is that the bigger a school is, the better it is. The Report shares with the Mancuso Report a belief in the magical qualities of the number 3,500 as a minimum size for a K through 12 school district, and it would generously reward

such large districts at the expense of the small ones.

It should not be necessary to cite data to refute the myth that bigger means better. The evidence stares us in the face every time we open our newspapers. In a letter to me last January, Professor Roger Freeman of Stanford University's Hoover Institute (now Special Assistant to the President) stated that no objective studies exist to show the superiority of larger school districts, and wherever they have been introduced there has been widespread clamor for increased community control. Which are the schools suffering from student alienation, drug traffic, rampant violence and vandalism, teacher strikes, politically appointed school boards who mysteriously "lose" millions of dollars worth of State aid? Yes, of course, it is the large school districts, especially those in the cities.

Even in rural Hunterdon, the large regional high schools are suffering from uncontrolled drug traffic, constant vandalism, student apathy and undiscipline, and expenditures of more than \$100 per year per student merely for bussing. The county's one small high school in High Bridge has none of these evils and yet it is second to none in scholastic achievement. The rest of the schools in the county are mostly small neighborhood elementary schools with enrollments of roughly 400 pupils each. The majority of these small schools are doing an excellent job, since they are small enough for teachers, pupils and parents all to know one another and to work together in a wholesome and

friendly atmosphere. If the city elementary schools were all like this, most of their present problems would disappear. However, according to Appendix V of the Bateman Report, it is these small school districts which would be punished. Whereas Hunterdon's regional high schools would receive average increases in State aid of 220 per cent, High Bridge High School would receive only 72 per cent and the rest of the small elementary districts would receive a ludicrous 14 per cent. In other words, they would be slowly starved out of existence. Eventually our communities in Hunterdon would be forced into the situation of Brick Township, Ocean County.

This suburban district has a total K through 12 student population of 8,366. One of our Federation members who is a high school teacher lives in Brick Township. She has to send her son on a 24-mile round trip busride to a school containing 1,354 children, all fifth and sixth graders. Her son wastes over an hour a day in the school bus in order to attend a school where he feels lost and frustrated. All problems of discipline, learning and pupil-teacher rapport are magnified in that atmosphere. Though she was educated in public schools and taught in them, this Federation member would now send her son to a private school if she could afford to. The amount of money spent on bussing in this horrendous school district represents 6.81 per cent of the total budget this year, and it is nearly two and one-half times as much as is spent on administration. In the

Bateman Report, this school district is so highly considered that it was scheduled for a generous increase of 103 per cent in State aid.

I would urge our legislators to discount the support for the Bateman Bill coming from the State Federation of District Boards of Education. The Federation of District Boards of Education supports this bill because the prime movers in it recognize their obligation as lackeys of the State Department of Education and therefore toe the official line regardless of the parents and taxpayers who elected them.

However, concerned individual teachers and school board members are well represented in our Federation. Their prime interest is not power but education for our children, and they all oppose this bill. In their opinion, it is in the small school districts where the best education is being received today. Good education is not dependent on statistics and "enriched curricula" but on a serene and orderly learning atmospheres, and this most of our small schools provide. To abolish them would in no way help the bad large city schools, but would merely spread their problems over the whole State. We would then have equality but no quality at all.

The Federation of New Jersey Taxpayers urges all legislators to reject the Bateman Bill. If they are interested in helping to improve inferior schools while at the same time preserving good schools, we suggest that they seriously the voucher plan. This is described in a bill introduced to

the California Assembly in 1969 by Assemblyman William Campbell. His bill proposed that the State issue vouchers to every child for a sum determined by the legislature to be adequate to cover the cost of a decent schooling. These vouchers could be presented to any school, private or public, so that parents would once again have the freedom to choose the kind of education they prefer for their children. The danger of strangling State-imposed uniformity would be averted. Parochial schools would be encouraged to continue in operation and all schools would benefit from the free competition. This proposal would be financed by a statewide tax on real property, resting more heavily upon business and industry than upon residential property. Since the revenue would be evenly spread throughout the State, this measure would eliminate the inequalities between rich districts and poor ones. Children who now suffer discouragement and alienation in our impersonal education factories could attend schools specially geared to deal with their particular educational problems. This would eliminate the evil of politics mixed up in school management and of pretentious local pride which insists that if one school has a swimming pool and teaching machines, then its neighbor has to keep up with it.

If you are willing to sacrifice the last oasis of good education in New Jersey and to abandon our children to the theories and ideologies of a small clique of educrats, elected by no one, then you will vote for S 575. If, on the

other hand, you still believe in equal opportunity and freedom of choice for all, you will vote against S 575 and will seriously consider the Voucher Plan.

SENATOR DUMONT: Assemblyman Curcio?

ASSEMBLYMAN CURCIO: No questions.

SENATOR DUMONT: There are no questions. Thank you very much, Mrs. Merchant.

Is Mayor Hart here from East Orange? [No response.]

Mrs. Frank Stamato, League of Women Voters.

M R S. F R A N K S T A M A T O, J R.: Thank you, gentlemen.

I am Mrs. Frank Stamato, Jr., director of the League of Women Voters of New Jersey.

Upon education depends the strength of our nation. Indeed, our achievements in all fields of endeavor depend more upon the quality of education this nation provides than upon any other single factor. This fundamental recognition has led to an increasing awareness of deficiencies in our system, to demands for improving the quality and relevance of education, and often, to efforts to revolutionize educational content and structure.

Throughout the United States concern for education has caught public school districts in a cross-fire between charges of being ineffective on the one hand, and costing too much on the other. Attempts to improve program are aggravated by inflation. Increasing numbers of students in classrooms render individual attention difficult, yet insufficient

funds prevent increasing staff size. School districts are faced with the task of determining what to do, how to do it, and whether there are the human and financial resources to get the job done.

New Jersey is a microcosm of the nation's educational problems and potentialities. The task of providing equal opportunity for quality education is our major problem; our potential for solving it depends upon our readiness to accept needed reforms and our willingness to pay the costs.

Financing education is the central problem. In the recent past, many proposals for reform in this area have been made. These proposals have been accompanied by data which point to outmoded systems of school finance as the primary source of inequities in education. And, all too often, these disparities occur along social class and racial lines:

Extensive sociological surveys of public schools reveal a disturbingly consistent pattern: poor children go to the most outmoded schools with the least motivated fellow classmates; they use the shabbiest facilities and are taught by the least capable teachers; they do the worst and may be looked upon by the system as incapable of doing better.

Public policy which allows the quality of education available to a child to be determined by where he lives is becoming increasingly scrutinized. Critics suggest that school finance systems which foster such inequities may very well be unconstitutional; for, insofar as they exist within a state, they may violate the equal protection clause of the Fourteenth Amendment. Lawsuits pending here in New Jersey and throughout the nation are pointing dramatically to the inadequacies of the current system of school finance.

1. David L. Kirp, "The Poor, the Schools, and Equal Protection", Harvard Educational Review, Vol. 38 (Fall 1968), p. 644. For documentation of disparities in educational opportunity, see James Conant, Slums and Suburbs, (N. Y.: McGraw-Hill, 1961); J. S. Coleman et. al., Equality of Educational Opportunity (Washington: USGPO, 1966); Steven J. Weiss, Existing Disparities In Public School Finance and Proposals for Reform, Research Report to the Federal Reserve Bank of Boston, No. 46, Feb., 1970.
2. California, Illinois, Michigan, Texas, Virginia and Wisconsin.

In New Jersey, as elsewhere, the crisis facing education is a reality. An increasing number of school districts face fiscal chaos as they are caught in the squeeze between inadequate resources and growing demands. City, suburb, and rural communities alike confront serious problems in financing their schools. Often with a shrinking tax base, cities are faced with a municipal over-burden involving competition for funds to support education, welfare, fire and police protection and urban redevelopment. Many suburbs must deal with rapid enrollment growth out of proportion to their tax base, and growing tax-payer resistance.³ The rural community, often saddled with an inadequate tax base, must assume an inordinately high cost per pupil if it wishes to provide an education comparable to that offered elsewhere.⁴

The League believes that the vagaries of political boundaries, the variations in local property taxes, the inability, and often unwillingness of local communities to continue to underwrite education, are no longer acceptable reasons for wide differences in educational opportunity. We see an increased role for the State of New Jersey in financing education as a major step toward narrowing those differences. Although in the past, the State has chosen to play a minor role in the operation and finance of local schools, it is nonetheless true that the responsibility lies clearly with the State to maintain and support free public schools. Given the high mobility, increasingly sophisticated technology and generally growing social and economic interdependence of our society, it is clear that education is of more than merely local interest. Obviously, the social benefits of public education accrue outside the local jurisdiction where schooling is provided. In the words of former Governor Terry Sanford of North Carolina:

- 3.. In 1970, 170 school budgets out of 524 were defeated, as compared to 132 in 1969 and 68 in 1965.
4. The average cost per pupil in 10 major New Jersey cities was \$577, compared to an average of \$903 spent per pupil in 10 suburban school districts.
(Over)

"It is not enough to have the finest school system in the country if the adjoining district has one of the worst. Ultimately, the product of the weak district will dilute the prosperity of the more fortunate products of the excellent system. Correcting this kind of damaging inequity requires State action."⁵

In brief the League's prime concern is for extending equal opportunities in education. We are firmly convinced that only through greater State financing can this objective be achieved. Governor Cahill has indicated the need for equalizing the burden of school support. The Federal government has as well; for, the Department of Education has ordered state school authorities to equalize the quality of education throughout various school districts by next fall or risk losing certain Federal funds. The need becomes all the more urgent when municipalities require substantial funds to operate their schools in September. In addition, a recent study of Camden reveals that the funds needed to revitalize the educational system and eliminate obsolete school buildings, are well beyond its financial capacity.

The League has repeatedly asked that a piecemeal approach not be used in responding to municipalities' needs, but rather, we have urged the enactment of a comprehensive formula, applied on a state-wide basis, which would concentrate on the areas of greatest need. We have asked that New Jersey's aid formula be revamped to (1) provide an adequate educational level below which no community may fall, (2) build in factors designed to measure as accurately as possible local tax effort and diverse community educational requirements, and (3) reflect such measurements in the allocation of aid.

5. But What About the People? (NY; Harper & Row, 1966), p. 157, as cited in Advisory Commission on Intergovernmental Relations, State Aid to Local Government (Washington, 1969), p. 31.

We believe that the formula proposed by the State Aid to School Districts Study Commission, as embodied in S.575, is a step in the right direction and we would therefore, urge the Joint Education Committee to recommend its passage.

Many elements of the proposed formula make it superior to the present aid formula: assured state sharing of 40% of local school costs, the use of current enrollment figures, and the weighted-pupil principle which recognizes the difference in cost required to educate children at various grade levels and to educate children having social and economic disadvantages.

We note the amendment to S.575 which increases the weighting of AFDC pupils from an additional 0.5 to 1.0 units. Although we are gratified to see recognition of the needs of disadvantaged children, the League believes that a more broad measure than AFDC for determining who is disadvantaged should be utilized. We hope that the criteria for the classification of districts will take this need into consideration, and provide aid where it is most needed.

The League finds retention of the present building aid formula, with its application on a per weighted pupil basis, totally inadequate. Many districts have space shortages now which would not be alleviated through this formula. It should be noted that the quality of educational programs is related to adequate facilities; class size and provision for full-time programs are but two examples. Yet more than 44,000 pupils are housed in substandard classrooms, and 28,000 pupils are on part-time class sessions. Current estimates place New Jersey's school construction needs in the next decade at \$2.1 billion⁶ dollars. The amount available under full implementation of S.575 would be approximately an additional \$5.1 million. Certainly this aid would be most welcome, but, in view of the needs, it does seem meager indeed.

6. New Jersey Urban Schools Development Council, Blueprint for Education Legislation, 1969, p.5.

The League supports the passage of S. 575, yet, we recognize at the same time what is accomplished legislatively is of little consequence unless it is accompanied by adequate appropriations. A partial implementation of S. 575, as recommended by the Governor, which would provide approximately \$30 million in additional aid to local school districts throughout the State can hardly be called implementation.

In fact, if the program is funded in such small and gradual stages the effect of the change in formula will be barely perceptible. The State should commit more of its current surplus to the implementation of this bill and certainly should not be entertaining the thought of spending any of our limited resources by taking on such non-obligatory responsibilities as aid to private schools!

We represent a large body of women, some 10,000 members, who take a profound interest in the affairs of State government, who study the issues carefully and work to create a climate of opinion which will allow elected officials to do the job they know must be done. To move New Jersey forward, we urge an affirmative, courageous, and action-minded stance by our Governor and State Legislature. A positive indication of such leadership would be early passage of S. 575, and fullest possible funding.

Quality education is in the interest of all citizens, regardless of municipality or district boundaries. If we seriously intend to fulfill our stated commitment to equality of educational opportunity, we must begin to equalize the burden of support, and maximize the quality of education in our State. Thank you.

SENATOR DUMONT: Assemblyman Curcio?

ASSEMBLYMAN CURCIO: No questions.

SENATOR DUMONT: Your organization will, I take it, also

be making a statement next week.

MRS. STAMATO: Yes, we will.

SENATOR DUMONT: Thank you very much, Mrs. Stamato.
Mrs. J. V. Moore.

M R S. J. V. M O O R E: Well, most of what I had to say has been covered very well by Dr. Starkey. His statement on criteria I would agree with. The one question I would ask is: If everyone is to be originally a basic district, are we all to remain basic districts until the two years or three years are up when criteria are established? Otherwise, what criteria will we use to become anything but a basic district?

There is another thing I would like to add. I agree with the state of education in some areas. This isn't true in my area so I am not here to ask for funds for Flemington. I am perfectly willing, and I think the Legislature should be, to give moneys to the urban areas and the areas that need it to keep their schools open. But I would further suggest as to the total funding of Senate 575 that this be put off until the fiscal policies of this State have been revised. Otherwise, I believe that we will have hodge-podge, piece-meal financing such as we have had in the past.

I also approve of a more equitable way of financing. I don't suggest that you do away with the property tax, but I do believe that a graduated income tax is a more equitable way of financing this plan.

Otherwise, I must say that Dr. Starkey has said

better than I can the rest of what I would have said.

SENATOR DUMONT: Assemblyman Curcio?

ASSEMBLYMAN CURCIO: I have no questions.

SENATOR DUMONT: You said you were not down here soliciting funds for Flemington. Suppose any were available - would you turn them down?

MRS. MOORE: We would very willingly take it. I would also like to ask you, Senator, - you keep referring to the appendix of the Bateman Report - is that still apropos to the subject since all of the amendments?

SENATOR DUMONT: Well, generally so, but I was cautioned during the noon hour by Mr. Kilpatrick of the Department of Education and by Mr. Alito of our own research staff not to place complete faith in those figures.

MRS. MOORE: The reason I asked is because according to the appendix in that book, Essex County, Somerset County, just naming two, who have higher median incomes per household than Hunterdon County, would receive more State aid per weighted pupil than Hunterdon County.

SENATOR DUMONT: They pointed out much of what you are saying, that the weighting has changed some and that these figures are not necessarily accurate for any particular place, and I have great respect for both of them because I know what a thorough job they do in their daily work.

MRS. MOORE: Thank you.

SENATOR DUMONT: Thank you, Mrs. Moore.

Mr. Joe Kotula, Americans United for Separation of Church and State, Morris County Chapter. Is he here?

[No response.]

Now who is going to speak in behalf of the Congress of Parents and Teachers, Mr. Ruggieri or Mrs. Gordon?

[Mrs. Gordon takes the speaker's seat.] Mrs. Gordon, please.

M R S. A L E X G O R D O N: Senator Dumont and members of the Committees on Education: I want to thank you for the opportunity of being here on behalf of full and immediate implementation of S 575.

I am Mrs. Alex Gordon, President of the New Jersey Congress of Parents and Teachers.

The PTA recognizes that as citizens we have a duty and responsibility to provide a good, substantial education to the students of every school system. We are also aware of the present tax structure available to carry out these responsibilities. The PTA realizes that boards of education are empowered by the legislature to carry out the directives of the Legislature, and that a more realistic and equitable distribution of financing education should be made possible. Therefore, to carry out educational plans according to laws enacted by the Legislature, more State funds should be available.

We are aware that the cost of education has outdistanced the rise in State aid, with a heavy burden resting on local communities, and therefore, would support a more extensive share in the costs of our public school system by the State, as well as a complete revision in the financing of our public schools. The PTA supports the Bateman bill as an outstanding

solution for State aid. Although a \$400 per pupil foundation program is planned, we feel obligated to point out that such a figure could be obsolete the very next year. This is an argument against part-funding in the plan for starting this legislation, and why we must insist that the plan be flexible.

We realize too, that some districts, particularly inner core cities, and those with weaker economic bases, must be specifically considered. We agree too, that the needs of handicapped children must be met.

We would support the idea of experimentation, innovation, and evaluation to improve education, by recognizing that in some instances it might be more important to improve programs than to achieve quality by predetermination.

The PTA would encourage incentives for more efficient district organization, and the value in providing for equitable, objective measurement of fiscal capacity of school districts, and educational responsibilities as to cost by grade level, senior high, and vocational schools.

Since public education is a State function, we would concur in recognizing that the State should share in the cost of all local public school systems, and that it be necessary that a provision be made for accountability, so that the State has authority to review any educational expenditure which it supports financially.

Since the proposed State formula tries to incorporate these purposes and principles, with provision of an adequate tax base for every public school pupil, in both poor and wealthy districts, without the burden of confiscatory property tax rates, we, the PTA, encourage the recommendations as set forth in the Bateman Report, for:

1. Appropriate weighting of all pupils relating to the cost of education.
2. Special classes calculated according to designated weighting for their

level of instruction.

3. Minimum State Support Programs be increased as related to quality.
4. Recognition of incentive-equalization principle by providing minimum aid support based on financial ability to support schools.
5. State support of buildings calculated on a weighted pupil base.
6. Minimum support aid should be paid annually to each school district.
7. Incentive equalization aid to be paid annually in accordance with calculations
8. Increases in daily membership count be recalculated with adjustments for State compensation.
9. Review of School District Budgets when more than half of school revenue comes from the State.

The PTA strongly urges that a Permanent Commission on State School Support be established to study School Support. This commission should report periodically on the status of school support with current recommendations, as well as the use of income in measuring fiscal ability of school districts as a basis for allocation of State support. We urge too, consideration of the problems of municipal and county overload, as it relates to school finance, and that all conflicting statutes be amended, or repealed, to conform with the provisions of the State Support Program.

Because the proposed formula is an incentive-equalization program, endeavoring to equalize the burden of good public education, with a guarantee of an adequate tax base for every pupil without burdening citizens with a tax load, we would recommend that additional funds be made available for substantial increases in State aid where it is inadequate, and where districts feel that they are being treated unfairly.

If the tax base is to be changed from property value to income, we insist that the formula accommodate such a change.

We would further suggest that the recommended equalization incentive formula develop incentives for better school programs with the establishment of a sliding scale of school support for each pupil, based on actual enrollment.

The State has a fundamental obligation to resolve the problems of public education. We submit that full and immediate implementation of S 575 would be a responsive acknowledgement to neglected public school education in New Jersey.

From Governor Cahill's inaugural address, I would like to quote: "All my adult life I have had held with Aristotle that 'the faith of empires depends on the education of youth.'" The Governor has called for a master blueprint for the upgrading of our educational system and I submit to you gentlemen that its success depends on the financial foundation. Again in the Governor's words, and I quote: "We cannot afford to fail our young and our future. As the elected official, representative of all of the people, I urge your vigorous support of Bill S 575."

SENATOR DUMONT: Any questions? [No response.]

Thank you very much, Mrs. Gordon.

Rev. Philip Kunz or Mrs. Nancy Hawkins. Which one will testify in behalf of the New Jersey Council of Churches? Mrs. Hawkins.

M R S. N A N C Y H A W K I N S: I appreciate very much the opportunity to be able to speak on this bill.

The New Jersey Council of Churches has long been recorded as favoring a greater educational opportunity for every child in the state. We seek not only an equalization of education, but an enrichment for all. At present our children are being short changed by a system which does not

provide equal education in every district, and does not redress the impairment of opportunity created by special educational need, poverty of the local school district, and the escalating cost of education due to inflation.

The weaknesses of the existing system, if it may be called a system, are well documented in the "Bateman Report" and virtually every classroom. While much is said about the glaring need in the poorest districts, we contend a visit to many wealthy areas will show a lack of instructional material aids, class sizes over 25, old buildings, and reliance on a constantly recruited group of new in-experienced teachers at the cheapest rates possible. In short, the great problem is not in the cities alone.

There are at least four grave weaknesses in the existing school finance system: (1) Basic support by the State is an incredible 27.5 per cent in the fourth wealthiest state in the union. By contrast, Delaware provides 72.7 per cent aid, New York 47.8 per cent and Pennsylvania 45.2 per cent. It must be seriously questioned whether New Jersey has a meaningful state educational system. (2) There is no addition factor for the higher cost of secondary education. (3) There is no addition factor for rapid population growth. This has sad impact on growing suburbs and townships. (4) There is no addition factor for the constant inflation which strikes every district.

With such great weakness in the educational mechanism, we support the speedy enactment of S 575 (1970) rather than in July of 1971 as a first step in providing a true means

of equal, superior education to all children. Our support recognizes the serious weakness of S 575. We are aware, for example, that if the bill were effective in 1970-71 the state aid would remain 7 per cent below the projected national average. Still 36 per cent could help some pupils. We are unhappy with the five-year phase-in of the S 575 program and the inadequate \$30 million start up proposal. We challenge the usefulness of a .5 weight factor for AFDC children. This factor would produce only \$55 per pupil per annum in a basic district and \$80 in a comprehensive district. Those figures will not compensate the districts on a realistic basis. A compensation factor of 1.5 weight would be more just.

There are other deprived children. We do believe that the AFDC provision is a good point, but we do feel that there are other groups of deprived children besides that.

Why do we favor S 575? First, it begins to put the State of New Jersey back into support of public education where it belongs. Second, it introduces several types of districts thus conforming more to the state of affairs in the state. It does not yet provide adequate incentive to districts to improve, but it recognizes their varied nature. Third, S 575 recognizes the cost difference in secondary education. Fourth, the bill attempts to keep the aid formula current to costs in the districts.

We respectfully ask the Legislature to make at least minimum improvements to S 575. A provision guaranteeing that

districts will not lower their spending should be spelled out. A far better, and very helpful provision would be the inclusion of a pool fund to compensate poor districts. This fund would be gathered from those districts where the combination of local taxes and state aid can exceed the standards generated in S 575. In addition, the criteria for the several district types should include these need components: (1) presence of overage buildings; (2) presence of special need in the areas of gifted children, educable, emotionally troubled and socio-economic disadvantaged; (3) the capacity for district support calculated on the basis of local per capita annual income and local per capita annual tax burden.

If the provisions of S 575 are to have an impact on the educational mess, the Legislature will have to enact the amended measure soon. If the bill is not passed, or if it is passed without the strengthening provisions suggested here, the Legislature will be faced with a breakdown of the public education system before the mid seventies. At that point massive taxation and reform measures will be mandatory and political flack will hurt the well meaning, as well as the apathetic. The time to act is no later than autumn 1970. Even such action will not be a guarantee of serenity, but only step one in the necessary overhaul of the state public education system. Thank you.

SENATOR DUMONT: Assemblyman Curcio?

ASSEMBLYMAN CURCIO: Just one question: Mrs. Hawkins, do you not agree that the implementation of S 575 and future

legislation will require the enactment of a state personal income tax?

MRS. HAWKINS: Yes, I do. We have stood for a state personal income tax for quite some time and for very good reasons. We feel that it is impossible to make the necessary reforms in our state schools, our prisons, our juvenile homes and all those areas and particularly in state aid, and also to create matching funds to go for Federal aid that is available. Unless we have an income tax we will not be able to do all these things.

ASSEMBLYMAN CURCIO: Thank you. I have nothing further, Senator.

SENATOR DUMONT: Mrs. Hawkins, you mentioned on the first page about the .5 weight factor for AFDC children. I believe that has been corrected by an amendment to 1.0.

MRS. HAWKINS: I realize that. This was written before that, before we knew that amendment was there, and we do agree that that is better but we still think it could be raised.

SENATOR DUMONT: Thank you.

Mr. Gerard Naples, Councilman from Trenton. Is he here? [No response.]

Mr. Graham O. Harrison, Member, Ridgewood Board of Education.

G R A H A M O. H A R R I S O N: I am Graham Harrison. I am investment manager of a major industrial pension fund and for five years, a somewhat bruised member of a local

board of education in Bergen County.

We appreciate, Senator Dumont and Assemblyman Curcio, your being here to listen directly to as many boards of education and other groups as will testify. The refrain has been a familiar one: "We need help. Rising school costs have brought local real estate taxes to intolerable levels. Our senior citizens and persons on fixed incomes are being forced from their homes. Voters will no longer support school budgets nor building proposals. . ."

This refrain is familiar, but it has the harsh ring of truth. In varying degrees, every school district in New Jersey is deferring needed maintenance, buying fewer textbooks, and delaying needed program improvements because, in conscience and in practical political terms, they cannot ask for more real estate tax dollars.

Our Ridgewood school district is not here today to plead poverty nor to simply appeal for more funds. There are many valid claims upon the State's resources beyond education. There are many urban school districts whose real estate base is too fragile and whose parallel municipal needs too overwhelming for any suburban area to seek dollars at their expense.

Yet, a brief outline of Ridgewood's position may put the suburban district in proper perspective and illustrate why we feel the State Aid formula should be changed in the direction of, and beyond, that proposed by Senate Bill 575.

Ridgewood is basically a residential community with approximately 6,500 single-family homes and fewer than 1,000 two-family or apartment dwelling units. Of its 27,000 residents, 30% are in either public, parochial or private schools, another 6-7% in college. Few communities in the United States have as high a proportion

of their population in school. This is a source of strength but also a major claim on family income.

Ridgewood's school district is responsible for approximately 7,250 resident pupils in kindergarten through twelfth grades, housed in eight elementary schools, two junior highs and a high school. It has a long history of academic excellence, bulwarked by a broad program of vocational and work-experience activities. There is wide community involvement in our schools and only two operating budgets have ever been defeated at the polls. Yet, each year the pressures increase, and today, despite extensive postwar new construction and renovation, the schools remain overcrowded at every grade level. A 65-year-old elementary school, closed briefly in 1950, is still in use, and the core of our 53-year-old high school needs major renovation and expansion.

We do not confront the enormous problems of Paterson, Trenton, Hoboken or Newark, yet it should be recognized that suburbia is not all grassy playfields and gleaming, carpeted corridors.

Since 1956 the State of New Jersey has provided Building Aid for capital outlay and bonded debt service purposes. We believe this program, as amended by Chapter 31, P.L. 1966, is faulty in concept and token in amount.

As you know, the initial 1956 foundation program sum of \$30.00 per pupil, less 1/2 mill local fair share, was changed after a decade to \$45.00, less 3/4 mill local fair share. Let us illustrate the minimal effect of such a change, using Ridgewood's 1970-71 budget as an example. The table also includes a column for Senate 575's further revisions, indicating it too does not yet realistically answer the dilemmas faced by all districts with space shortages.

I apologize that all of you do not have copies of what is a rather complex table. Fundamentally it shows that Ridgewood's capital outlay and debt service expenditure next year will be \$833,000. Under the initial 1956 plan, we would have received \$67,000 in state building aid. Because of the revision in 1966, we will in fact receive \$99,000. Under S 575 this amount would be increased to \$138,000. Yet while we will receive next year only 12 per cent of what we expend for capital outlay and debt service, S 575 would increase this to only 16 1/2 per cent.

[Following is the table referred to by Mr. Harrison.]

BUILDING AID IN 1970-71 BUDGET

	<u>1956 Plan</u>	<u>1966 Revision</u>	<u>S-575 Proposal</u>
Enrollment (9/30/69)	7,182	7,182	8,055 (weighted)
x Foundation Aid Per Pupil	\$30	\$45	\$45
= Foundation Aid (000)	216	323	362
- Fair Share Rate	1/2 mill	3/4 mill	3/4 mill
x Equalized Valuation (\$298 Million)			
= Fair Share (000)	<u>149</u>	<u>224</u>	<u>224</u>
State Building Aid (000)	\$ 67	\$ 99	\$138
Capital Outlay and Debt Service (000)	833	833	833
State Aid as %	8%	12%	16.5%

While it is clear that neither past nor proposed plans make a significant contribution to local building programs, the more serious problem is that none make any provision for new construction. Indeed, any district now committed to existing debt service in excess of its available State Aid must pay 100% of all additional costs if it undertakes a new program! Even worse, as inflation raises equalized valuation levels each year, the dollar amount of State Building Aid will decline.

If we assume passage of S 575, with full immediate funding, let us look at the differences in cost borne by local real estate if the identical building (space and facilities) had been built in 1956 under the initial law, 1966 as revised, or in 1971 under the three varying aid measures. It will be obvious from these figures that the increases in aid, past and proposed, do not keep pace with the cost changes. In this example - and this is because not only of building cost construction inflation, land cost inflation, but the rising interest rate - annual costs would have risen \$368,000 from 1956 to 1971 in the annual debt service cost, yet state aid would be up only \$32,000 under the existing law and only \$71,000 with the full effect of S 575.

[Following is the example referred to by Mr. Harrison.]

<u>Year of Construction</u>	<u>1956</u>	<u>1966</u>	<u>1971</u>
(1) Construction, in Current Dollars	\$6,050,000	\$7,200,000	\$9,000,000
Municipal Bond Interest Rate (AA)	2.75%	3.10%	6.75%
Average Debt Service: 20-Year Issue			
(2) Interest (Average)	82,500	111,500	303,750
Principal (Level S.F.)	<u>302,500</u>	<u>360,000</u>	<u>450,000</u>
Total	\$ 385,000	\$ 471,500	\$ 753,750

(1) Based on School Management Cost of Building Index, July, 1969.

(2) The difference in cost during the early years of bond life would, of course, be even greater.

The double-edged sword of construction cost inflation and rising interest rates cannot be blunted with a fixed sum aid formula.

This formula actually has the perverse effect of benefiting the district whose building programs were completed years ago or whose current needs are unmet rather than the district needing new construction which accepts its responsibilities.

On our example, using Ridgewood's State Aid calculation, but assuming no other existing school debt or capital outlays, the paradox would be as follows:

IF BUILDING COMPLETION WAS IN

	<u>1956</u>	<u>1966</u>	<u>1971</u>
Annual Average Debt Service	\$385,000	\$471,500	\$753,750
1970-71 State Aid (S-575)	<u>138,000</u>	<u>138,000</u>	<u>138,000</u>
Paid by Local Real Estate	\$247,000	\$333,500	\$615,750
% From Local Tax	64%	68%	82%

The table illustrates that the state aid under any of these circumstances would be \$138,000. Debt service under these examples varied from \$385,000 had we put the building up in 1956, to over \$750,000 if we build next year. As a result, the amount of building cost on an annual basis paid by the local tax, which would have been 64 per cent in 1956, 68 per cent in 1966, is now going to rise to 82 per cent.

Within the funding available to all school aid, it seems more logical to provide Building Aid as a percentage of actual annual debt service and capital outlay. This would reflect building cost, interest rates, bond maturity and credit ratings within the same time frame as local taxpayers must bear their share. The concept of "fair share" on an incentive equalization basis, as visualized for current expense items, could also be adopted to the Building Aid program. This could be equated with State-determined standards for classroom size, equipment and other factors that affect building life and efficiency. Unless this is done, the local district is under great pressure to skimp on specifications and materials to meet near-term debt service "ceilings" set by voter resistance rather than sounder and more economical long-term investment criteria.

Whatever disposition is made by the Legislature of Building Aid proposals, the greater weight in dollars and judgment must certainly go to the current operating budget area.

Ridgewood has experienced a doubling in public school enrollment from 1950 to 1970. In the same twenty years, however, the total school budget has increased from \$1,074,000 to \$10,143,000. It is now nine and a half times as large as in 1950. During this period of unprecedented cost increase the proportion of total school outlay raised from local tax has been static, 83.5% in 1950 and the identical level in 1970.

I will digress for just a moment to say I think some boards are overstating their case, as this number would even suggest, by not recognizing that the state funds the entire employer contribution to the Teachers' Pension Fund, so that the statewide figure of 25 per cent that is frequently quoted is really 18 per cent against the local operating budgets as they are reported to the residents plus another 7 per cent representing the Pension Fund contribution. I think it is very important for boards and for citizens to recognize the state does do this for us.

In any event, as the budget is presented locally, this figure is still 83 1/2 per cent of local tax dollars.

Indeed, in the coming school year 1970-71, the dollar amount of State aid for Ridgewood will decline by over \$41,000 while our total expenditures increase by over \$1,200,000. In percentages the State will be funding 10.2 per cent of all outlay next year compared to 12 per cent in the year that ends this month. The difference between these two sets of numbers, between the 83 1/2 per cent local and the 10.2 per cent State, of course, is made up of tuition and other sources. Expressed differently, every dollar, and then some, of cost increase will be paid from local real estate even though it was State-enacted Chapter 303 which is primarily responsible for the salary increases which create the cost rises. We

will pay our 408 teachers an average of \$13,500 next year, after two years of salary increases averaging approximately 11% each year. Whatever the rationale for such increases, it is unreasonable for the State to ask local districts to pay the entire cost of negotiated gains.

Little wonder that the sales tax, which permitted the 1966 and 1969 revisions in aid formula and adoption of various categorical aid plans in special fields, has brought no visible local relief.

If we exclude debt service from our total expenditures and all those areas which either receive tuition reimbursement from other districts and summer school students, or receive categorical State Aid, the role of the State shrinks still further. These remaining "normal, regular" current operating costs are budgeted as follows for Ridgewood:

		<u>000</u>
Total Current Expense, 1970-71		\$9,310
Less: Tuition From Other Districts (1)	\$ 442	
Cost of Atypical Classes	315	
Summer School	87	
Transportation	<u>101</u>	<u>945</u>
"Normal" Operating Expenses		\$8,365
State "Formula" Aid @ \$100 Per Pupil		718
State Aid as % "Normal" Expense		8.6%*

(1) Assuming tuition income matches cost for such pupils.

* It is recognized that the State also pays the employer's share of pension fund contributions and it is suggested the State provide the data annually to enable local districts to report this in their local budgets.

This table shows current expense next year of \$9,300,000.

The grouping of tuition from other districts, cost of atypical classes, summer school and transportation is approximately \$1,000,000. The balance which represents normal operating expenses is then \$8,365,000. Our State Formula Aid that is applicable to these expenses is only \$718,000 or 8.6 per cent.

Our conclusion must be that State Aid for normal operating expense is too low to be meaningful for a public school district, State Aid is significant only for transportation, where 75% of the annual cost is reimbursed, and for atypical or learning disability class cost, which is shared equally by State and local district. Significantly, both of these areas receive aid based on actual expense even though on a one-year time lag. Unlike basic formula aid, the price of inflation is shared by State and district.

While our detailed examination has been based on a "minimum aid" district, over half of all New Jersey pupils are enrolled in such districts. It is a statewide, pervading problem. Any district seeking excellence for its regular classrooms must now absorb its entire cost.

We recognize that full implementation of the S-575 features represents over \$200 million in current revenues. We are not authorized to speak for our residents and voters in support of such major funding and the broad-base tax it implies.

We can and do speak strongly, however, for the concepts embodied in S-575 that recognize:

1. Weighting of pupils by grade level. Our own experience, using elementary pupils as a base of 1.00, shows that a junior high pupil's cost is 1.28 (versus 1.25 proposed in S-575) and a high school student's cost is 1.46 (versus 1.30 in S-575).
2. Bringing aid to a current enrolment basis for growing districts by providing an optimal enrollment calculation on the last school day in May of the aid year.
3. Setting "minimum support aid" at varying levels which reflect

the breadth of programs undertaken by a district.

4. "Incentive equalization aid" which further acts to encourage comprehensive facilities, pace-setting curriculum and sound staffing within districts whose local financial ability could not carry such costs under the existing aid formula.
5. Inflation, by recomputing the "guaranteed valuation base" to adjust for statewide trends and by adjusting minimum support aid for annual per-pupil cost increases.

Thank you for weighing our views in this complex and vital decision.

SENATOR DUMONT: Assemblyman Curcio?

ASSEMBLYMAN CURCIO: Mr. Harrison, you suggested that you recognize the full implementation of S 575 represents over \$200 million in current revenues, yet you were hesitant to state just where such major funding would come from. Do you have some personal views on that matter?

MR. HARRISON: I am not hesitant to state my personal conviction that it ought to be an income tax. As a commuter who operates in New York, I am particularly in favor of this because I pay very substantial income taxes for no visible services in New York. But I don't feel that I can represent the views of Ridgewood.

ASSEMBLYMAN CURCIO: Would you hazard an opinion as to the views of the majority of the people in your community as to the funding of this program by a personal income tax?

MR. HARRISON: I have always found Ridgewood citizens

willing to bear a fair share of all services and I would expect that they would face the responsibility that this implies.

ASSEMBLYMAN CURCIO: I have nothing further, Senator.

SENATOR DUMONT: Mr. Harrison, you talk about the senior citizens and you probably are aware of the fact that yesterday the Legislature - the State Senate yesterday and the Assembly previously - completed work on a concurrent resolution which we hope will help to resolve to some degree that problem if the people pass on it favorably November 3rd, I guess it is this year.

I am sure you know too that if there were an income tax in New Jersey, under the New York law, the money you pay there would not be physically returned to New Jersey; it would stay in New York State.

MR. HARRISON: I recognize that, but I as an individual would be more enthused over it since I would have a credit which doesn't exist now.

SENATOR DUMONT: All right. Thank you, Mr. Harrison.

Mr. Rudolph Schober, Finance Committee Chairman,
New Jersey Association of School Business Administrators.

R U D O L P H A . S C H O B E R: Senator, we would like to thank you for affording us the opportunity of presenting our comments this afternoon.

The New Jersey Association of School Business Administrators supports S 575 and would emphasize the need for full implementation immediately.

Clearly, the present Foundation Program with its fixed amounts is inadequate if the State is to fulfill its responsibility to a greater degree and provide much needed relief to the local taxpayer.

The New Jersey Association of School Business Administrators would like to present the following suggestions to make S 575 even more meaningful to New Jersey School Districts:

1. Because there is much apprehension about district classification, we would suggest that during the first year of operation, the State Department of Education be instructed to develop evaluative criteria and to hold public hearings on this subject.

2. We believe that S 575 should include greater incentive aid to districts who become parties to reorganization on a K-12 basis. Also that such reorganized district should be classified in the highest category and given aid on this basis for a period of 5 to 7 years, at which time actual determination of its proposed status is made.

3. We would strongly recommend that greater attention be directed to the improvement of Building Aid. We believe that additional monies channeled to this kind of program can more directly meet the objectives of providing relief to the local taxpayer. An example of the type of program suggested would include the following elements:

- a. Raise the state contribution from an estimated

28 per cent of statewide cost for Debt Service and Capital Outlay to 40 per cent. This would amount to an additional appropriation of approximately \$12 million annually.

b. In order to provide flexibility, the State's share would be recomputed annually at 40 per cent of Debt Service and Capital Outlay.

c. The 40 per cent contributed would be apportioned on a predetermined fixed dollar amount which could vary each year and be distributed on the same basis stipulated in S 575.

Additionally we would suggest the following:

1. While we recognize that 575 does not provide for municipal or county overload, it is our opinion that no state school aid formula should make provision for this purpose. It is our belief that direct municipal aid be provided for specific items which cause municipal and county overload.

2. Our Association would recommend the establishment of a State School Bonding Authority to issue all school bonds and pledge the full faith and credit of the State behind such issues. The School District would reimburse the Authority for principal amortization and interest costs.

We thank you very much for this opportunity.

SENATOR DUMONT: Assemblyman Curcio?

ASSEMBLYMAN CURCIO: No questions.

SENATOR DUMONT: Thank you very much, Mr. Schober.

Mr. Wayne Cyphers, Legislative Chairman, Washington

Township Board of Education, Warren County.

W A Y N E C Y P H E R S: The Washington Township Board of Education is opposed to S 575. We feel that it is discriminatory in that pupils will be weighted for aid, depending upon the quality of education they receive. Children living in an area with a high quality would be fortunate - more aid and a continuing increase in quality. However, those unfortunate enough to be receiving a lesser quality would in turn receive less aid and an accelerated deterioration of education.

Washington Township is a k-6 District and we believe we have a superior quality of education for our children. However, under S 575, I believe we would receive \$110 per pupil; whereas at present for the year 70-71, we receive \$138.61.

Further we are concerned because we feel that the size of the district, that is, the amount of pupils, and not academic value will be the deciding factor in determining quality.

We believe that all children should be treated equally and every child in the State receive the same aid and, of course, there should be quality control, strictly enforced by the State Board and the Commission, but not to the extent of depriving aid to the children of any district. Thank you.

SENATOR DUMONT: Any questions of Mr. Cyphers?

[No response.] Thank you very much.

Mr. Evan Goldman, Bergenfield Education Association.

E V A N G O L D M A N: Thank you, gentlemen.

My name is Evan Goldman. I am President of the Bergenfield Education Association, Bergenfield School District, Bergen County, New Jersey.

"One small step for man and a giant step for mankind" are words that all Americans heard with pride as man set foot on the moon.

I question if our State can make that statement concerning the support it gives the local school districts for education. We can't get to the moon in a horse and buggy and that is about what school districts are functioning under.

Let's look at what help we in Bergenfield are getting in State aid. We are the sixth largest district in Bergen County. We receive 13.2 per cent of our budget from the State. Someone might state that it is better than nothing. Basically that is all it is better than.

There is a desperate need for a change in the present State Aid to Schools formula. The burden of supplying the money falls on the homeowner. How much can this person carry before he breaks under these ever-increasing burdens? It is a vicious cycle. We all get raises and they are just eaten up by this economic spiral. There must be some relief for the senior citizen and the middle-income homeowner.

Look at what is happening. Costs of running the

school system are increasing - salaries, supplies, materials. Programs in education cost money. Districts want to give the students the best education money can buy. Boards of education hesitate because towns people question the need. Taxpayer candidates attack new programs. "Give us the 3 R's. We don't need the frills," they say. "Look at all the waste in our schools." What is the root of all these problems? Money.

Chapter 303 has been blamed for a lot of the difficulties that exist in my district. I disagree. It's money. The fear of the taxpayers revolting if the budget gets out of hand - this is what's on the board's mind. I would say most board members are sincerely involved and dedicated to quality education, but to have that quality, you must pay.

Gentlemen, I think that we all agree as to the importance of education. The future is at stake. If we are going to invest pennies, the return will be very small. Look at your tax bills. Check the average increase in our district over the past three years. It has been 28 cents per hundred dollars of valuation. How long can this burden be borne by the taxpayers?

Very basically, increased State aid is going to accomplish several things:

One, take part of the burden off the taxpayer.

Two, allow the boards of education to present more innovative programs to our district.

Three - and very important - release some of the extreme pressure that exists in the board's staff relations during negotiation.

I sincerely feel that our State Legislature is concerned with education and the children of our state. Many of their past actions have shown this to me. I ask on behalf of my district and the children that we are responsible for that every possible consideration be given to the desperate need for increased State aid to our school districts.

When our State takes that giant step, I hope that it will be forward. We must all work together to move the education in our State forward. Thank you, gentlemen.

SENATOR DUMONT: Any questions, gentlemen?

[No response.] Thank you, Mr. Goldman.

ASSEMBLYMAN EWING: Dr. Dorothy Naiman, Immediate Past President, Ethical Culture Society of Bergen County. Is she here? [No response.]

Mr. Stephen Nagler, Executive Director, American Civil Liberties Union. [Not present.]

Mr. Arthur Zinkin, Public Funds for Public Schools. [Not present.]

Miss Joan Maurice, President, Bergen County Education Association.

J O A N M A U R I C E: I appreciate the opportunity to speak on this bill on behalf of the 10,000 Bergen County teachers.

We are concerned about the education of the students for which we are responsible. The 20 local school budgets defeated this year in Bergen County by over-burdened taxpayers is cutting into building expansion programs, causing overcrowded classrooms and split or part-time sessions, to mention just a few.

These budget defeats are also responsible for the elimination or cutting back of sound educational programs and staff so desperately needed in our complex society. The local school budget has become the scapegoat. The reading, writing and arithmetic philosophy alone is not adequate to carry our young people through the challenges of today and tomorrow.

Few Bergen County districts will benefit from the incentive equalization aid proposed in S 575. Nevertheless we support this feature of the proposal because we recognize that the State must equalize educational opportunity and provide quality schools through distribution of more funds to needy districts.

Bergen County benefits primarily from the improvements planned in the minimum support portion of the bill. The bill proposes weighted minimums from \$110 per weighted pupil to \$160 per weighted pupil. The range is intended to reflect the quality of program offered as well as the costs required to produce such quality.

We are concerned because S 575 fails to provide in 1971-72 even the uniform \$110 per weighted pupil contained

in the bill language. The \$30 million proposed appropriation will mean that most Bergen County school districts will receive one-fifth of the money required to move from the \$100 per pupil of the current law to the \$110 per weighted pupil. This is only a few dollars per pupil. Since the average aid offered in the \$30 million proposal of Governor Cahill is only \$20 per pupil, we wish to point out that Bergen communities will be getting less than this average and frequently not even \$10 per pupil. Such meager additional aid is most inadequate.

Property taxes in Bergen County alone show an increase of almost \$38 million in 1970. This is double the amount of increase of just ten years earlier. I want to emphasize that the increase in Bergen County tax levy is \$8 million more than the Governor has proposed in aid for the entire State for '71 and '72.

The problem of financing education is neither unique to our times nor to Bergen County. Education is a rapidly-expanding service in our society, the cost of which has been rapidly inflating over a period of many years. The Bergen County Education Association supports S 575 and urges its prompt passage. I thank you for your time.

ASSEMBLYMAN EWING: Thank you very much.

Miss Kathryn Stilwell, Fair Lawn Education Association.

K A T H R Y N E. S T I L W E L L: Mr. Chairman,
my name is Kathryn E. Stilwell. I am a Counselor in Fair Lawn High School, Fair Lawn, New Jersey, and Treasurer of the

425 member Fair Lawn Education Association.

I wish to speak in favor of the Bateman Bill,
S 575.

It is a well-known fact that New Jersey ranks in the first 5 per cent of the 50 states in per capita personal income, but is in the bottom 5 per cent for State aid to education. Therefore, it is imperative that New Jersey's antiquated tax structure based on property be changed.

In September, 1969 Governor-Elect Cahill stated:
"The State school aid formula is outdated and must be replaced by a more equitable one. The Republican Party recognizes the State Aid to School Districts Study Commission Report as a framework for such improvement. New Jersey must never again get in its present position of giving school aid on an antiquated, inequitable, and inadequate basis."

The above cannot be done by "phasing in over a 5-year period." Help and aid is needed now.

I wish to speak specifically to some problems facing Fair Lawn. Fair Lawn is a suburban community of some 40,000 residents and considered a rather affluent community in Bergen County.

However, in May, 1970, the State Department of Education distributed a report listing the Economically Deprived Communities in the State of New Jersey and listed the individual schools which qualified for Federal funds. Six public schools in Fair Lawn were listed in this report.

In 1969-70 over 85 per cent of the Fair Lawn school

budget came from the local tax levy, while we received 13.2 per cent from State Aid. The 1970-71 budget for over \$9 million provides that 85.6 per cent monies come from the local tax levy and only 12.2 per cent from State Aid. This is totally inadequate and a long way from the 40 per cent recommended in the Bateman Report.

Fair Lawn's 1970-71 budget was defeated. As provided in Chapter 303, we have been negotiating since October with the Fair Lawn Board of Education. We have gone to mediation, fact finding, back to mediation and to the Superior Court. The Board of Education unilaterally adopted a salary guide for 1970-71 on May 22nd, which the Fair Lawn Education Association rejected. At this moment September 1970 has many forebodings because we have no contract for 1970-71 as provided under Chapter 303.

With increased State Aid as provided in the Bateman Report, certainly some of Fair Lawn's problems would have been minimized.

Therefore, on behalf of those whom I represent, I wish to urge a speedy passage, provision of funds, and implementation of the Bateman Report. Thank you.

ASSEMBLYMAN EWING: Thank you, Miss Stilwell.

Mr. Eugene Hart, President of the Audubon Education Association.

E U G E N E C. H A R T: Gentlemen, this is my first hearing and may I take the liberty to commend you so far on your durability.

You know, the favorite target and rallying cry today has been the so-called silent majority. But Audubon, with is a community in the southern part of the State of 11,000, with a school enrollment of some 2400 would like to direct its appeal to the silent minority represented by you, our State Legislature, and your failure in the past to assume your proper role as near-equal partners with communities in fulfilling your constitutional obligation to operate a sound education system from High Point to Cape May, from Delaware to the shore, not only in educational directives but with the funds to see that these directives are properly implemented.

Now how does this failure affect communities like Audubon? As the past chief negotiator for the Audubon Education Association, I have often been advised by my superintendent that moneys available realistically are on a "what will the market bear" philosophy. This would be satisfactory, I think, if there were one over-all market in the State. But to the detriment of our students, there are 580 markets and the result for us in Audubon, the lowest pupil expenditure for districts of its size in the State.

Now Audubon taxpayers investing hard-earned tax dollars find themselves in a gamble that these dollars will hopefully pay off in a winning system. But under this community to community "what will the market bear" approach, what he does receive is not the quality he gambled for but only what a few deem affordable. This is really a miscarriage

of the responsibility to provide the best available to all. What it amounts to really is quality depending upon geography, if you happen to live in a community that can and will provide that quality. Now I live in a community that does. I teach in a community that doesn't. So Audubon's taxpayers' gamble pays off not in a winner but in an "also ran."

As a sports follower, I am aware that the New Jersey State Interscholastic Athletic Association groups our high schools by enrollment so that they can provide equal competition or an approximation of it. Thorough-bred racing, a huge money maker for New Jersey and heavily regulated by you gentlemen, gives all its bettors, or tries, a fair shake by handicapping horses of lesser degree, designed to provide competition and a good run for the \$2 bet. But in State academics, our students are not given the same opportunity to later compete equally in life or compete equally in college because they may be educationally short-changed by geography.

Why not give our school investors the same fair shake as the \$2 bettor by handicapping and providing our financially less equipped systems with assistance to make students' later chances more equal. It would seem, gentlemen, that what we can do for horses we ought to be able to do for our children.

In Audubon salaries compose 75 per cent of our budget. Thus this locked-in figure under today's Public

Law 303, eventually cuts deeply into strategic areas, such as texts, supplies, curriculum advancement and innovative practices when the budget, as ours was, is defeated and cuts eventually are made to pare the final figure to community acceptability. We at Audubon have suffered such a defeat this year and it directly affects us by eliminating teacher aids, properly equipped libraries, computer aids, data processing, special education, special programs, enough staff, enough guidance personnel to do a job equivalent to nearby communities more liberally endowed. Again we come back to that same philosophy: Education, or the quality of it, depends upon a matter of geography, where you live.

We feel that S 575 is a step in the right direction - incentive equalization. Now certainly our Legislatures have noted in the past the success attained by many Federally-funded programs to motivate communities to spend. Here in New Jersey teachers are aware of Titles I and II and you gentlemen are aware of such things as beach erosion, which is important in our State, and urban renewal.

Now taxpayers do respond to an incentive program and boards of education, tight with their dollars by necessity or choice, often light up at the joy of increased dollar for dollar aid. However, let's never really return to the remembered Mort program that sets up directives and then watches them dry up and shrivel when fund sources never materialize. And let's unload for all time a community geared "what the market will bear" philosophy. We would

like to make Audubon, in fact, the entire New Jersey educational system, a thorough-bred operation and the payoff here would be to win a greater future for all our children, regardless of geography, to place renewed confidence in the Legislature's role in education and the State's educational program, and to show the other 49 states that New Jersey can be a leader in dollars spent for education as it is in dollars earned for industry. And I think then the taxpayers' gamble turns in his favor and becomes one we all gladly will assume since everybody, gentlemen, loves and backs a winner. Thank you.

ASSEMBLYMAN EWING: Thank you, Mr. Hart, very much.

Mrs. Gordon from the Coalition for Better Public Education.

M R S. A L E X G O R D O N: Mr. Chairman, I am representing the Coalition. Mr. Rogin could not be here so I am taking his place. I appreciate the opportunity.

The Coalition is a non-profit organization of citizens including in its membership such groups as The State School Board Federation, New Jersey Education Association, the AFL-CIO, Urban Schools Development Council, American Civil Liberties Union, NAACP, Association of School Administrators, and the New Jersey Manufacturers Association. This Coalition has come into being to advance the state's system of public education and we thank you for this opportunity to testify on S 575.

We will not reiterate the list of miserable problems in our state's education apparatus so well demonstrated in the national media, the testimony submitted to this hearing, and, most sadly, the classrooms of New Jersey. The immediate basis of difficulty is the funding of sound education.

The present state school aid rate of 27.7% is a scandalously inadequate one by any standards. New York provides aid at 47.8%, Pennsylvania at 45.2%, and Delaware at 72.7%. New Jersey is in a self-imposed stone age regarding state support of public education. Indeed, some even question if we now have a meaningful system of public education. The law suit of Mr. Whelan in Jersey City and similar cases in six states challenge the existence of a fair system on the basis of the deprivation which results from an inequitable state aid formula. Inequity as a product of one's residence has been made the subject of a serious constitutional question which should be redressed by the Legislature. In stark contrast to these inequities, stands our rank of fourth in wealth. The problem is in funding, not in the resources of New Jersey.

The present inadequate funding of education has a destructive impact not only in our cities, but in rural and suburban areas as well. Many of the 44,000 pupils in substandard classes and the 28,000 on part time shifts are non-urban residents. In 1970, 170 school budgets out of 525 were rejected, while in 1969 the comparison was 132 out of 524. Voter resistance to local property taxes for schools is increasing.

Added to resistance and the paucity of state aid, is the failure of the present system to provide for,

- (1) rapid population shifts,
- (2) the higher costs of secondary education,
- (3) the higher costs of education for the gifted, the disturbed,
the vocation-centered, the educable,
- (4) the crushing rate of inflation striking every district;

Local school taxes will increase next year by \$180 million. This will not meet the 13% rate of inflation in education costs (source NJEA, Urban Schools Development Council.) Over the next five years, a billion dollars could be needed to meet only the inflation in education costs.

Members of our Legislature, we are simply saying that public education is near the point of break-down as a result of unequal, inadequate funding by the state.

The Coalition for Better Public Education urgently asks the enactment of S 575 with the fullest implementation in this session. S 575 is a necessity, not merely an interesting option. For example, enactment would raise state aid to 36% of costs, still 7% below the projected national average in 1971. This is hardly asking for too much. Moreover, the Coalition asks the improvement of S 575 in these ways:

1. Provision for fully funding S 575 now to become effective in 1971-72 budgets.

2. Provision of a mechanism to measure the ability of a district to support public education on the basis of local per capita income and the mandatory priority of aid to those districts found impoverished on the basis of per capita income regardless of their location.
3. Provision of special aid to districts with over-age and/or inadequate school buildings.
4. Provision for additional state aid for programs of pre-school readiness, special education, vocational education and education for the gifted.

S 575 with these additions, would give New Jersey the necessary platform for a more just and effective public education system. We commend to you the deep support for our arguments found in the testimony of the State School Board Federation, NJEA, the Urban Schools Development Council and many of the citizens who are here with us today.

Our citizens' need for quality education outreaches the relief that would come in S 575. The Coalition for Better Public Education will strive for more than the initial platform of the Bateman Report. We call on the Legislature to strengthen S 575 and to enact it with full funding. This measure will not solve our state's education crisis, but your leadership now will be the required first step toward equity, quality, and opportunity deserved by every citizen.

ASSEMBLYMAN EWING: Thank you very much.

Mrs. Mary Allen, President of the New Brunswick Education Association.

M R S. M A R Y A L L E N: I thank you for this opportunity to speak in favor of S 575.

Not too long ago our distinguished Mayor of New Brunswick, Mrs. Patricia Sheehan, came before the legislators and presented New Brunswick's need for additional funds in lieu of taxes because of Rutgers University's tax exempt land - I might say, with favorable results.

Additionally we are faced with approximately 500 students from Federal Housing projects for which the Federal government's financial assistance amounts to only one-fourth the actual per pupil cost.

Education in New Brunswick is in a serious struggle for funds. The last two board of education budgets have been reduced substantially. This reduction has necessitated curtailment of programs regarded as essential to give meaning and relativity to the educational development of the students in our schools. Improved programs we deem necessary for the emotionally disturbed, career-training programs, technology courses, innovative programs and innovative scheduling and those programs for economically and socially disadvantaged students have been implemented only on a partial basis with the limited funds available. We must be able to do much more.

It is the New Brunswick Education Association's

desire that New Jersey, a leader among states in many other areas, distinguish itself through the efforts of this legislative body and place New Jersey in a position of educational leadership in the United States. Thank you.

ASSEMBLYMAN EWING: Thank you, Mrs. Allen.

Mr. Ralph DiSibio, Vice President, Gloucester City Teachers' Association.

R A L P H D i S I B I O: My name is Ralph DiSibio, a teacher in Gloucester City public schools. I am representing the Gloucester City Teachers Association, the Gloucester City Board of Education and the citizens and students of Gloucester City.

It is becoming increasingly impossible to burden the local districts with the major responsibility for financing public schools. For too long we have been trying to fiscally run our schools with an outmoded structure, the local real estate tax. The present State Aid formula has become a dried-up puddle in the sea of school economics and our present foundation program is on a dead-end street somewhere in New Jersey.

Gloucester City is one of the ever-increasing urban areas with a shrinking tax base and still faced with using that base to finance its soaring educational budget. If we are to move education ahead, the legislators in New Jersey must face the reality of the public school fiscal situation and support Senate Bill 575. The public schools exist to serve all the children. Senate Bill 575 is urgently needed

with the amendments suggested by the NJEA to provide the funds to enable the schools to meet this challenge. Thank you, gentlemen.

ASSEMBLYMAN EWING: Thank you.

Mr. Stanley Waldman, Vice President of the Atlantic City Education Association.

S T A N L E Y B. W A L D M A N: Mr. Chairman and members of the Committee: Shakespeare once said that brevity is the sole of wit. I hope to be hysterical.

I would like to thank you for the opportunity to appear before this Committee.

My name is Stanley Waldman, Vice President of the Atlantic City Education Association. Today I am here representing not only the Association but also the Board of Education.

In this case we are here to earnestly get passage of Senate Bill 575. Atlantic City is in desperate need of additional State aid. I say this as a long-time resident, as a person whose children are now fourth generation in the area. We need help. If this is an emotional plea, if it is an intellectual plea, take it as both.

Newsweek Magazine ran a feature about Atlantic City. Many of you have read it. Although the tone of the article was unduly pessimistic, unfortunately its presentation of economic deterioration was factual. We have many faceted financial woes in Atlantic City. We have a three-month economy. We have an economy that is bolstered a little bit

by a convention business that brings in an additional 20 per cent to the sum total of what the city can garner or generate. We have little or no light industry.

The consequences of such an economy can be seen in the following statistics: 33 1/2 per cent of our families in Atlantic City earn less than \$3,000. That is quite a large percentage. 8.7 per cent of our people are unemployed in the summer. In the winter, it goes up to 14 per cent. Our welfare costs are the highest in the county. We have to maintain a police force, a fire department, public services to handle not the 60,000 residents who live there on a year-around basis, but the 300,000 people who come during the summer months. So we can't discharge these people, we must maintain them, and the costs are prohibitive. Add to this the fact that next to St. Petersburg, Florida, Atlantic City has more old people with fixed incomes than any city in the United States. Add to this an urban renewal program that has torn down 15 city square blocks of rateables and hasn't been able to get but maybe \$5 or \$6 million of new building in the last four years. We just can't interest people to come in and build in Atlantic City. And to all of this, add the flight of the local businessman with his business to the suburban areas.

With these conditions, what can be the attitude or the allocations for education in Atlantic City? For 1970-71 Atlantic City will spend 34.4 per cent of its tax dollars on education. You might say, "Lord, this is really low."

Well, it is better than the 28 per cent of last year. We are just about the lowest in the State because we don't have the money.

It means less than quality education. For the ten elementary schools in which I teach every week as a speech therapist - and those schools are 80 per cent black - those kids don't need "all right" education, they need the best education and we just can't afford it. It means that most of our schools in Atlantic City, at least 50 years old, have to be replaced, but we don't have the building funds. An outside agency came in, Leggett, Leggett and Englehart, two years ago and said, "Replace most of your schools." But we haven't started that yet. And it also means reliance upon Federal moneys, unsure in amounts at best and whimsical in disbursement at worst.

Atlantic City needs financial assistance desperately. Although 575 will be no panacea, it will offer some relief and prove that New Jersey is willing to live up to its financial and moral obligations to provide quality education to the children of this State.

Thank you again for allowing me to appear.

ASSEMBLYMAN EWING: Thank you, Mr. Waldman. It wasn't hysterical but it was quite funny.

Elayne Brodie. [Not present.]

Rev. Henry Cade, Chairman of the New-Ark Community Coalition. [Not present.]

Mr. Charles Mabray, Title I Advisory Board, Newark.
[Not present.]

Mr. P. Mark Heston, President of the Barrington Education Association.

R O B E R T M O R R I S: Assemblyman Ewing and members of this Joint Education Committee: My name is Robert Morris and I represent the Barrington Education Association in place of Mr. Heston.

This report represents the opinion of the Barrington School District, located in Camden County. This district has approximately 1700 resident pupils - k through 12.

We encourage the Senate to adopt the "State School Incentive Equalization Aid Law." We feel that increased State aid to local districts can do nothing but improve the quality of education given to our students.

The current expense monies from the State of New Jersey to the local districts now average 28 per cent of the total current expenses put forth by those districts. If we compare this to our surrounding states we find ourselves unmercifully low. Delaware averages 50 per cent; Pennsylvania averages 45 per cent. Barrington's meager share for 1969-1970 is 15 per cent of the total current expense budget.

Other State laws are continually being passed in an effort to improve the total educational picture. In recent years, one progressive step, the teachers' negotiation law (P.L. 303) has cost the local districts a great deal of money. The smoke detectors, required by the State today as a safety precaution, cost Barrington \$25,000. Increased

costs of supplies, equipment, salaries, insurance, and the expanding services demanded by the public today enlarge the costs of operating districts by leaps and bounds. However, it might be noted that for the year 1969-1970 Barrington received \$186,975 and for 1970-1971 the system will receive \$188,817 or an increase of less than \$2,000.

Based on the S-A 2, on file in the Barrington Business office, the per-pupil aid for 1967-1968 was \$137.00; for 1968-1969, it was down to \$75.00; for 1969-1970, it was up to \$117.00; and for 1970-1971, it will be \$118.00. In recent years our state sales tax has risen from zero to 5.5; yet the Boro of Barrington is receiving less per-pupil aid. Then, who is paying the increased Educational bill? The local property owners are! Their bill has increased from \$2.92 to \$4.96 per hundred in the last few years and they also pay the sales tax. With the passage of the Bateman Bill, our state aid could be increased by \$117,000 or an additional \$68.00 per pupil above the 1969-1970 mark.

Who will be aided? The schools, of course, and the local property owners. The Boro has only one major means of raising funds to pay its bills - the property tax - but the state has many channels from which it can draw money. Consequently, we are convinced that more state aid to public schools is necessary to relieve the tremendous burden being toted by the land owner under the present State School Aid Law.

We ask you to help us educate our children by passing the "State School Incentive Equalization Aid Law" and the "School Building Aid Law" with full implementation immediately. We are convinced that with more state aid and less local property tax burden, the school will have a better opportunity to serve the community. With this aid the budget will be stabilized and thereby will allow additional programs to be initiated or augmented without asking the local property owner to assume so much of the burden. Other state sponsored taxes should be funneled into education and the money distributed according to this law.

Thank you for your time.

SENATOR DUMONT: Mr. Morris, you have Delaware averaging 50 per cent of the total cost and two previous witnesses used 72.7 per cent. Are you right or are they?

MR. MORRIS: Well, since there are two of them and only one of me, I would assume they are right.

SENATOR DUMONT: Thank you very much.

ASSEMBLYMAN EWING: Mr. John Tesauero, President of the Trenton Board of Education.

J O H N F. T E S A U R O: I am John F. Tesauero, President of the Trenton Board of Education. Representing the Board of Education, the professional staff, and the students of the City of Trenton, I wish to thank you for this opportunity to testify on S 575.

I do not wish to repeat what has been said so well and so often in these chambers today. I do wish, however,

to stress again that the problem of providing quality education in the urban centers of our State is compounded by New Jersey's approach to the funding of education, and by the fact that this funding has been so dependent upon property tax as a major source of revenue. I wish not to belabor this issue, which I am sure is apparent to almost everyone today.

The present State School Aid rate of approximately 28 per cent (averaged for all districts) is not only inadequate, but also totally indefensible in light of the tremendous economic and social problems that have existed and that increasingly persist in our cities. It has been suggested today that inequity as a product of residence has been made the subject of a serious constitutional question. This, of course, is a matter for our courts to decide; however, constitutional or otherwise, inequity as a product of one's residence - as this inequity affects children and young people - is indeed grossly unfair and obviously untenable. Because the problem of rectifying inequity in the State of New Jersey is not really wealth (we stand very high in this regard among the 50 states), the problem then is in the method of funding.

At this point I should like to present just a few statistics to show how Trenton, the capital city of New Jersey, has fared in the last few years under the present State School Aid formula. I turn to the appended chart which shows that the State appropriated in 1967-68 school

year approximately \$4.2 million, which represented approximately 35.6 per cent of the total budget for that year. The city appropriation was \$7.2 million or approximately 60.4 per cent. If you will look to the far right, the 1970-71 school year, where the State has appropriated approximately \$4.8 million or 30.2 per cent of the total budget, the city appropriation has been and is \$11.12 million or approximately 68.6 per cent of the total budget. In the 1969-70 year, which we are currently operating in, I would also like to point out to the Committee that approximately \$772,000 which was cut by the City Council and ordered restored by the Commissioner of Education, is still in litigation. With just one week remaining in the 1969-70 school year, we are not certain that the courts will uphold the Commissioner's decision. I would also like to add another statistic. If you will compare the actual appropriation by the State in 67-68 as compared to 70-71, the increased cost to the State over four years was approximately 15 per cent, whereas the increased cost to the local taxpayer in that same period from \$7 million to \$11 million was 54 per cent over that same four-year period.

Reference to the attached sheet indicates that the total amount of funds made available from all State sources has remained relatively constant in dollar amounts, while the total school budget has risen significantly. As can be seen, the contribution on the part of the State as a percentage of the total school budget has dropped

better than 5 per cent over the four-year period shown, while at the same time, the city's share, raised by local property taxation, has risen 8 per cent.

We respectfully request the Legislature to pass S 575 and to enact it immediately, with all implementation necessary for full funding. We believe that S 575 may not be the final answer to the financial problems within the area of aid to public education, but we do believe that because it would raise State aid appreciably, S 575 is at this time worthy of our unqualified support. Knowing that these fast changing and dynamic times require continuing examination and re-examination of the substance and the methods of governmental expression, we give our wholehearted support to S 575 at this point in our history, believing that our citizenry can be counted upon to approve it as a meaningful step toward providing better education for all, and a more equitable education for an astoundingly large number of pupils in our New Jersey schools. Thank you.

[Chart referred to by Mr. Tesauro can be found on page 121A of this transcript.]

ASSEMBLYMAN EWING: Thank you, Mr. Tesauro.

ASSEMBLYMAN EWING: Mr. Vincent Giordano from the Paramus Elementary School? (No response)

Mr. Larry Rothe? (No response)

Mr. Richard Moore, Director of Dissemination, New Jersey Urban Schools Development Council.

Mr. Moore, looking at the size of this, are you going to read this whole statement?

R I C H A R D S. M O O R E: I certainly am not going to read this, no, by no means, I have no such intention. In fact, I would just like to make a few brief comments. I regret that I wasn't able to be here for the earlier testimony so I am not certain what points have been covered, but I would like to call your attention to the information that begins with Table 5, I believe it is, following page 2. (See statement - p. 122 A)

I tried to assess the past increases in the day school expenditures during the past five years in the State. The day school expenditures - the figures I am using here are less transportation costs and, of course, they do not include capital construction, they do not include debt service costs and many of the extraneous costs in education that would be normally in total educational expenditures. As you can see, over the last five years, annually, we've averaged 11.6% increase. Now it wasn't until 1967 through 1969 that the full impact of the teacher salary militancy began to be felt, and this is continuing. This past year it was 14.2%

increase. Now, if you take that percentage and project it into tables 6, 7, 8 and 9, to try to assess what this is going to mean over the next five years, if we follow a five-year implementation plan for S-575, you discover that we are going to end up approximately 1 percentage point below where we are at the present time.

Now we show, during the last five years, the average rate of increase to the actual increase in cost of education has been going up an additional 1.12% each year. So I have tried to project on different schedules here both the five year average, also the 14.2% keeping and holding static, and also a possible compromise figure for what the figure might possibly be in the next five years.

No matter what approach you take, you come out finding that S-575 is not going to make a very big impact, if any impact at all, on the total operating expenditures of our school districts. It's not really going to really improve the quality of education because there aren't going to be funds available for increasing the scope of present educational services or providing, shall we say, more intensive care under the present educational programs.

One of the features of S-575, which alarms the Urban Schools Development Council most of all is that it does very little to help equalize the present costs of education and the burdens for the cost of education provided at the local district.

The urban communities certainly will not benefit greatly from this bill. They will come out with approximately 1% more of the total present State portion of the education revenues than they have at the current moment.

The fundamental flaw that we find in the bill, and I make note of this on page 12, is that the proposed State Aid formula falls far short of abolishing the relationship between a local community's wealth and the quality of the public schools it can support. Consequently, it preserves and gives new permanence to unequal educational opportunities.

You will find in this document many charts to show you the current level of expenditures and how they differ from community to community as far as providing educational services.

The urban schools, - the ten urban districts which I represent have 229,000 children enrolled in them - 229,987, I think it is, children. - certainly are at the bottom of the list as far as the services that they can offer to their student bodies, the type of educational programs that they can afford. The current increasing property tax rate is putting a real squeeze, as you know, on these urban communities. And in the next five years, if S-575 is implemented over a five year period, the property tax rate in this State will have to raise, for day school expenditures alone, \$1 billion more dollars. And if you take into consideration the increasing costs of transportation,

school construction and debt service costs, it's very likely that it will have to raise in the neighborhood of \$1.4 billion.

From my perspective, I don't believe that the property tax can stand this burden. I believe we need to move definitely in the direction of a program formula similar to S-575 but S-575 certainly is not the ultimate answer. It's still based on a per-pupil property valuation which tends to be very highly inequitable as far as the urban districts are concerned because it does not guarantee to them a high property valuation through which they can educate their children. It guarantees to school districts which already have a great deal of wealth the ability to continue and to perpetuate even a more comprehensive educational system and structure than that which they already have. It will give the wealthier districts more money through which they can recruit teachers, expand their curriculum programs, and things of that nature. The urban districts, on the other hand, will probably be scheduled for an intermediate type of slot which means their property guarantee will not be nearly enough to allow them to expand let alone narrow the gap that presently exists between the urban and suburban and rural districts.

Also, there is another factor that is definitely missing from this formula and that is taking into consideration municipal overload features. There is no indication in the legislation or in the formula where it

takes in the fact that in urban districts it is far more costly to support other governmental services and hence there is a real pressure that retards the advance and ability to raise money for education on the part of the urban districts. We believe that there should be a municipal overload factor and component in the formula. We also believe that the present proposed weighting of AFDC pupils by only a .5 increment is certainly not adequate to provide their needs.

You will notice in, I believe it is chart 1 which follows page 9, I have reflected here the percentage of the AFDC children that this reflects of those that have been labeled as disadvantaged children in the urban districts. It averages out to be only approximately one-third of the children which actually need expanded educational services - which means, if we are to really meet their needs, we are going to have to increase that per pupil weighting to 1.5 rather than a .5 increment.

I would like to make just a few remarks in closing. In addition to the AFDC component and the municipal overload factor, we believe that the formula must also attempt to begin to create equal educational opportunities for all children across the State.

As you know, there are increasing cases that are coming before the courts testing state school aid formulas because they do not permit school districts to provide equal educational opportunities.

As you also probably know, at the present time New Jersey provides 27.5% of their over-all cost of education in the districts. Now the national average is approximately 41% and by next year they expect it to be over 43%. There are nine states that already provide more than 60% of the cost of educating their children. And there have been many recommendations - the Inter-governmental Relations Commission has recommended that state governments provide the bulk, if not all, of the operating costs for the schools, and certainly most of the large industrial states already do provide in the neighborhood of 50 to 60 percent. Of the states that immediately surround New Jersey, the average is approximately 55%. I believe Delaware provides over 77% of the cost of operating their schools.

We suggest that the criteria for classifying school districts be based on a graduated scale of needs, including such component factors as the local property tax burden; local fiscal capacity; cost variation factors due to socioeconomic characteristics; population density; the percentage of student population enrolled in antiquated, obsolete schools more than 50 years old; as well as previously mentioned component, the number of children needing compensatory education.

We also have some reservations about using property as the basis for the formula. We believe that by 1972 there is going to have to be a revision, a total

revision of the tax structure of this State. We believe that to base it on property would be to base it on a system that is quite inaccurate in judging ability to support educational costs.

We also would like to see the present formula expanded to be more comprehensive, to include factors for transportation, for school construction, for special education programs for the handicapped, and early childhood education programs as well as summer school programs.

At this time I would like to answer any questions you might have.

ASSEMBLYMAN CURCIO: Mr. Moore, you made a statement that there are 9 states in the vicinity of New Jersey --

MR. MOORE: Nine states in the nation.

ASSEMBLYMAN CURCIO: Oh, nine states in the nation.

MR. MOORE: That already provide more than 60%.

ASSEMBLYMAN CURCIO: More than 60%. Can you name those nine states, please, or can you name any of them.

MR. MOORE: No, I can't, not at this time, but I can get that. Delaware was one, I believe. I believe Pennsylvania is not. I believe Massachusetts might be and I believe Wisconsin. I would have to really look them up. I have them available. I can prepare a list of them, if you would like.

ASSEMBLYMAN CURCIO: Yes, I would appreciate that.

And I would also like to know the source of the funds from which they make these payments.

MR. MOORE: Fine. I will tell you right off where you can get a lot of this information and that is the Ranking of the States. It's published by the National Education Association on an annual basis and they provide and rank each state in 102 different categories. Also the Bureau of the Census has many, many publications, of course, where they provide information along this line.

ASSEMBLYMAN CURCIO: You also have on Table 7 projected increases. Do you project that our school costs for actual day school expenditures, less transportation costs, will increase at the rate of 14.2% for the next five years?

MR. MOORE: I'm saying that what happened in this past year, in the 1968-1969 school year, that is the rate at which the increased costs occurred, 14.2%. The two years just prior to that it was 12.9. It has been going up every year during the last five years, there has been a constant increase and it has been going up an average of 1.12% over this five year period. So actually we might expect to see next year a 15.36% increase for the 1969-1970 year that we are right in now, for which figures are not available.

ASSEMBLYMAN CURCIO: Well, what factors are there that would cause that tremendous jump each year that you

anticipate?

MR. MOORE: Well at this point you have many factors working. Of course, you have increased enrollments that are coming across. The construction costs have been going up enormously. Last year construction costs rose by 13%. This year it's projected that they will rise by considerably more than that, in fact the increase in construction costs for the first six months, if projected over the entire year, were in the neighborhood of 23% which is an enormous increase for one year.

Now you also have salaries which have been going up quite rapidly. Teachers have been trying to catch up with the rest of the economy from which they've lagged behind for quite a lengthy period of time. So there is a tremendous pressure upon school boards to increase the salaries of their instructional personnel.

And, then, of course, just the increased costs that are occurring in areas like published materials. These have been going up at an enormous rate. Unfortunately, education is in a sector of the economy that is experiencing one of the greatest increases in costs, moreso than the over-all economy which is rising slightly more than 6%.

ASSEMBLYMAN CURCIO: So to paraphrase or succinctly state what you've said and what is contained in Table 7, the cost of education, projected day school expenditures of approximately \$1,100,000,000 this year, 1969-1970, will go up, as you state, to \$1,860,000,000

by the year 1973-1974, or in five years it will almost double?

MR. MOORE: That's correct. It's staggering, I know.

ASSEMBLYMAN CURCIO: So that in any event if the full Bateman Report were implemented, it would hardly be sufficient to cover the anticipated costs let alone alleviate any burden on the property owner. Is that right?

MR. MOORE: That is exactly true. That is precisely the situation. It's alarming. I felt that, before I sat down and started calculating these figure, it would have some impact. I called last year for a two year implementation plan rather than a three year implementation plan, feeling that that would have certainly a greater impact as far as raising up the burden which the State is assuming so that property taxes could subside. But when you stretch it out to a five year plan, you are completely abolishing any possibility of relieving property taxes at all.

ASSEMBLYMAN CURCIO: So that now that we've had the sales tax for about four or five years and it has made no impact, apparently, on the lowering of the home owner's taxes or property owner's taxes, if we enact an income tax to supplement the Bateman Report to raise four or five hundred million dollars, four or five years hence we will be in exactly the same position. Is that correctly stated?

MR. MOORE: It means that you are going to have to implement it in a shorter period of time so that the annual increments will then take care of the rising costs of education.

ASSEMBLYMAN CURCIO: Well, let's all sell our homes and go to the moon.

MR. MOORE: The point is that there was an impact in the educational burden which the State picked up after the sales tax was implemented. Actually, the State was picking up nearly, of the day school expenditures part, - nearly 22%, in fact, I'll take that back, I think it was 22 and a fraction. I may have that statistic right here. At any rate, at the end of the five year period, under S-575, without a faster implementation schedule, we will be at a 5.5% less of the State support level than we were after we implemented the sales tax.

ASSEMBLYMAN CURCIO: Thank you.

ASSEMBLYMAN EWING: Are there any other questions?

SENATOR DUMONT: Mr. Moore, are you advocating that the State should pick up more than 50% of the total cost of education?

MR. MOORE: Yes, I am, sir.

SENATOR DUMONT: Now, why? Don't you think that simply removes the local responsibility for support of the schools?

MR. MOORE: I think it helps alleviate the problems that exist in many of our districts, the divisions

that we have, the artificial boundaries we have around municipalities virtually break down on a wealth basis so that you will have certain communities that can afford to support their schools and support them handsomely, and you will have other districts that cannot really adequately afford to support even a minimal educational program and frequently it's these schools that have the largest concentrations of children that need special educational curriculum programs. So that the costs are ever increasing in the districts that can least afford to support education.

SENATOR DUMONT: Yes, but the point is, Mr. Moore, that where you have local responsibility you are also going to have people looking after the expenditure of the tax dollars. Now, after all, the taxes come from the people no matter what level of government provides the money. And if you remove the local responsibility, the local supervision, people aren't going to be concerned to the degree.

MR. MOORE: Such a feature does not have to remove local responsibility, in fact the formula can build in a basis of local responsibility. In other words, the level at which a community would tax itself would be an indication of the level of support which they would get then from the State. On page 17 I outlined such a program. Such a scheme was recommended by a Mr. Hershel Shanks in *The American Scholar*, Spring of 1970. He recommended:

"Let us say that the State will provide fifty percent of the necessary financial support for public education by appropriation to the local community. The dollar amount of this appropriation would depend on the number of pupils in the system. Additional funds would be provided by the local community depending on the tax rate imposed on itself by the local community." In other words, the local community would have to have and maintain an input into the system.

The present program that you have before you in S-575 does not require that a local community maintain its present level of support of education. They can take the State funds that they would get from S-575 and use them strictly for alleviating the property tax burden. Now I am for alleviating the property tax burden but I don't think it should be done at the expense of quality education.

SENATOR DUMONT: Well, after having looked at a good many formulas in my years down here, I don't think any one of them ever takes the place of good local people in government.

MR. MOORE: This may be so but, at the same time, if a local community does not have the wealth and the money to provide education for their children, should they be denied an education for their children?

SENATOR DUMONT: I don't think anybody is trying to deny them anything. I believe that when you get beyond

50% of the total cost of public schooling you are removing the incentive for good local responsibility and supervision.

Thank you.

ASSEMBLYMAN EWING: Thank you, Mr. Moore.

Mr. Robert McCullough, Bergen County Education Association? (No response)

Dr. John Lee, Ridgewood High School?

Miss Mary Downs, Vice President, Hackensack Education Association? (No response)

Mrs. Louise La Corte, Executive Committee Member, Concerned Citizens of Cedar Grove?

M R S. L O U I S E L A C O R T E: Gentlemen, honorable Senators and Assemblymen, I thank you for the opportunity to address this distinguished group. I am a parent and I represent a sizable group of parents like myself as the Concerned Citizens of Cedar Grove.

Our Community pays for almost 81 percent of our school budget through property taxes. We carry a heavy burden and believe me, we would certainly be happy to receive financial assistance from the State. However, we absolutely cannot approve of the Incentive Equalization Aid Law bill, 575, as presently written. Our Citizens Group has studied the provisions of the bill as carefully as citizens can. Although we can agree in principle that some school districts need more financial assistance than others, we are opposed to certain specific inadequacies

in the bill.

First of all, the school districts will be classified according to six different levels: the non-operating district, the basic, the limited, the intermediate, the pre-comprehensive, and the comprehensive district. These districts are not defined by New Jersey Statutes the way school districts presently are. The classification of school districts will be established by the Commissioner of Education with the approval of the State Board, according to criteria also established by the Commissioner. But what are these criteria? Will the Commissioner receive them by inspiration or divine revelation? And will his idea of proper criteria coincide with the next commissioner's concept of proper criteria? Or even his idea of criteria next year? What guarantee do we have of continuity of concept?

Before you turn over any large sums of money to be spent as one individual in our governmental structure sees fit, I am suggesting that we, the citizens of Cedar Grove would want to have the safeguard of statutes defining the classification of a school district. We feel that it is dangerous to place so much power and money in the hands of an individual office without first defining objective criteria for determining how the moneys will be spent.

Second, the amount of aid a school district receives is weighted not only according to need but according to the size of the school attended. It varies as much as \$110 per

pupil in a basic district to \$160 per pupil in a comprehensive district. The total amount of aid is calculated by multiplying the numbers of pupils by amounts of money again ranging from almost \$34,000 in a basic district to \$45,000 in a comprehensive district. The comprehensive school gets the most money per pupil. They, furthermore, have the advantage of multiplying a larger sum of money by a larger number of pupils. Clearly, bill S-575 is financing an incentive plan to develop regional schools.

Also, gentlemen, the copy of the bill 575 that I received has several interesting corrections. Where the bill now states "pre-comprehensive" it previously stated comprehensive school, and where the bill now states "comprehensive" school it previously stated superior school. The comprehensive district referred to in the present form of the bill is not a comprehensive district as we now know it. It is a kind of district that does not yet exist. This constitutes purposeful and deliberate misuse of a concrete term and may fool some people, but not most people. This euphemism parallels the misuse of the word liberate when takeover is really meant.

So now we can see that the maximum aid provided for by bill S-575 is not to be received by any school district that presently exists, but by a new type of school district that will be created by the Commissioner, may I parenthetically add, with the approval of the State Board.

Gentlemen, this piece of legislation, as commendable and admirable as it is, has holes in it large enough for a sneaky rat to hide in and find funds to finance a future redistricting plan. The Incentive Equalization Aid Law, 575, is not aimed at helping existing school districts that sorely need the help, as we have heard today. If it were, we would strongly support it.

For the lack of safeguards, for the lack of explicit and objective criteria for school classification, and for the huge loophole giving financial impetus to school redistricting, I urge all of you, and particularly the Essex County representatives to vote against bill 575 in its present form on behalf of the voters you represent. The group of citizens I speak for want the best possible schools for our children, but we do not want State Aid that has strings attached to it and that may eventually strangle us.

Thank you for your time and attention, gentlemen, may God help you make the wisest decision possible.

ASSEMBLYMAN EWING: Mrs. LaCorte, I don't believe in the new 575 there is going to be a bonus or anything for the redistricting. That has been taken out. On the amended version of 575, the official reprint copy - if you don't have one we have an extra one here that you can take with you.

MRS. LaCORTE: This is so, sir, but two weeks ago

Commissioner Marburger on television, on NBC, made a very clear point that he was in favor of redefining school districts, if necessary, and this was on May 24, 10:30 A.M., Sunday.

ASSEMBLYMAN EWING: Well, do you have the latest copy of the bill?

MRS. LaCORTE: I'll accept it. Thank you very much.

ASSEMBLYMAN EWING: Mr. John Garland, Cedar Grove.

M R S. L O U I S M A L E N N Y, JR.: I am Mrs. Louis Malenny, Jr., and I am speaking today for Mr. John Garland a member of the Cedar Grove Board of Education, he being unable to be present today.

I wish to thank the Joint Senate and Assembly Education Committee for the opportunity to express Cedar Grove's views on Senate Bill 575. The aid formula is based mainly on guaranteed equalized valuations and guaranteed minimum aid per pupil. Although these two guarantees seem to result in a fair and workable aid formula, they have been further broken down according to six totally undefined school district classifications. The bill gives to the Commissioner of Education the authority and responsibility to establish the criteria for these classifications annually.

At this time, Mr. Garland requested that I read the resolution adopted by the Board of Education of the

Township of Cedar Grove:

Whereas, New Jersey Senate Bill 575 would authorize the apportionment of State Aid to Education to all New Jersey school districts according to their classification; and

Whereas, Bill 575 does not define the criteria for these classifications but gives to the Commissioner of Education the authority and responsibility to establish these criteria annually; and

Whereas, the Board of Education of the Township of Cedar Grove feels that the criteria for school district classifications should be clearly defined in Bill S-575, that a change in New Jersey Revised Statutes, Title 18-A should be required to modify these criteria;

Therefore, be it resolved that this Board of Education expresses opposition to Senate Bill 575 in its present form.

Taking into consideration the recent amendment which gives double weighting to disadvantaged students and assuming all districts would be classified as basic the first year, Essex County would receive \$30 million in additional State Aid. Out of this \$30 million, Newark would receive \$25,416,000 and East Orange would receive \$1,855,900. This would leave \$2,727,500 to be divided among the remaining 20 Essex County districts. Cedar Grove would receive \$69,000.

In spite of the fact that the bill is clearly a

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welfare bill rather than an aid to education bill, Cedar Grove has not objected to the aid formula. We cannot, however, refrain from opposing the bill which, if fully implemented, would mean an additional tax burden on the citizens of affluent communities, such as Cedar Grove, probably in the form of a State Income Tax, and which would, at the same time, give to the Commissioner of Education the power to take much of the control of our schools away from the local boards of education.

We, therefore, recommend that the bill be amended either to define the criteria for the six school district classifications or to delete the classifications from the aid formula altogether, preferably the latter.

I have also been asked to present the following letter from all PTA Presidents and Legislative Chairmen in Cedar Grove, and it's addressed to Assemblyman Ewing:

Dear Sir; We are opposed to Bill S-575 because it does not clearly define the criteria for school district classifications but gives to the Commissioner of Education the full authority and responsibility to establish these criteria annually. Signed by all the Presidents and Legislative Chairmen from Cedar Grove.

And I would like, if I might, make a personal observation. Mrs. Gordon - I'm sorry that she left - spoke for the New Jersey Congress of PTA's. She spoke only for herself because no election of the membership was ever taken, no president was even notified that she

was making this statement. I believe it was just her executive committee that did it.

ASSEMBLYMAN EWING: Thank you very much.

Mr. Van Denend, Citizens for Educational Freedom?

(No response)

Mr. Charles Vitola, Pleasantville Education Association.

C H A R L E S T. V I T O L A: Chairman Ewing, Senator Dumont, I am Charles Vitola. I teach in the Pleasantville School District of Atlantic County. I am one of the increasingly rare breed of teachers who lives in the community in which he teaches. Because of this, I am more aware than most of the problems my community faces in supporting the education of its children.

The Community of Pleasantville is a deprived and depressed area. It has little industry. The few businesses it does have are steadily making an exodus to greener pastures, where there is more affluence and less taxes. At this time Pleasantville's tax rate is the second highest in the county and its tax ratables rank near the bottom. The general population of the community is undereducated, underemployed or unemployed, and in general lacks the ability to support its educational system. The vicious cycle of increased taxation and low tax ratables have placed the primary burden of raising money on the property owner of Pleasantville who is already woefully underpaid and overtaxed.

What does this mean to a teacher in Pleasantville? Historically, it has been thought that teachers are a special breed dedicated to their profession because of the spiritual compensation rather than the material reward. Realistically, we as any other professional, take pride in our work, but need a decent wage; in fact, are demanding commensurate salaries for the skills we possess and for the time, effort and expense we have devoted in developing those skills. Consequently, a teacher gets easily discouraged and disgruntled when he sees the salaries of his colleagues increasing in the community just a few blocks away from where he teaches, while year after year his salary lags behind.

These other communities such as Linwood, Northfield, and Egg Harbor Township, despite their proximity to Pleasantville are far more affluent and pay as much as \$1000 more per year for the same position on the salary schedule. As a result, Pleasantville has a great turnover of teachers who migrate toward these communities for higher salaries. Last year, 25% of our staff left and this year a similar number is expected to leave. The disadvantages of this kind of turnover are obvious: (1) lack of continuity in the curriculum; (2) the loss of experienced teachers; and (3) no stability in the staff.

Furthermore, lack of funds not only causes problems for maintaining a stable faculty, but also limits the size of the staff itself. Pleasantville needs more teachers. Some of the academic classes have thirty-five to forty students in the room, an almost impossible situation for good teaching. Our guidance department is at least one counselor short in our high school, and at this time we have no counselors in the elementary or intermediate areas.

In negotiations with the board of education this past year, these and many other problems and needs were discussed. The answer was always the same. We do not have the money.

I do not maintain that money alone is a solution to our problems, but there are needs that must be satisfied, faults that must be corrected, and gaps that must be filled. More aid is the answer.

Without increased aid to communities like Pleasantville, the only alternative for raising money is to increase taxes. The people in our community will not be able to handle the increased burden and will rebel as was evidenced by the defeat of the school budget. The spiraling costs of daily living, increased mortgage rates, increased insurance rates (especially health and hospitalization insurance), medical costs, and a myriad of other drains on the weekly paycheck all make it impossible for the homeowner and taxpayer to accept added responsibilities.

Pleasantville, and many other communities like it, need help. Bill 575 is one answer to our needs. I urge that this bill be passed and help those communities who so desperately need it to support and maintain the education of their children.

Thank you.

ASSEMBLYMAN EWING: Thank you, Mr. Vitole.

Mr. Stephen Soviczki, Waterford Township Education Association? (No response)

Mr. Fredrick Nittel, Roselle Park Education Association? (No response)

Mrs. Susan Trauffer, Haddon Township Education Association?

M R S. S U S A N T R A U F F E R: Working in the suburban school has a demanding uniqueness. The parents want to be involved and consequently each administrator, teacher and the curriculum is under constant evaluation. We must perform our job.

The suburban taxpayer has been reaching a point whereby he cannot pass the school budget even though he has been informed that it is necessary, that it contains no padding, and that it will insure a good but still not quite adequate fund for the school year.

At a board meeting which was devoted to the budget a taxpayer arose and stated that he could not afford to live in the borough if the budget and the subsequent tax raise went through. Immediately the question was raised, where can you move to? All of our suburbs are under the same pressures - costs and tax raises.

Senate Bill 575, though inadequate, will slow down our tax raises.

As a middle income taxpayer of \$1,000 a year, as a parent who is involved, and as a teacher who needs

an adequate salary, a well maintained building, supplies and money to implement the newly innovated program which I want and all of us teachers want, we must come up with the money. I see no other recourse than more State Aid for public schools through Senate Bill 575.

ASSEMBLYMAN EWING: Thank you, Mrs. Trauffer.

Mr. Angelo Pappa, Oakcrest Education Association?

(No response)

Mrs. Geraldine Burt, President, Salem City Teacher's Association? (No response)

Mr. James Bergmann, Washington Township Education Association?

F. JAMES BERGMANN: Assemblyman Ewing and members of the Committee, I wish to thank you for allowing me to appear here this afternoon.

Washington Township is the fastest growing district in Gloucester County. Without increased State Aid, as proposed in S-575, we find it hard to imagine where our district will find the necessary funds to finance the projected pupil growth from 4147 today to 18,889 by 1980.

We, unfortunately, were included in the 67% of the national school budgets that were defeated last year, not to mention the previous year. Our budget has grown from \$416,000 in 1959 to \$4,500,000 for the 1970-1971 school year. During the past year we lost \$26,000 in State Aid to transportation.

We fact split sessions now, and unless we obtain

other facilities, such as portable classrooms, we face a crisis in our district. We presently have one 78 year old school, one 33 year old school building, one 11 year old school building, and five other schools six years old or under.

From 1960 to 1969 there were 2,336 new homes constructed, with the potential of 3,883 when these current projects are completed, not to mention the others that are already on the planning board. Our population grew from 4,923 in 1960 to approximately 18,000 this year.

Our tax rates are presently based on a one-third evaluation. Total tax rate is \$13.39 - this is a 1969 figure - and of this amount \$10.37 goes to local schools. This represents about 77% of the tax dollar. Prior to 1967, there were no municipal services and thus over 80% was spent on local schools. Thus, we have less money today being spent on schools even though the services have increased. Schools need more money.

The Washington Township Education Association supports S-575 in concept. However, we believe that State Aid to public schools should increase to 40% now, and not over the extended period as suggested. We also suggest an amendment to remove the October 15 submission date for budgets because it is unrealistic.

We also believe that any criteria and standards for classification of districts should be determined by the Commissioner only after public hearing.

Can we justify the disparity of having one of the highest per-capita incomes in the nation but 49th in aid to public schools? We believe the time is now to rectify this inequity.

Thank you.

ASSEMBLYMAN EWING: Thank you very much, Mr. Bergmann.

Mr. Barry Nottle, Perth Amboy Teacher's Association?

B A R R Y N O T T L E: Members of the Committee, I am Barry Nottle, President of the Perth Amboy Teacher's Association.

On behalf of this Association, I wish to enter a brief statement in support of 575.

The taxpayers of Perth Amboy are bearing a great financial burden. Recent statistics show that 51% of our total school population is non-white, that is Black and Spanish speaking. A large percentage of these Black and Spanish speaking students need compensatory education. This means that a substantial amount of money is needed to offer them the quality education that they deserve.

Additional teachers are needed to assist many of these students in learning to read and write English. Reducing class size in the first three grades would drastically reduce the reading and speaking problems presently being encountered through the 12th grade. But additional teachers mean additional costs and Perth Amboy taxpayers are already taxed to the breaking point.

The second major problem we face in the City of Perth Amboy is that of the school buildings themselves. The original portion of the present high school was built in 1898. Both intermediate schools are at least 40 years old. Each of five elementary schools is approximately 40 years old and one elementary school is at least 80 years old.

On the other hand, we are making progress. We have one elementary school which was opened only five years ago and, hopefully, we will enter a new high school in September of 1971.

The fact remains, however, that the age of the ten buildings presently occupied by our six thousand plus student population adds up to 437 years, and that is a conservative estimate.

In essence, all buildings except two must be replaced within the next decade or the next two decades. As it now stands, the taxpayers must finance a large portion of this needed construction. They cannot.

A third major area of consideration is that of an accredited evening and summer high school as part of the total education process. Individual development and individual tempo are extremely important factors in the education of today's youth. In addition, the aforementioned accredited high school would result in a greater educational opportunity to the adult citizens of our community. In a great many cases it would provide our citizens with a second chance, a chance which in reality they never really

had in the first place.

In summary, three major problems face the taxpayers of Perth Amboy: The task of providing compensatory education to our students who so greatly need and deserve such education; the task of providing sufficient school buildings conducive to the education of our children; and the task of providing compensatory education to a large number of Perth Amboy adult citizens.

Even though this paints a rather discouraging portrait, it represents only a few of Perth Amboy's many problems. Unfortunately, many problems which need special attention in Perth Amboy can be given no attention whatsoever. Our taxpayers can barely provide the revenue necessary to operate the schools on a yearly basis with the programs now in operation. Unless help is forthcoming, we will not be able to provide our children with education necessary to their survival in the world of tomorrow, the world they will face as adults.

Thank you.

ASSEMBLYMAN EWING: Thank you very much, Mr. Nottle.

Mr. Michael T. Rosamilia, Assistant Superintendent of Schools at Belleville.

M I C H A E L T. R O S A M I L I A: Assemblyman Ewing and Senator Dumont, at 4:35 in the afternoon, being speaker number 60, I think I will find it difficult to add to the testimony that has already been presented and I've been rewriting and crossing out and I'm down to practically

one minute, so bear with me.

I am grateful for the opportunity to appear before the Joint Committee to speak in favor of the bill that's being discussed today.

The Committee is fully aware of the alarming increase in the number of school budget defeats. My own community, Belleville, in the past nine years has defeated eight budgets and this has led to some considerable cut-backs, particularly in the fields of special education and educational innovation.

Our needs in Belleville, as in other parts of Essex County, are imperative. In our own community we have three elementary schools that are over 70 years old. We've built one new school since 1924.

It seems that some anti-education groups constantly seek to add notches to their six shooters by gunning down more budgets.

In Essex County we are especially sensitive to the serious fiscal crisis, particularly in the urban areas with municipal overload. It is my sincere hope that these desperate needs will be met in part by sources other than taxes on real estate.

I feel that the principal thrust of this bill will serve to increase the State's share of school support and to accomplish this in an equitable fashion. I applaud this concept. It is my further judgment that the Legislature should move toward a three year implementation so that the

contemplated additional aid will better reflect the sense of urgency that we feel.

Thank you very much.

ASSEMBLYMAN EWING: Thank you.

Mr. Carl Cressler, President, Phillipsburg Education Association? (No response)

Margaret T. Farmer, Elementary Teacher, Waldwick Education Association? (No response)

Glen Nec, President, Deptford Education Association, Gloucester County?

G L E N N E C: I also wish to thank the Committee for hearing my comments today.

A few brief statements about Deptford Township.

One, Deptford Township is one of the townships where the taxpayer's revolt isn't occurring, it has occurred. Deptford Township is a rural district located in Gloucester County. It is a district where ratables have not kept pace with the growth of the school age population. The actual school rate has risen from \$7.24 in 1967 to \$10.63 in 1969. This is just the school rate.

This burden borne by the taxpayers of Deptford Township is reflected in the defeats suffered by school budgets in '64, '65, '66, '67, '68 and '69. In fact the reason why the 1970-71 budget was accepted by the voters the budget was developed by board members who campaigned as taxpayers to keep the taxes down. The 1970-71 budget calls for no increase in taxes and will actually represent

a decrease in the educational program due to increases in salary and inflation.

The financial problems of Deptford Township have had and will continue to have far-reaching consequences - the condition of buildings, lack of adequate text books, large classes, and lack of other necessary materials. We have overcrowded buildings and due to building bond defeats there is no relief in sight. This, of course, will result in split sessions and other detrimental actions.

The 1970-71 budget also represents cuts up to 50% in certain areas, one of which is special services which is a desperately needed program in our township, and also provides for no increase in staff although a normal increase in enrollment will occur.

Only 35% of our graduates attend any form of higher education. This coupled with a 5% dropout rate is contrary to most school systems in our State.

If you look at our State Aid now, you will see it seems quite high compared to the normal budget, and it is. It's approaching 50%. I have heard other people comment 10 or 12%. Even with this figure granted to us, it still doesn't provide adequate enough funds for our township.

As citizens interested in education, are we to wait in Deptford Township or any other district for the ratables to catch up before we are able to provide all

of the education for our young? Low salaries resulting from inadequate funds have created a training center for teachers in our district. The lack of experienced teachers in Deptford is evidence of this training center.

In 1966-67 24.9% of the teaching staff left Deptford. This represented the highest turnover rate in the State for districts of comparable size.

In 1969 28% of the staff also resigned from our system. Add to this an additional 10% which left during the past year.

Additional funds are needed from the State to increase the quality of education. To allow financially troubled districts the opportunity to rise from the economic plight faced in Deptford Township and other districts, the Deptford Township Education Association recommends the immediate implementation of S-575 with the changes recommended by the New Jersey Education Association.

Thank you.

SENATOR DUMONT: You've experienced an extremely fast growth over the last 15 or 20 years there, haven't you?

MR. NEC: That's true.

SENATOR DUMONT: So you have had difficulty keeping up with your school buildings, population.

MR. NEC: Populationwise, yes, and also we have problems with the utilities in our Township trying to

attract industry, and we have almost no industry. The ratables have maintained a consistency with the exception of homes but the people who tend to become residents in Deptford Township are younger people or middle-aged people who have young children. So, what happens is, we have three or four - I think it's 3.3 or 3.4 children per house, which creates an unbearable situation.

SENATOR DUMONT: Thank you very much.

MR. NEC: Thank you.

ASSEMBLYMAN EWING: Thank you, Mr. Nec.

Frank W. Haines, Executive Director of New Jersey Taxpayers Association.

F R A N K W. H A I N E S: My name is Frank W. Haines. I am Executive Director of the New Jersey Taxpayers Association.

I will not read our full statement. I know you've had a long day and you have had a lot of words pass through this microphone. I will try to briefly summarize it and shorten your day at least to that extent.' (See p. 160A)

First, let us commend you for this hearing. I think it is extremely important that major legislation like this be subjected to public review and an opportunity for every citizen who is interested to speak out.

The Association, I think you know, has had an active interest in New Jersey's educational system and our particular concern in revision of aid, and so on, goes to May, 1967 on which we published a policy statement, State Aid to Education - A Design for Excellence. And

our seven recommendations in that policy statement are listed herewith and I won't go through those. I would point out that that policy statement has been the basis for our evaluation of the recommendations in the so-called Bateman Report. We have evaluated each provision in our policy against all of those. Although I'm not going through them step by step, they have been extremely important.

We have also through our Education Committee and Executive Committee spent considerable time on the so-called Mancuso Report, which I think you have also heard about. And it's interesting that both in the Bateman and the Mancuso Reports there were two common areas of agreement - the approach to formula aid, that is incentive equalization and also minimum standards for district size and organization.

Now the third and heretofore neglected aspect of education, education evaluation and district classification, so as to recognize the variety of differences between systems is highlighted in the Bateman Report and this is one of the significant recommendations that we're very much concerned with. Our Association is enthusiastic, in enthusiastic agreement with the principle of education evaluation and district classification, and for that reason we can't agree that the time table the Governor has suggested for implementing this current expense aid formula is phasing in and setting every district at a basic class initially, postponing classification, and so on, when we

don't even have a start on it, is the right approach. We can't agree that they should be hasty in putting this in effect. We fear that if we don't have the classification details determined in advance and promulgated so that everyone concerned is going to know what's going to happen before the formula is enacted or at least put into effect we may lose the potential of this approach. So we do not agree with the proposal to speed use of the new formula before a criteria has been formulated and adopted. I think the criteria is too important to be disregarded in the initial stage.

Another major point, the reason why we can't endorse the new aid program is that it does not reflect a positive legislative policy on school district re-organization. We have looked at this problem for some time. We are concerned with the trends and numbers of administrative units of school administration, particularly the large proportionate district with small enrollments. We've looked at what has happened in New Jersey versus other states where they have had positive action to encourage a mandated reduction in the number of school districts. And when we look at the fact that we rely extensively on the property tax to support all of these multiple units, it just seems that somewhere something has to be done to try to check this continuous growth by reducing the number of units that we have.

So our position is that we don't favor any major

school aid change unless that change is accompanied by school district reorganization.

We note that in the bill there is a provision that the Commissioner consider organizational structure of districts as well as the quality of educational program in developing the criteria standards, but we feel that this is a weak substitute for the statutory establishment of specific guidelines for district size and structure.

We are also very much concerned that there has been 18 months delay in legislative action on certain recommendations in the Bateman Report, and these are really steps that could have been, we think, implemented and are extremely important in looking at the over-all picture of aid. We realize that the Commission on State Support has passed the Legislature and is still unsigned. So a lot of research on special aid programs, problems of tax overload, the potential of using income as a measure of fiscal ability for the school districts is still unresearched and we think that this information is extremely important both to the Commission on State Support and possibly would be very helpful to the Governor's Tax Policy Committee.

The problem of phase-in raises a question of how to finance the programs, and it means that you have to consider, I think, the desirability of a phase-in program over five years, as the Governor proposed, versus a one year implementation. Now, granted the former method may

be much more acceptable because therefore the financing decision can be delayed, someone else has to make that decision. We don't agree with that approach. We believe that the tax program to finance the aid program should be determined together with the aid program so that the taxpayers know all of the ramifications.

If there is no information to consider a related tax program, the question of financing the aid and the time schedule for implementation should be considered by the Tax Policy Committee before the aid bill is enacted. If this isn't done, then you have passed the buck to this Committee to try to figure out how to finance the program. It may be in terms of tax requirements that it may be easier to finance this in one year rather than try to stagger \$30 million a year over several years. But if the program for aid is enacted, surely that is passing, as I say, the buck, in a way, to the Tax Study Committee to find a solution to the problem of financing it.

We just comment here on the role of the property tax in public school financing and this, of course, is known. I am not sure that it's generally known this year and this is some preliminary research on early information that it looks as though the property tax levied for schools this year is going to exceed a billion dollars for the first time in history. And based on 15 county returns already it looks as though we are going to experience this

year the largest one-year increase in taxes for schools statewide, and that the proportion of total taxes for schools will exceed 56%. This gets to the problem of how will this program relieve property taxes, if at all. We see no way in which it will, at least in the legislation. We realize that there are techniques to possibly mandate some relief but as we read the bill the decision is left to the school districts and how they would best use the money. And we review what happened as a result of the mandatory relief with the enactment of the sales tax in '66 and then what happened a year afterward, and there are a lot of disillusioned taxpayers as a result of that experience. But our only question is, can we expect any different experience than that of the past three years from enactment of the bill being considered today? In terms of a measurement of relief, we just point out \$30 million is 3% of a billion dollars, so if you could apply \$30 million to some sort of relief, if we assume relief is to offset increase, that is not very large. If even \$150 million could go for relief, that represents only 15% of the \$1 billion levy.

We have added here four technical points which we think ought to be reviewed. I think you are aware of the first that even though a first year cost, at least estimated on current figures, might be about \$30 million, that doesn't mean that the subsequent years are each going to be \$30 million because as you get subsequent

changes in your factors it's quite likely that your financing requirements will be larger than \$30 million in subsequent years.

There is one technical point here in terms of transportation costs. We question really what the legislative intent is because in the definition of current expense budget costs the item "transportation of pupils" is included. Now transportation is now 75% financed under a separate formula on a one-year reimbursement lag and we wonder whether it's intended that the non-State financed portion of the transportation should be included in the calculation of your current expense aid which it appears will be under the definition that we cite, therefore providing in effect additional aid for transportation. Very minor, but then again it's a question of intent here and at least we have interpreted it this way.

One of the key changes in this formula is the basis for pupil weighting. Granted, it's used in a number of states. We find no documentations to support the assigned weights. We know that they have been borrowed from other states. Whether it's intended there should be some relation of these weights to actual cost hasn't been demonstrated, and if they have been borrowed we wonder if they are directly related to New Jersey costs.

Finally, the timetable for calculation of aid requirements. We've looked at this from the standpoint of the State Department's budget timetable with the State

Budget Officer and because of the complications of these new formulas and the fact that you are involving here having budget information to determine aid requirements, it would appear that maybe the timetable is such that school districts have to indicate budgets several months in advance of adoption or there might have to be a two-year lag in payment or some other alternative here because we don't quite see in this timetable how an accurate estimate can be provided for budget purposes.

In summary, we are not in favor of this bill as it is presently drafted for the reasons which I have summarized above. And, in further support of our statement, we have appended, for your information, an earlier policy statement on school district consolidation which we submitted to the State Board of Education in April. (See p. 166A)

Thank you for the opportunity of appearing before you at the end of a long day and certainly I will be happy to try to answer any questions that you might have in terms of our position on this statement.

ASSEMBLYMAN EWING: Thank you very much, Mr. Haines.

Ruth Schumacher, Bound Brook Education Association?

(Left statement - see p. 172. A)

Robert Roggenstein, Jersey City Education Association?

(No response)

Edward Vybiral, Trenton Education Association?

E D W A R D V Y B I R A L: Gentlemen, I won't take too much of your time. However, I would like to make a couple

points.

I teach in the Trenton School System, in particular I teach at Trenton High. I work in the discipline department at Trenton High School.

As a teacher, we are aware of certain things that happen in urban cities. It seems to be what I might classify as an urban city syndrome. It runs the gamut of low ratables, high needs, budget defeats, Council cuts, cuts which are appealed to the Commissioner of Education, and then having the constitutionality of the restoration tested in the courts by the City Council; the defeating of bond issues, the increased enrollment in overcrowding situations. Why? Well, some of this is the influx of the lower income families into the urban situation. Many of these students fall into a classification such as educables and exceptional children. The urban school becomes the residence of a great majority of these economically and socially disadvantaged and handicapped children.

We have some special needs in the urban schools. Urban schools are trying to educate a change in school population. That calls for special and unique techniques. The school's role of responsibility has far exceeded a child's academic and intellectual needs. Some of the services that we now must offer include something like health services, child study, reading specialists - as a matter of fact, in our school we have one reading

specialist for 3,000 students - tutorial services, experimental courses, in addition to 600 free lunch passes every day.

I am talking about the cost of the various programs plus the money needed to draw or maintain quality personnel with this kind of expertise. Once the cities based their academic and the city's growth on middle-class families and values; the schools were as good as they were because of the demands made by that community. And, gentlemen, the values are changed today, and in trying to maintain a fair balance we have found that the cost of education, like the price of sirloin steak, has gone up. As a matter of fact, so has the price of glass. It cost Trenton last year \$18,000 to replace broken window panes through vandalism.

Previously Trenton has been able to draw professional educators from all parts of the Country. The job of recruitment is now a headache for the urban schools. We must, as a result, resort to the hiring of those with less experience, those lacking standard New Jersey certification and requirements. This does open the door in some instances to homey people with barbed wire innovations, making the term "relevancy" a dirty word.

Frankly, highly qualified educators shun the urban settings. In an attempt not only to maintain a shadow of quality education and provide new and creative educational experiences, it first takes a commitment - your commitment

to the awareness of New Jersey's educational priorities. We cannot survive on the hopes and promises and optimism any longer.

I ask you as, not necessarily a representative of the teachers of Trenton but as a teacher and as one who comes here on behalf of the children, - I would like to urge you to implement with full funding the Senate Bill 575 with the revisions as recommended by the New Jersey Education Association.

Gentlemen, thank you very much.

ASSEMBLYMAN EWING: Thank you very much.

Mr. John Russell, South River Education Association?

J O H N R U S S E L L : At this point, I would like to praise you for your patience and indulgence here.

Coming from and speaking for the South River Education Association and the South River Board of Education who have many problems which I will not go into at this point because they are really reflections of many that exist in other districts, I am going to deviate a little and just speak on behalf of the bill, the need for money in the area of education in the State of New Jersey.

The plight of the educational situation in the State of New Jersey is one of frustration, really, in that there is a need and the fulfillment of this need is met under most circumstances by closed or partially closed doors. The districts whose tax structure cannot afford

the luxury of an adequate budget are in financial trouble and they can see no way to alleviate this situation unless additional and sufficient state aid is forthcoming.

The cost of living is rising continuously and the educational dilemma is fast becoming what you would call almost a purple cow, in that it is necessary, it is one of the most important things in our economy, in our life today, in fact, and it is one of the things that the general public, in many instances, does not want to face up to the total cost involved with this given situation.

The teachers, because of their quest for compatible wages are being alienated by their administrators and in many cases by the general public. They feel that as public servants they are supposed to work for menial and minimal salaries. When the private sector finds that the cost of living is going up and their wages are not comparable very quickly they go out on strike or they take evasive actions of a nature that will tend to try to alleviate the situation. In the field of education we are stifled. We're stifled in many ways, in situations where boards of education would possibly like to make for a good salary structure to attract good teachers but they are unable to do so because the tax structure of the community is not of a nature to afford this.

The cost of school supplies and equipment is going up while the expenditures for purchasing same are not going up at a comparable rate.

In many instances educators and administrators are forced to make priorities, are forced to make priorities in the areas of having to cut parts of the curriculum, having to hire inexperienced teachers at a lower salary because the budget cannot afford the salaries that are commanded or demanded by the more experienced teacher who is established in given communities with twenty or thirty thousand dollar homes, which many would like to have and do have and they have to have incomes to supplement this mortgage.

So you can see, gentlemen, you've been hearing this all day but again, another time, it is important, very, very important that we have 575 with its recommendations for revisions by NJEA or some type of restructuring of the tax structure in New Jersey so that we would be able to afford, the children of New Jersey, the type of education that they will need. They say that there is a generation gap; they say that many problems that we have are for one reason or another; but in many situations the general public, the Legislators, and in many instances we ourselves are not facing up to the total reality of the problems that actually exist. We have to sit down, do a little soul searching and find out just what, how, why, where and, necessarily, when.

I thank you for this opportunity to speak on behalf of funding for public education and I feel it is one of the most necessary things that we can have today.

After all, the children that we educate today will, we hope, and they must, replace you people tomorrow.

Thank you.

ASSEMBLYMAN EWING: Thank you, Mr. Russell.

Mr. Rudolph Weiss, President, Hillside Education Association? (No response)

Jacob Bakker, Midland Park, New Jersey? (No response)

Mrs. Robert W. Hodge, Fanwood? (No response)

Saul Jakel, Freethinkers of America? (No response)

Alan Seeland, Board Secretary, Toms River?

(No response)

Is there anyone here who would like to testify who has not been heard? (No response)

To all of you who stuck to the end, thanks very much.

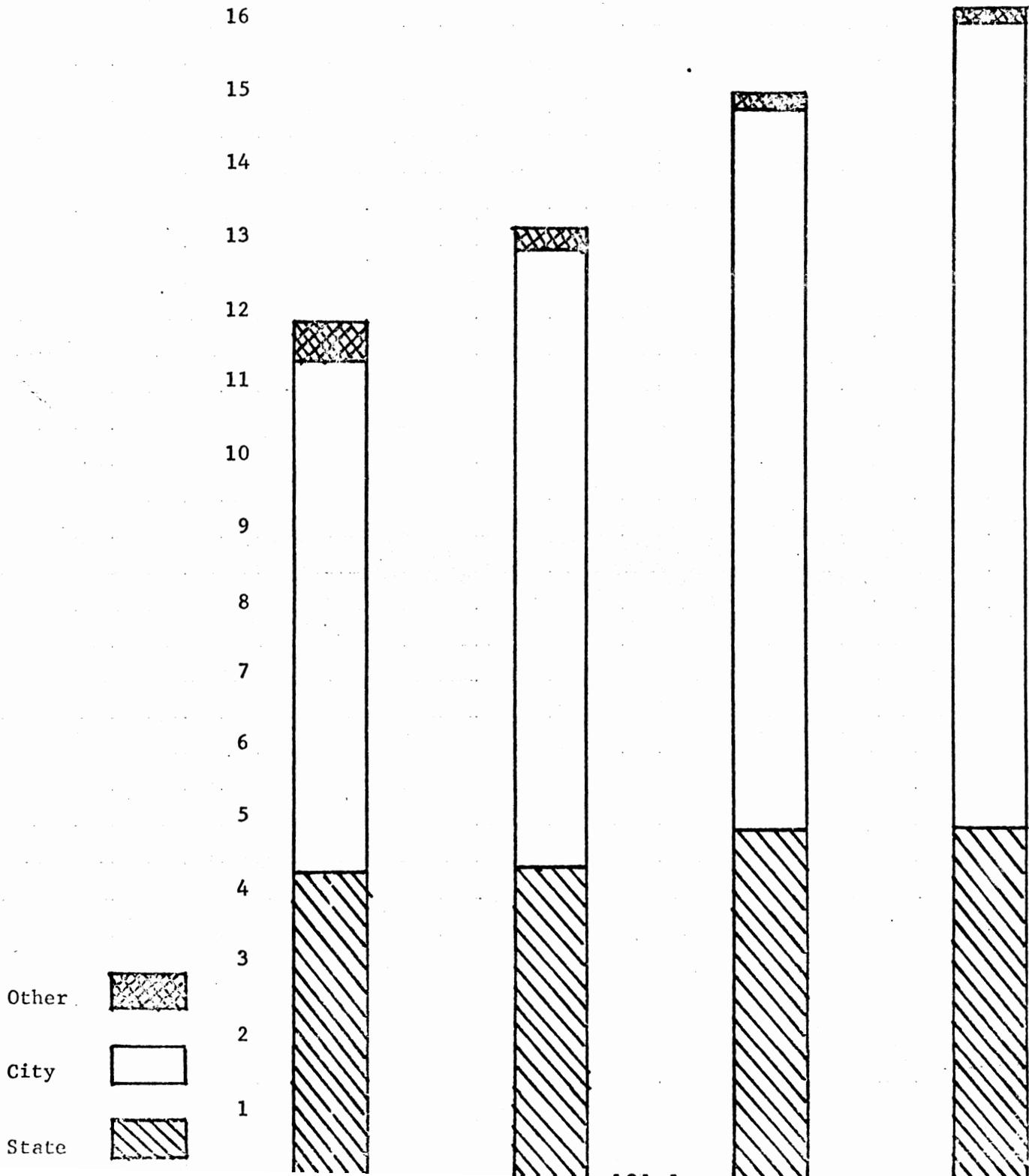
The hearing is concluded.

(hearing concluded)

SUBMITTED BY JOHN F. TESAURC - CITY OF TRENTON
OPERATING BUDGET - INCOME

	Actual		Actual		Estimated		Budget	
	1967-68	%	1968-69	%	1969-70	%	1970-71	%
State Funds	4,256,257	35.6	4,451,659	33.6	4,832,758	32.0	4,899,547	30.2
City Appropriation	7,214,855	60.4	8,494,484	64.1	9,986,789	66.1	11,125,137	68.6
All Other Income	<u>470,421</u>	4.0	<u>302,638</u>	2.3	<u>234,921</u>	1.9	<u>196,400</u>	1.2
Total Income	11,941,563	100.0	13,248,781	100.0	15,104,468	100.0	16,221,084	100.0

Millions \$



Statement On Behalf Of
The New Jersey Urban Schools Development Council
Before The Joint Education Committee
New Jersey Legislature
June 9, 1970

prepared and presented by:

Richard S. Moore
Director of Dissemination

**An Analysis Of The Proposed
State School Support Program
For New Jersey**

Portions of the text of this testimony, Chart 1, and the number of AFDC students utilized in calculating Table 11 were provided by research performed by Miss Toni Lichstein a research intern employed by the Council for the summer of 1969.

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Fundamental Goals Of A State School Aid Formula

State aid grants are meant to serve several purposes: to reduce the extreme differences in tax burdens among local districts, to relieve local taxation, and to stimulate local expenditures for education.

The most widely accepted objective of state aid-to-education formulas is to achieve "equalization." Ideally, state educational support should help to establish among school districts equality in available educational opportunity and equality is thought to be present when there is "one man, one vote", in education the equal expenditure of dollars per pupil does not yield automatic educational equality.

However, even if equal educational expenditures were an accurate indication of equal educational opportunity, New Jersey would miserably fail this test. (See Tables 1 and 2). The net effect of New Jersey's present state aid formula has not, in fact, been to equalize resources or capabilities.

It is commonly agreed that the higher the level of expenditure per pupil, the more likely the school system will be able to satisfy the divergent and individual educational needs of its students. Thus, a state support program cannot be called one of educational equalization unless it works toward narrowing the currently existing gaps among school districts in fulfilling the educational needs and desires of its students.

The Proposed Implementation Schedule

Enactment of the Study Commission's formula would represent a significant improvement over the present support program in its conceptual philosophy. The basic intent of the bill is to increase the State's proportion of educational costs, and thus substantially reduce local equalized school tax rates. If the plan had been enacted immediately following the completion of the Commission's study, it would have successfully increased the State's percentage of revenue for public elementary and secondary schools from 27.5% to slightly more than 40%. However, due to the time

Table 1

Public School Expenditures Per Pupil For Total Average Enrollment In New Jersey Communities
Participating In The Federal Model Cities Program, 1966-67, 1967-68

City	Day School Exp. Plus Exp. to Other Districts 1966-67	Cost Per Pupil For Total Avg. Enrollment 1966-67	Total Average Enrollment 1966-67	Day School Exp. Plus Exp. to Other Districts 1967-68	Cost Per Pupil For Total Avg. Enrollment 1967-68	Total Average Enrollment 1967-68
Atlantic City	\$ 4,226,712	\$492.23	8,586.8	\$ 4,649,482	\$545.73	8,519.8
Camden	9,701,157	480.13	20,205.1	10,265,603	505.95	20,237.3
Cape May	212,750	646.46	329.1	220,723	655.74	336.6
East Orange	6,828,190	655.70	10,413.6	7,468,304	586.15	10,884.4
Hoboken	4,045,369	560.85	7,212.9	4,774,602	652.79	7,314.1
Jersey City	19,201,380	536.59	35,784.2	20,701,851	565.85	36,585.7
Newark	44,879,723	598.52	74,984.6	48,075,754	637.44	75,420.1
128 A New Brunswick	4,034,884	649.26	6,214.6	4,599,852	719.43	6,393.7
Orange	2,897,613	701.19	4,132.4	3,083,289	734.97	4,195.1
Paterson	13,517,941	559.32	24,168.6	14,744,232	593.73	24,833.1
Perth Amboy	3,787,910	611.51	6,194.4	4,158,117	658.07	6,318.7
Plainfield	5,723,366	641.08	8,927.7	6,522,294	720.29	9,055.1
Trenton	<u>10,435,609</u> \$129,492,604	607.07	<u>17,190.2</u> 219,245.6	<u>11,643,396</u> \$141,084,851	581.47	<u>17,085.7</u> 227,179.0

Weighted Average Cost Per Pupil

For Total Average Enrollment: 1966-67: \$590.63 1967-68: \$621.03

Weighted Average Increase: \$30.40

Percent Weighted Average Increase: 5.1%

Straight Average Cost Per Pupil: 1966-67: \$595.38 1967-68: \$627.52

Table 2

Public School Expenditures Per Pupil For Total Average Enrollment In Ten Selected
New Jersey Suburban Communities, 1966-67, 1967-68

City	Day School Exp. Plus Exp. to Other Districts 1966-67	Cost Per Pupil For Total Avg. Enrollment 1966-67	Total Average Enrollment 1966-67	Day School Exp. Plus Exp. to Other Districts 1967-68	Cost Per Pupil For Total Avg. Enrollment 1967-68	Total Average Enrollment 1967-68
Englewood	\$ 3,320,966	\$ 821.68	4,041.7	\$ 3,841,760	\$ 929.35	4,133.8
Essex Falls	318,675	908.68	350.7	340,384	1,011.84	336.4
Far Hills	100,091	914.90	109.4	108,263	868.19	124.7
Harding Twp.	491,161	885.13	554.9	579,051	1,036.61	558.6
Lavallette	152,314	937.89	162.4	153,266	833.42	183.9
Morristown	3,100,567	814.29	3,807.7	3,514,112	890.30	3,947.1
Plainsboro	201,919	850.54	237.4	242,217	1,012.61	239.2
Princeton	4,128,110	810.18	5,095.3	4,726,982	920.54	5,135.0
Seaside Park	96,414	1,261.96	76.4	97,340	1,164.35	83.6
Winfield	<u>335,598</u>	830.28	<u>404.2</u>	<u>334,910</u>	815.26	<u>401.8</u>
	\$12,245,815		14,840.1	\$13,938,285		15,153.1

Weighted Average Cost Per Pupil

For Total Average Enrollment: 1966-67: \$825.19 1967-68: \$919.84

Weighted Average Increase: \$94.65

Percent Weighted Average Increase: 11.4%

Straight Average Cost Per Pupil

For Total Average Enrollment: 1966-67: \$903.55 1967-68: \$948.25

TABLE 3

Profile Statistics
for
New Jersey's Federal Model Cities,
1968

<u>Cities</u>	<u>Number of Children (Age 5-17) on Welfare Rolls Jan. 1, 1968</u>	<u>Number of Children Living in Public Housing Projects Jan. 1, 1968</u>	<u>Increase Public School Enrollment 1962-1967</u>
Atlantic City	2,880	1,293	619
East Orange	1,417	None	1,444
Hoboken	1,038	1,049	78
Jersey City	5,349	6,602	3,175
Newark	18,880	20,745	6,848
Paterson	4,102	2,495	1,714
Perth Amboy	450	1,498	240
Plainfield	573	333	241
Trenton	3,002	3,072	1,504
	<hr/>	<hr/>	<hr/>
	37,771	37,087	15,863

Table 4

The Depleting Source of School Revenues
 Resulting from Retarded Growth In Average Equalized
 Property Valuations and Rising Per Pupil Costs of Education In
 New Jersey's Communities Participating In the Federal Model Cities Program

City	Year	Cost Per Pupil for Total Average Enrollment		Change In Cost Per Pupil	Equalized Valuation Per Pupil In Residence In A.D.E.		Change In Per Pupil Equalized Valuation
Atlantic City	58-59	\$342.17	+	\$270.64	\$41,367	+	\$ 960
	68-69	612.81	+	79.0%	42,327	+	2.32%
Camden	58-59	312.32	+	\$297.81	18,510	-	\$1,915
	68-69	610.13	+	95.3%	16,595	-	10.3%
Cape May	58-59	377.68	+	\$313.92	45,806	+	\$10,743
	68-69	691.60	+	83.1%	56,549	+	23.4%
East Orange	58-59	501.50	+	\$283.89	37,551	-	\$3,780
	68-69	785.39	+	56.6%	33,771	-	10.0%
Hoboken	58-59	449.21	+	\$218.79	17,204	-	\$333
	68-69	668.00	+	48.7%	16,871	-	1.9%
Jersey City	58-59	443.90	+	\$163.06	23,770	+	\$1,798
	68-69	606.96	+	36.7%	25,568	+	7.5%
Newark	58-59	464.07	+	\$265.38	22,024	-	\$701
	68-69	729.45	+	57.1%	21,323	-	3.1%
New Brunswick	58-59	421.44	+	\$381.11	34,845	+	\$6,082
	68-69	802.55	+	90.4%	40,927	+	17.4%
Orange	58-59	435.87	+	\$339.21	25,057	+	\$8,507
	68-69	775.08	+	77.8%	33,564	+	33.9%
Paterson	58-59	391.10	+	\$251.17	20,083	+	\$2,613
	68-69	642.27	+	64.2%	22,696	+	13.0%
Perth Amboy	58-59	430.90	+	\$284.60	30,720	-	\$484
	68-69	715.50	+	66.0%	30,236	-	1.5%
Plainfield	58-59	418.52	+	\$363.09	26,300	+	\$3,509
	68-69	781.61	+	86.7%	29,809	+	13.3%
Trenton	58-59	412.39	+	\$354.31	27,786	-	\$6,747
	68-69	766.70	+	85.9%	21,039	-	24.2%

Weighted Average Increase In Cost Per
Pupil In Model Cities 1958-1968

\$278.14 65.8%

Weighted Average Increase In Cost Per
Pupil In New Jersey 1958-1968

\$317.83 80.6%

Weighted Average Increase In
Per Pupil Equalized Valuation
In Model Cities 1958-1968

\$2,585 10.6%

Weighted Average Increase In
Per Pupil Equalized Valuation
In New Jersey 1958-1968

\$6,136.33 21.1%

factor involved in introducing and enacting legislation, and the sharp increases in the cost of education that have occurred in this interim period, if the bill were enacted and completely implemented during the 1970 - 71 school year, it would very likely increase the State's proportionate share to only 36%. This figure is considerably below the 1968 - 69 national average of 40.9%.

Nationwide, the "average" state's education burden has been annually increasing at approximately one to one and six-tenths percent. Estimates place the current 1969-70 national average at 42% with a projected 1970-71 increase to nearly 43.4%. Thus, if the Commission's plan were completely implemented in 1970-71, New Jersey, the nation's fourth wealthiest state, would still be supporting education at a level approximately 7% below the national average.

More alarming yet, the Study Commission's Report called for a three-year implementation schedule, and the new bill S-575, which Governor William T. Cahill has endorsed, increases this to five years! Such excessively long implementation schedules will greatly lessen the legislation's anticipated impact -- that of reducing local school tax rates. In fact, if this schedule is not shortened, the rapidly-rising costs of education will effectively nullify the bill's major objective.

Governor Cahill's Five-Year Plan

The severity of this situation warrants a detailed examination of this five-year implementation schedule. On Thursday, April 9, 1970, Governor William T. Cahill outlined his educational program to a joint session of the New Jersey Legislature. In his message he requested that the Legislature adopt S-575, a measure which might eventually increase State Aid to public schools by \$180 million. However, he recommended that the program be placed into effect over a five-year period...and called for only a \$30 million increase in the first year of the new formula. Thus, to achieve the entire \$180 million, this recommendation will necessitate four subsequent increases of \$37.5 million each.

Table 5

New Jersey's Rising Day School Expenditures*

Year	Day School Expenditures Excluding Transportation Costs**	Increase In Day School Expenditures Over Previous Year Excluding Transportation Costs**	Percent Increase	Increase of the Increase
1962 - 63	\$514,855,738			
1963 - 64	\$559,345,245	\$ 44,489,507	8.6%	
1964 - 65	\$607,147,327	\$ 47,802,082	8.5%	-.1%
1965 - 66	\$664,049,563	\$ 56,902,236	9.4%	.9%
1966 - 67	\$749,972,525	\$ 85,922,962	12.9%	3.5%
1967 - 68	\$846,518,891	\$ 96,546,366	12.9%	.0%
1968 - 69	\$966,537,011	\$120,018,120	<u>14.2%</u>	<u>1.3%</u>
		5 Year Average Increase	11.6%	5 Year Average Rate of Increase in the Increase 1.12%

* Day School Expenditure do not include capital outlays for construction or debt service costs or a number of other public education costs which are also rapidly increasing and which altogether bring the total expenditures to approximately 50% more than Day School Expenditures alone.

** Transportation costs have been eliminated to more accurately reflect that portion of the Day School Expenditures offset by receipts of State Aid Formula Revenue.

Table 6
The State Public School Aid Formula

Year	Formula	Increase	Percent Increase	Day School Expenditures Excluding Transportation Costs*	State Percent of Burden
1966 - 67	\$168,737,129			\$749,972,525	22.4%
1967 - 68	\$170,263,593	\$1,526,464	.9%	\$846,518,891	20.1%
1968 - 69	\$172,230,860	\$1,967,267	1.1%	\$966,537,011	17.8%
		Average Increase	1.0%		

Potential Projected Increase In State Formula Aid By Implementing S - 575 Over A Five-Year Period

Year	Previous Aid	Plus 1% Increase	Plus S-575 Increment	State Formula Aid
1969 - 70	\$172,230,860	\$1,722,309	\$30,000,000	\$203,953,169
1970 - 71	\$203,953,169	\$2,039,532	\$37,500,000	\$243,492,701
1971 - 72	\$243,492,701	\$2,434,927	\$37,500,000	\$283,427,628
1972 - 73	\$283,427,628	\$2,834,276	\$37,500,000	\$323,761,904
1973 - 74	\$323,761,904	\$3,237,619	\$37,500,000	\$364,499,523

By End Of Implementation Period State Formula Aid Reaches \$364,499,523**

* Transportation costs have been eliminated to more accurately reflect that portion of the Day School Expenditures offset by receipts of State Aid Formula Revenue. It should be noted that Day School Expenditures do not include capital outlays for construction or debt service costs or a number of other public education costs which altogether bring the total expenditures to approximately 50% more than Day School Expenditures alone.

** Assuming full realization of the \$180 Million increase that is possible as districts achieve the level of classification, above "basic" which was projected for them in estimates made by the State Department of Education.

Table 7

Projected Increases
 In New Jersey's Day School Expenditures*
 Maintaining A Static Rate of Increase of 14.2%

135 A

Year	Actual Day School Expenditures Less Transportation Costs	Static Rate Of Increase	Increase	Projected Day School Expenditures - Less Increased Transportation Costs*
1968 - 69	\$966,537,011			
1969 - 70		14.2%	\$135,315,181	\$1,101,852,192
1970 - 71		14.2%	\$154,259,306	\$1,256,111,498
1971 - 72		14.2%	\$175,855,609	\$1,431,967,107
1972 - 73		14.2%	\$200,475,394	\$1,632,442,501
1973 - 74		14.2%	\$228,541,950	\$1,860,984,451

By End Of Implementation Period Day School Expenditures
 May Reach \$1,860,984,451 If State Aid Reaches \$364,499,523** The
 State Will Be Assuming 19.5% of Day School Expenditures

* See notation on table 6

** See notation on table 6

However, it is highly unlikely that the program will attain to the full \$180 million in the five-year period, since all districts will initially receive the classification of "basic." If all districts retain this classification throughout the five-year implementation period, the plan will only increase Day School Expenditures by \$137.9 million. Very likely the actual level of increased state aid will be somewhere between these two figures, i.e. possibly around the \$155 million mark.

This slight increase will only serve to further delay the present rate at which the State participates in the educational revenue burden currently borne by New Jersey's local school districts. In 1968-69, the State's total Day School Expenditures (excluding an increase in transportation costs of \$2,916,604) rose by \$120,018,120 -- an increase of 14.2%. (Transportation costs were eliminated from these totals in order to more accurately reflect the portion of the Day School Expenditures offset by receipts of State Aid Formula revenue. It is also very important to recognize that Day School Expenditures do not include capital outlay for construction or debt service costs...both of which greatly increase local expenditures for education.)

In the previous five-year period, Day School Expenditures averaged an annual increase of 11.6%. With each passing year the increase in the annual rate of increase has grown by an average of 1.12%. Given a continuation of the current trends in the rising costs of education, we may expect that when the 1969-70 figures are released, they will possibly show an increase of approximately 15.3% in total Day School Expenditures.

If we project a 15.3% increase on to the 1968-69 expenditures, we obtain a growth of \$147,880,162. Governor Cahill's additional \$30 million will offset only 20.4% of this increase, and the State's 17.8% rate of participation in our Day School Expenditure will barely show any change. Therefore, if we project a static annual increase of 14.2% in the statewide Day School Expenditures, with additional allowance for increased pupil enrollments etc., and incorporate the recommended annual increase of \$37.5 million in State aid, by the end of the five-year period the State's portion of the Day School

Table 8

Projected Increases In

New Jersey's Day School Expenditures (Less Transportation Costs*)

Maintaining A Progressive Rate of Increase of 10.6%

Base Year 1968 - 69, Day School Expenditures (Less transportation costs) \$966,537,011 State Formula Aid \$172,230,860

Year	Rate of Increase from Base of 14.2% Assuming a rate of Increase of the increase of 1.12% per year	Increase	Projected Day School Expenditures
1969 - 70	15.3%	\$147,880,162	\$1,114,417,173
1970 - 71	16.4%	\$182,764,416	\$1,297,181,589
1971 - 72	17.6%	\$228,303,959	\$1,525,485,548
1972 - 73	18.7%	\$285,265,797	\$1,810,751,345
1973- 74	19.8%	\$358,528,766	\$2,169,280,111

By End of Implementation Period Day School Expenditures
 May reach \$2,169,280,111
 If State Formula Aid reaches 364,499,523**
 The State will be assuming 16.8% of Day School Expenditures

*See notation on table 6

**See notation on table 6

Table 9
Estimated Projected Increase

In State Formula Aid By
Implementing S-575 Over A Five-Year Period

Year	Previous Aid	Plus 10% Increase	Plus Estimated S-575 Increment	State Formula Aid
1969- 70	\$172,230,860	\$1,722,309	\$30,000,000	\$203,953,169
1970- 71	\$203,953,169	\$2,039,532	\$31,250,000	\$237,242,701
1971- 72	\$237,242,701	\$2,372,427	\$31,250,000	\$270,865,128
1972- 73	\$270,865,128	\$2,708,651	\$31,250,000	\$304,823,779
1973- 74	\$304,823,779	\$3,048,237	\$31,250,000	\$339,122,016

By End of Implementation Period State Formula Aid Reaches \$339,122,016 assuming a partial realization of the potentially possible increase as districts begin to achieve levels of classification above "basic," but lower than those future levels estimated by the State Department of Education.

If State Aid reaches \$339,122,016 and Day School Expenditures reach \$1,860,984,451 the State will be assuming 18.2% of Day School Expenditures

If State Aid reaches \$339,122,016 and Day School Expenditures reach \$2,169,280,111 the State will be assuming 15.6% of Day School Expenditures

A figure somewhere between these two "extremes" is more than likely where the State will stand after a five-year implementation of S-575, e. i. the State will probably assume approximately 16.9% of Day School Expenditures. This is about 1% less than the State now assumes.

Expenditures will still, under these favorable, yet static conditions, be only 19.5%. And if the annual rate of increases in the rate of rising costs of education continue, by the end of the five-year period State participation will actually drop to 16.8% -- a dismal picture indeed.

Moreover, the two preceding statistics assume that the entire \$180 million increase will be realized. However, if we project a moderate rate of increase to the present acceleration in rising Day School Expenditures, and assume a partial realization of the potentials of S-575 as districts achieve levels of classification above "basic," then, under these more realistic conditions, it is more likely that the State will be assuming approximately 16.9% of the Day School Expenditures at the end of the five-year period. This represents a 1% decrease from the present level, and a 5.5% decrease from the high reached in 1966-67, through the implementation of the sales tax and the revenues this provided to the public schools.

If this plan goes into effect, the intent of the new state aid formula, i.e., the lowering of school property tax rates, will not only be negated but will actually necessitate enormous increases in school property tax rates.

In fact, by the end of 1974, the property tax will have to annually produce nearly one billion dollars more -- just for the school tax rate, not to even mention the increases which will be necessary to cover other municipal services. The implementation of this plan surely cannot be considered a true solution to New Jersey's educational financial difficulties.

Strengths of the Commission's Legislation

Nevertheless, the Commission's proposal has some valuable, constructive features. The plan increases the minimum level of support and proportions the revenues in a manner that allows for the higher costs of secondary education.

In addition, the formula attempts to equalize the school districts by compensating districts whose ability to support education is hampered by meager financial resources.

Significantly, the legislation provides for annual increases which will extend the life of the formula by keeping it current. The design also incorporates incentives for efficient district organization and criteria for improvements in program and curriculum quality.

Deficiencies of the Formula

New Jersey's educational aid formulas have consistently overstated the fiscal capacities of our metropolitan areas because their measure of fiscal capacity is the tax base per pupil rather than the tax base per capita. This seemingly insignificant factor is in reality of major consequence. For by focusing only upon the per pupil relationship with the tax base, the formula assumes that the fiscal resources of different varieties of school districts, for example urban suburban, are equally available for educational purposes. The proposed new formula is no exception to this detrimental practice.

Bill S-575 uses the single criterion of equalized valuation of property to measure the financial ability of a municipality to support public education. It must be re-emphasized here that the Proposal does not incorporate the more satisfactory gauges of municipal financial ability, eg. average per capita income and average effective household buying power.

The Formula's Incentive - Equalization Features

The sponsors of Senate bill 633 - 1969, and now S-575 - 1970, have labelled the Commission's proposal a "State School Incentive-Equalization Aid" program. This title is misleading, since its two aims--of providing incentive, and promoting equalization, may be contradictory.

The basic thrust of the Commission's proposal is toward the State's assumption of a higher proportion of the current costs of education. If enacted in its present form, the bill, in and of itself, would not necessarily increase total expenditures per pupil in any school district. The modest increase in State monies for public elementary and secondary education in most instances will be insufficient to provide new or expand old pupil services.

These new funds will be diverted from the goal of providing better and more equal educational opportunities. Instead, they will be used to offset increased costs attributable to rising teacher salaries and pupil enrollments. The chances of communities consuming these funds in this manner, and thus inadvertently thwarting efforts to improve public education, were greatly increased by President Richard M. Nixon's veto of the Health, Education and Welfare Appropriations Bill. (In effect), this veto meant that many New Jersey school districts will now be forced to "run" much faster merely to stand still.

Several aspects of the incentive-equalization portion of the legislation must be discussed.

First, the bill equalizes financially by granting to each pupil in a school district the amount of property valuation which it has deemed necessary to produce the revenues adequate to perpetuate the quality of education which the student is currently receiving.

Assuming the State Aid Study Commission's rationale that \$45,000 of equalized property valuation per pupil is necessary for maintaining a comprehensive or "excellent school district", the State would be denying potential educational equality to any student in a school district which was not granted this \$45,000 per pupil equalized valuation.

The legislation, as drafted, rewards those districts already economically able to provide excellent educational programs.

It seems unreasonable for the comprehensive districts to have higher minimum aid per pupil and higher guaranteed valuations than those districts less economically able to improve their educational systems. A true incentive program would reward the most efficient utilization of limited resources--or greatest results per unit of input.

Table 10
The 1969 Average Equalized Valuation Per Pupil In The
New Jersey Communities Participating In The
Federal Model Cities Program

City	Enrollment Sept. 30, 1969	Average Equalized Value	Average Equalized Value Per Pupil	Ranking Among New Jersey's 579 School Districts
Atlantic City	7,546	\$ 305,709,700	\$40,512	183
Camden	20,242	307,819,406	15,207	547
Cape May	327	18,355,742	56,133	89
East Orange	11,637	381,587,685	32,790	297
Hoboken	7,792	127,744,925	16,394	530
Jersey City	38,293	941,127,554	24,577	422
Newark	77,484	1,601,500,279	20,668	477
New Brunswick	5,639	223,249,987	39,590	195
Orange	4,267	144,817,654	33,939	280
Paterson	26,095	572,451,840	21,937	458
Perth Amboy	6,567	194,234,641	29,577	349
Plainfield	9,098	274,426,749	30,163	337
Trenton	<u>16,955</u>	<u>352,847,210</u>	20,810	475
	231,942	\$5,445,873,372		

Weighted Average Equalized Value
Per Pupil In Model Cities: \$23,479

Ranking of
Weighted Average: 441

Statewide Average Equalized
Value Per Pupil: \$34,170

Ranking of
State Average: 277

Formula Ratings of School Districts

Many problems may be associated with an annual rating of school districts. First, school systems in different environments must accommodate distinctively divergent pupils' needs. In order to receive classification as a "comprehensive" district, a school system might find it necessary to direct its scarce resources away from the needs of its students, and toward satisfying the pre-determined requirements of a comprehensive district--which might not be educationally relevant to the students of the district.

Moreover, political pressure groups will very likely attempt to influence a classification.

In addition, since the State Department of Education is underfunded, as are many groups dependent on State funds, it lacks adequate resources to annually evaluate each school district. At present, evaluations for the purpose of accreditation are made every five years in the junior high and high schools. No State evaluations, indeed, no minimal State requirements, have existed in the past at the elementary school level. (In contrast with New Jersey, the New York State Board of Regents annually visits and evaluates each secondary school).

The Formula and the Local Educational Effort

The legislation contains a reference to the school tax responsibility of the local districts which states: "Whenever the local current expenses tax appropriations in any district is reduced by the board of education, the board of school estimate, or the Commissioner to an amount less than total tax requirement determined by the Commissioner in the computation of the incentive-equalization aid, the commissioner shall recalculate the State aid applicable to the district." ³

Thus, the bill seems to uniformly require all school districts to levy a school tax rate at least equal to that established by the State's I.E. tax rate calculation. However, some communities in the State, specifically all those whose

total property tax rates are well below the State average, are financially capable not only of maintaining, but also of substantially increasing their current school tax rates.

Under the Plan, three options seem available to these municipalities: They can maintain educational expenditures at the same level per pupil by decreasing their school tax rates to the amount calculated by the State; they can continue the current per pupil expenditure, or they can utilize the revenue to meet rising instructional and material costs.

The first alternative would increase the disparities in financial burden per taxpayer between these communities and the Model Cities. The second would increase the disparities in educational opportunities between the Model City children and the children in the wealthier communities. The third alternative would give the wealthier communities an even greater edge in the educational marketplace than that which they already enjoy. This is especially true in respect to recruiting highly qualified instructional personnel, and making available to them the most useful instructional materials.

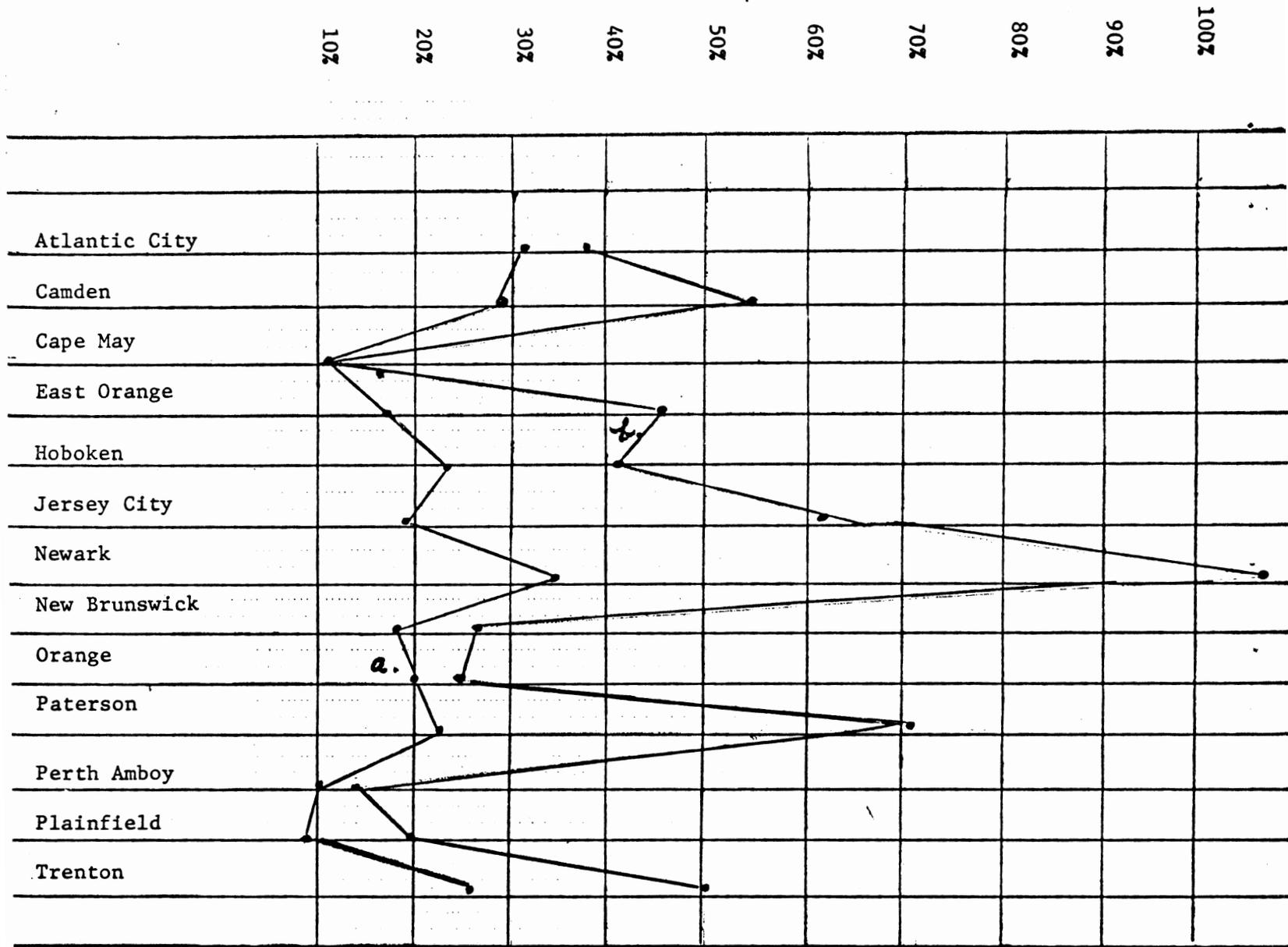
The Weighted Pupil Scale and AFDC Students

Senate bill No. 575 attempts to take into account differing educational needs of students, and the commensurate varying costs of these programs through a system of weighting pupils according to grade level.

Unfortunately, the Plan fails to take adequate notice of the educational needs of pupils who come from families and neighborhoods that are economically impoverished. The short-term costs of providing educationally satisfying opportunities to pupil whose families have traditionally been denied access to the major institutions of American society are high--but they must be paid.

Chart 1

Percent of Enrollment in Public Schools



AFDC pupils as a % of total
 School enrollment - 1969 - a.
 AFDC pupils as a % of Model
 Neighborhood School enrollment
 - 1969 - b.

The legislation's additional weighting of each child whose family is receiving Aid to Families with Dependent Children is not sufficient. Children coming from families with parents marginally employed suffer from the same economic disadvantages as do the "welfare children."

The Formula's provision of incentive equalization elements and an additional .5 weighting for each AFDC child will not begin to permit the cities to reduce the lag factor. (The .5 additional weighting for these children will produce an accrual of only \$55.00 in a basic minimum support district; \$61.25 in a limited district; \$67.50 in an intermediate minimum support district; \$73.75 in a pre-comprehensive district, and \$80.00 in a comprehensive minimum support district).

Chart one points⁴ out the limited results of using AFDC as the criterion to pinpoint economically deprived children. With the exception of Newark, the number of children for whom additional funds are to be received falls far short of approximating the number of disadvantaged students living in and attending schools in the Model Neighborhoods.

In contrast to the Study Commission's Plan, there is a model for state school support that seems to promote equitability both in educational opportunity, and financial responsibility.⁵ It is published in a comprehensive document: Economic Impact of State Support Models on Education Finance.

The authors of this work recommend employing three variables in calculating school support: 1. Fiscal capacity of the district expressed as a percent of the state total; 2. Service responsibility of the district as a percent of the state total, and 3. The priced program for education in the school district. According to this study, "net personal income tax paid per capita emerged as the best single measure of fiscal capacity in all districts."⁶

Under such a system of state school support, some districts would receive state support allocations, while others would make payments to the State Equalization Fund.

Summary

Although S-575, 1970, would make a number of significant changes in the old formula, it would also perpetuate many inequities, and rigidify others.

The Implementation Schedule

If the school aid legislation had been enacted immediately following the completion of the Commission's study, it would have increased the State's contribution to public education approximately \$178,980,179. This would have represented an increase from 27.5% to slightly more than 40% in the State's share of the cost of public education.

As time passes, the funds required to implement this legislation increase as a result of the fluctuations in the per pupil property valuations, as well as increases in pupil enrollment, educational costs per pupil, and number of AFDC children. Since the Plan's proposed minimum support aid will remain constant until enacted, and implementation begins, the anticipated impact on local school

property tax rates decreases as time passes. Consequently, if the bill were to be enacted and completely implemented in the 1970-71 school year, it would probably increase the State's proportionate educational burden to only 36%, while the national average is expected to rise that year to 43.4%.

Thus, if the proposed State school aid bill successfully passes the legislative hurdles, New Jersey, the nation's fourth wealthiest state, will still be supporting education at a level approximately seven percent below the national average.

The Formula and Equal Educational Opportunities

The fundamental flaw in the proposed state aid formula is that it falls far short of abolishing the relationship between a local community's wealth and the quality of the public schools it can support. Consequently, it preserves and gives new permanence to unequal educational opportunities.

Those communities needing the most assistance in providing an adequate education for their children would receive the smallest increase in State aid. In fact, the Model Cities would receive about the same proportion of the total funds that they currently receive.

The new formula does not promise to change or increase per pupil expenditures in any school district. Large variations in per pupil expenditures would remain.

The plan would reward with additional minimum support per pupil and higher guaranteed equalized valuations, those districts which already are capable of providing excellent educational opportunities, i.e., minimum aid of \$160 per pupil in a comprehensive district, and \$110 in a basic district.

Reorganization and Consolidation

In the original legislation, S-633, 1969, the term incentive was used primarily in reference to promoting school regionalization. The component of the original legislation, which was designed to advance regionalization, is completely

missing from the new bill, S-575. The deletion of this portion insures the perpetuation of New Jersey's archaic and costly tradition of continually increasing the number of its school districts.

A recent study clearly revealed a national trend toward the reduction of the number of local basic school administrative units.⁷ In the years from 1931 to 1966, 37 states reduced the number of their school districts. Another 11 states retained approximately the same number of districts. Only two states substantially increased the number of their administrative units (New Jersey and Massachusetts).

A comprehensive treatment of this problem can be found in a study published by the New Jersey State Department of Education, entitled Report of the State Committee to Study the Next Steps of Regionalization and Consolidation in the School Districts of New Jersey.

Aid To Families With Dependent Children

The plan employs Aid to Families with Dependent Children status as the criterion for aid to economically deprived children. This category is inadequate as a result of its exclusion of large segments of deprived children, and is not obsolete due to President Nixon's projected elimination of the AFDC program.

Municipal Overload

The plan ignores the variations in service costs and total tax burdens among municipalities.

The State's Share of the School Revenue Burden

The 40% level of State support of public education, envisioned in the original 1968 Bateman proposal was and is considerably lower than most densely populated states. Nine states already provide more than 60% of the cost of operating their schools. The Advisory Commission on Intergovernmental Relations

has recommended that state governments assume primary responsibilities for financing education. This action would remove the wide disparities in per pupil expenditures that now exist between poor districts and wealthier ones, and would greatly enhance equal educational opportunity in New Jersey. Maryland and a number of other states are now considering adopting this fiscal policy.

In short, in its present form, S-575 is a back-handed attempt at delaying the total collapse of New Jersey's archaic tax system. If any benefits accrue to education, they will be more or less incidental to the composit impact of the legislation.

1. Research Division - National Education Association, Rankings of the States, 1969, research report, Washington, D.C., p. 47, Table 88.
2. See Rules and Regulations of the State Board of Education for Secondary Education, Department of Education, Division of Curriculum and Instruction, Trenton, New Jersey, 1969.
3. State of New Jersey, Senate, Bill No. 575, introduced February 16, 1970, p. 9, Section 8, lines 14 - 20.
4. Source of data about AFDC pupils is the New Jersey State Department of Education, Title I Office, and Office of Statistical Services.
5. The University of Washington, School of Education, Economic Impact of State Support Models on Educational Finance, by Leroy J. Peterson and Richard A. Rosemiller, et al; Madison, Wisconsin, 1963.
6. Ibid., p. 269
7. U.S. Department of Health, Education and Welfare, National Center for Educational Statistics, Elementary - Secondary Studies Branch, Statistics of State School Systems, 1955-66, by Clayton D. Hutchins and Richard H. Barr, U.S. Government Printing Office, Supt. of Documents, Cat. N. FS 5.220.20020-66, Washington, D.C., p. 23.

RECOMMENDATIONS FOR A SOUND STATE AID FORMULA

Primary Recommendations

In order to build a more equitable school aid formula, the Urban Schools Development Council endorses the following measures:

AFDC Component

- . Amend the proposed school aid formula (S-575) to provide additional support for children needing compensatory education by increasing the unit weighting for disadvantaged children to 1.5. This weighting would be more in line with the actual cost of such education programs.

Municipal Overload Component

- . Adjust the formula to weigh the service responsibility of the district as a percent of the State total, or weight the total amount of local tax revenue required to support municipal services.

An alternative, and possibly more workable, amendment which would remedy the inequitable distribution of municipal service costs might feature the provisions which follow. All those communities not suffering from municipal overload--defined in terms of an equalized property tax rate above a level though responsible by the State--would be required to continue contributing at the present level.

Those cities suffering from an overload would lower school tax rates to the incentive-equalization level established by the State and would receive additional State aid amounting to the difference between their current contribution and the contribution resulting from the I.E. tax rate.

Model Cities	Number of AFDC Students (1969)	Chart 2		Increase in Proposed Aid with Additional Weighting
		Commission's Proposal Aid - AFDC pupils weighted as 1.5 (1.0 additional)	Commission's Proposal Aid - AFDC pupils weighted as .5 (in current Bill)	
Atlantic City	2,796	2,885,746	1,841,292	1,044,454
Camden	5,572	10,177,831	9,283,965	893,866
Cape May City	22	39,182	36,718	2,464
East Orange	1,811	5,354,518	4,639,940	714,578
Hoboken	1,640	3,608,225	3,474,631	133,594
Jersey City	7,167	15,119,788	13,163,654	1,956,134
Newark	25,197	38,242,850	36,161,730	2,081,120
New Brunswick	1,129	1,896,090	1,259,186	636,904
Orange	882	1,071,442	1,792,268	279,174
Paterson	5,474	11,155,482	9,698,896	1,456,786
Perth Amboy	664	2,237,364	2,134,752	102,612
Plainfield	810	3,564,079	3,088,295	475,784
Trenton	4,097	8,669,527	7,971,829	697,698

A variation of this plan was suggested by Mr. Hershel Shanks in The American Scholar (Spring 1970). In illustrating his recommendations for a school financing arrangement he states:

"Let us say that the state will provide fifty percent of the necessary financial support for public education by appropriation to the local community. The dollar amount of this appropriation would depend on the number of pupils in the system. Additional funds would be provided by the local community depending on the tax rate imposed on itself by the local community (but not depending on its wealth as reflected in the tax base). Let us say ten mills will produce the additional fifty percent. If the community is a poor one in which a ten-mill tax will produce only twenty-five percent, rather than fifty percent of what is needed, the excess will be paid to the state. Thus the result in a local community will depend on effort (the tax rate) rather than wealth (the tax base). And the local community will still be free to set its own level of effort, depending on the importance it places on education."

All of these proposals have one characteristic in common: They remove to a great extent the inequities resulting from the present relationship between a local community's wealth and the quality of the public schools it can support. It is this relationship which has been one of the major deterrents to equal educational opportunity.

Constructing A Constitutionally Sound Formula

We would be remiss if we failed to comment on the increasing public sentiment to the effect that it may be unconstitutional, (under the 14th amendment's equal protection clause) for a state to use the wealth of a local municipality as the financial support that the municipality may give to public education. The number of cases contesting the constitutionality of state aid formulas has risen sharply in recent years.

The United States Court of Appeals for the Fifth Circuit recently rendered a ruling on the Hargrave¹ case which lends support to those who believe the present formulas are unconstitutional. In a statement for the majority Judge Richard T. Rives of Alabama wrote: "The allegations of the complaint posit a fact situation which, under recently elasticized theories of equal protection,

gives rise to a constitutional claim...noting that lines drawn on wealth are suspect and that we are here dealing with interests which may well be deemed fundamental, we cannot say there is no reasonably arguable theory of equal protection which would support a decision in favor of the plaintiffs."

In light of the above discussion, the Urban Schools Development Council recommends that the State legislature amend S-575 to:

- . Replace the suggested criteria for classifying school districts with a graduated, priority scale of needs, including such component factors as the local property tax burden, local fiscal capacity, cost variation factors due to socio-economic characteristics, population density, the percentage of student population enrolled in antiquated, obsolete schools more than fifty years old, as well as the previously mentioned component - the number of children needing compensatory education.

Secondary Recommendations

- . Modify the proposed School Aid Formula to employ district fiscal capacity as a percent of the State total, or municipal per capita income, as the measure of the fiscal ability of school districts. In the absence of totally reliable per capita or municipal income data, information from the publication, The Sales Management Survey of Buying Power² could be adopted as an intermediate step in determining ability to support education.

Principal 9 of the study which formed the basis for S-633 and S-575 states: "In the absence of a field-tested model measuring fiscal capacity in whole or part by income, a soundly conceived, equalized valuation of property appears to be the most practical base."³ Other states are presently developing their own models based on per capita municipal income figures. (Wisconsin, Oregon, Kansas.)

A state of the size and wealth of New Jersey should already possess the capability of producing such models.

Any program which, when fully implemented, will increase State aid by nearly \$200 million and be adjusted annually as the state per pupil expenditure rate rises, certainly deserves to be founded on the most effective, efficient, and equitable basis possible. Presently this eliminates all contenders except a per capita municipal income rate.

Income is a much better measure of ability to pay taxes. Furthermore, the information gathered through this new capability will be applicable to many present programs as well as in whole new areas where state involvement will be expanding in years to come. Moreover, since full implementation is not expected for three years, there is sufficient time to establish the necessary machinery for this state-wide data bank.

A Comprehensive Formula

- . Expand the State School Aid Formula into a comprehensive plan incorporating elements of aid for transportation, construction and maintenance of school buildings, special education programs for the handicapped, early childhood education programs, and summer school programs.

The Total Population of Disadvantaged Children

- . Incorporate in the plan a component that measures each community's total disadvantaged children population. AFDC figures cannot be equated with the much larger population of disadvantaged children.

Richard Nixon's present proposal to change the welfare system, eliminating the AFDC program, points to another hindrance in adopting this standard.

A more equitable system for recognizing and assisting economically and

educationally deprived children could include the criteria of population density and average per capita neighborhood income. However, if the AFDC standard, patterned after Title I of the Elementary and Secondary Education Act is to be maintained, each AFDC pupil should represent the additional weighting of 1.5 -- an increase of 1.0 over the current proposal. Such weighting would more realistically represent the additional funds needed to provide equitable educational opportunities for these children.

Table II relates the additional funds that would accrue to the Model Cities with the increased weighting.

Implementation Schedule

- . Accelerate the target date for full implementation of the revised school aid formula to two years.

Ending An Unnecessary Delay In State Aid

- . Include in the legislation a flexible allotment of additional funds for each annual budget to immediately absorb cost increases attributed to rising school enrollments.

Improving the Quality and Scope of Educational Services

- . Revise the proposed measure to include a penalty factor for any school district that utilizes new State School Aid Formula revenue to reduce its educational support level.

FOOTNOTES

1. 413 R. 2nd 320, 328 (5th Cir., 1969)
2. "1969 Survey of Buying Power," Sales Management Survey of Buying Power, June 10, 1969.
3. State of New Jersey, State Aid to School Districts Study Commission, A State School Support Program for New Jersey, final report to the Governor and the Legislature, Trenton, New Jersey

NJTA

NEW JERSEY TAXPAYERS ASSOCIATION INC. • 104 NORTH BROAD STREET • TRENTON, N. J. 08608 • TELEPHONE: AREA CODE 609-394-3116

STATEMENT BY THE NEW JERSEY TAXPAYERS ASSOCIATION
RE SENATE NO. 575, OCR
"STATE SCHOOL INCENTIVE EQUALIZATION AID LAW"
SUBMITTED TO THE JOINT COMMITTEE ON EDUCATION,
NEW JERSEY LEGISLATURE
STATE HOUSE, TRENTON, N. J.
JUNE 9, 1970

The New Jersey Taxpayers Association commends the Legislature's Joint Committee on Education for scheduling a public hearing on this legislation of major significance -- Senate No. 575, OCR, the "State School Incentive Equalization Aid Law."

NJTA for many years has maintained an active interest in New Jersey's educational system. Our concern for the need to make major changes in the organization and financing of public elementary-secondary education in New Jersey was the principal reason for our publication, in May 1967, entitled, "State Aid to Education-- A Design For Excellence". That policy statement set forth the following seven major recommendations which we utilized as guidelines to evaluate current proposals for school aid:

1. *The State Board of Education and the Commissioner of Education should formulate specific plans as to the minimum level of attainment expected in elementary and secondary education throughout New Jersey's school districts.*
2. *A practical evaluation system should be instituted to determine if local school districts are meeting the level of attainment prescribed in the state plan.*
3. *A specific guideline is needed from the Legislature to indicate the division of fiscal responsibility between the State and the school districts.*
4. *Legislation should be adopted to set forth the procedures, enrollment standards, and a timetable for districts to effect consolidation or regionalization. Over a reasonable period of time, school districts operating less than K-12 grade programs should be required either to consolidate (a) with one or more contiguous school districts or (b) with all existing school districts within a county into a county wide school district. State school aid in the future should be limited to those school districts which meet these program and enrollment standards set by the state.*

5. *Continuing review of educational aid policy and the adequacy of State school aid formulas should be undertaken by a permanent commission consisting of both legislators and public members, like the Commission on State Tax Policy.*
6. *School aid formulas should include:*
 - (a) *a method for relieving the local property tax burden;*
 - (b) *a measure of local wealth;*
 - (c) *a recognition of cost variations arising among districts caused by population density and various socio-economic characteristics;*
 - (d) *assistance to enable local public school districts to meet an established minimum standard for each type of educational program;*
 - (e) *a distribution of state resources on the most reasonable and equitable basis possible; and*
 - (f) *safeguards to prevent the wasteful use of State educational funds by a local spending district.*
7. *School aid formulas should not include:*
 - (a) *provisions to guarantee local school districts against loss of aid;*
 - (b) *dollar allocations without relation to an identifiable program;*
 - (c) *provisions designed to correct the social ills of a community.*

Subsequent to 1967, two major official study reports on public elementary-secondary education in New Jersey have been completed and released:

(1) the State Aid to School Districts Study Commission Final Report, December 1968, popularly known as "The Bateman Report", and (2) the "Report of the State Committee to Study the Next Steps of Regionalization and Consolidation In The School Districts of New Jersey", April 1969, popularly known as "The Mancuso Report". The two reports have at least two significant areas of agreement: (1) the same approach to formula aid, i.e. incentive equalization, and (2) minimum standards for district size and organization. A third and heretofore neglected aspect of education, education evaluation and district classification, so as to recognize a variety of differences between systems, was a highlight of the "Batemen Report".

School Evaluation and District Classification

During this Association's study of the Bateman and Mancuso Reports using our 1967 policy statement, the conclusion was reached that there was enthusiastic agreement with the principle of education evaluation and district classification.

The Association does not agree with the Governor's proposed 1971-72 timetable for supplementing the current expense aid formula -- phasing the program into effect over several years, placing all districts in the same basic class initially, and postponing classification of districts because the ground work for such classification has not been laid, and is far from completion with no estimated completion date available.

The hasty approach using one district classification must be weighed against a program in which the classification details are determined in advance and promulgated for the information of all concerned before the new formula is enacted, or at least put into effect.

NJTA does not agree with the proposal to speed use of the new formula before all criteria have been formulated and adopted. The criteria for classification are too important to be disregarded in the initial stage.

Absence of Legislative Policy on School District Reorganization

NJTA cannot endorse a new aid program which does not reflect a positive legislative policy on school district reorganization.

We note with regret and concern the change from the 1969 to 1970 aid legislation which eliminated a criteria for minimum school district size for operating a K through 12 system. During the past two decades, we have observed the increase in the number of administrative units with less than a K-12 grade structure and the large proportion of districts with small enrollments while other states much larger in area than New Jersey were taking positive action to encourage or mandate reduction in the number of school districts. This trend in New Jersey becomes of even greater concern when we consider New Jersey's extensive reliance on local property taxes to finance schools.

Accordingly, NJTA's position is that it does not favor any major school aid change unless that change is accompanied by school district reorganization. It makes no sense to pour additional state funds into small districts which have too limited resources to provide a thorough and efficient educational program for its students.

NJTA takes this position fully recognizing the popularity of proposals for a higher level of State financial support of local public schools and the unpopularity of the word "regionalization", but the Association is convinced that the time has come for firm action to attempt to solve the numerous problems caused by a large number of school districts with widely varying social and economic characteristics and to endeavor to make maximum use of the school tax dollar.

Although the Commissioner of Education would be required in Section 3,e, of the bill to consider the organizational structure of the districts, as well as quality of the educational program, in developing criteria and standards, we consider this a weak substitute for statutory establishment of a specific guideline.

Delay in Implementing Non-Controversial Recommendations

NJTA is concerned over the nearly 18 months delay in legislative action on certain recommendations in the Bateman Report, particularly those that were important to insure continuation of unfinished phases of school aid study. These included creation of the permanent Commission on State Support, passed by the Legislature as Senate No. 316,OCR (1970), but still unsigned, and subjects left for subsequent research and study by the Bateman Commission: the numerous special aid programs, problems of tax overload, and use of income in measuring fiscal ability of school districts. These are significant in a comprehensive aid program and recommendations would be extremely useful in connection with the work of the Governor's Tax Policy Committee.

State Tax Implications

Although the bill under consideration does not include the timetable for implementation, Governor Cahill, in his April 9 Special Message on Education, proposed gradual implementation of the current expense formula over five years, depending on available revenues. He indicated an initial cost of \$30 million for the State's fiscal year (and school year) 1971-72.

The desirability of phasing in the new formula over 5 years versus full-implementation in one year is difficult to determine. It may be more acceptable to authorize the program now for implementation in phases because the question of its financing can be delayed. NJTA does not agree with that approach. We believe that the tax program to finance the aid program should be determined together with the aid program so that taxpayers can be fully informed.

If there is no inclination to consider a related tax program, the question of financing the program and its time schedule for implementation should be considered by the Governor's Tax Policy Committee before the new aid bill is enacted. If this is not done, the Legislature, by enacting the aid bill, will have committed the State to a sizeable tax increase, and also made aid to education a top priority spending program before such aid has been evaluated along with numerous other spending programs scheduled to undergo analysis by the Tax Study Committee. Enactment of the aid program would thus transfer to the Tax Study Committee the problem of suggesting the revenue program.

The Local Property Tax--Major Revenue of Public Schools

The role of the property tax in local public school financing in New Jersey is well-known. The statewide school levy for 1969 (to finance part of both 1968-69 and 1969-70 budgets) was \$956.7 million, nearly 56% of the total statewide property tax.

Although statewide data on school levies, school budgets and estimated pupil enrollments for 1970-71 have not yet been tabulated and released, we would like to point out that based on our preliminary calculations for 15 counties (Burlington, Cumberland, Essex, Hunterdon, Monmouth and Ocean excluded) the total property tax levy for schools for the 1970 calendar year is \$786.8 million compared with \$678.0 million for schools in the same 15 counties last year, and increase of \$108.7 million. Even if the 6 counties not yet reported experience no increase, the total school levy will exceed \$1 billion dollars for the first time in history. It appears that the total statewide levy for schools will approximate \$1,100,000,000 and reflect the largest one-year dollar increase in school taxes in history, exceeding the \$117.5 million school levy increase in 1969 over 1968. The proportion of total taxes for schools may exceed 56%.

Property Tax Relief

The continued increase in taxes for school purposes raises the question of property tax relief. We find nothing in Senate No. 575,OCR which holds any promise or assurance of even temporary relief from local property taxes. If there are provisions which will aid the local property taxpayer directly or indirectly, we urge that they be pointed out. As provided in the bill, utilization of increased aid is discretionary with school boards, thus the effect on property taxes will vary depending on budget pressures.

The experience of the last upward aid revision simultaneous with enactment of the sales tax still remains in many minds. Mandatory statewide tax relief of \$63 million for one year (1966), only to be followed by record 1967 school tax increases statewide of \$104 million and in many districts has created a suspicion that there is no such thing as tax relief if relief is interpreted to be a reduction in tax levy. The upswing in teachers' salaries continues and school spending continues to increase but there is as yet no means for evaluating the production output as the result of the increased dollar input. We ask whether any different experience from that in the past three years can result from enactment of the bill being considered in hearing today?

We also point out that \$30 million is 3 percent of \$1 billion. Even if the proposed new aid program provided \$150 million more aid to local districts accumulatively in one year and the entire amount could be used for tax relief, the total maximum relief represents only 15% of a \$1 billion tax levy.

Other Technical Points

There are several technical points which we wish to point out for your consideration:

Cost of Implementing New Formula. An estimated total cost of implementing Senate No. 575, OCR of \$150 million has been cited with a \$30 million cost figure for the first year of a 5-year phase. We think it should be publicly recognized that although it may cost about \$30 million the first year, subsequent year's costs may rise considerably as formula factors change. Thus additional pupils, as well as pupil changes in weighting groups, changes in AFDC pupils, equalized valuation changes, budget increases, and finally district classification above the level of basic district, can all affect the State's cost, most likely on the increase side. In other words, aid costs change as formula factors change.

Transportation Costs Included in Current Expense Budget. In section 2, f, definition of "current expense budget cost", the item "transportation of pupils" is included. Authorized transportation costs are now 75% State financed by separate formula on a one-year reimbursement lag. We question whether it is intended that the non-State financed portion of transportation be included in the calculation of current expense aid which it appears it will be under the definition herein cited, thus providing in effect further aid for transportation.

Basis for Pupil Weighting. No documentation has been provided to support the assigned weights per pupil. If the weighting factors have been borrowed from other states, it would appear that the relation of costs at various grade levels in those states should be compared with New Jersey costs to determine whether they are related.

Timetable for Calculation of Aid Requirements Under New Formula. We suggest a careful review of the schedule placed on the State Department of Education for determining State budget requirements for aid under the new legislation. Because of the complications of the new formulas, a fact which should have been acknowledged earlier in this statement, it would appear that if the Department of Education is going to develop a reasonably accurate aid request to the State Budget Director before mid-December, school districts will have to give some indication of their subsequent year's budgets several months in advance of adoption or there will have to be a two year lag in payments, or some other acceptable alternative arrangement may have to be found.

* * * * *

To restate our position, NJTA is not in favor of Senate No. 575,OCR for various reasons stated herein.

(An earlier NJTA position statement (April 1970) on school district consolidation submitted to the State Board of Education is appended herewith for your information and for the record.)

STATEMENT BY THE NEW JERSEY TAXPAYERS ASSOCIATION RE
REPORT OF THE STATE COMMITTEE TO STUDY THE NEXT STEPS OF REGIONALIZATION
AND CONSOLIDATION IN THE SCHOOL DISTRICTS OF NEW JERSEY, (APRIL 1969).

(Adopted by the Association's Executive Committee, April 14, 1970
for submission to the State Board of Education.)

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On April 22, 1968, the New Jersey Taxpayers Association transmitted a statement setting forth recommendations on school district consolidation to the Mancuso Committee which was created by the State Board of Education to Study the Next Steps of Regionalization and Consolidation in the School Districts of New Jersey. The recommendations were based primarily on policies adopted and published by the New Jersey Taxpayers Association in May of 1967 in a publication entitled "State Aid to Education -- A Design for Excellence", and subsequent, continuous review by NJTA's Committee on Education. While our policy statement dealt primarily with programs of state school support, other recommendations related directly to the Mancuso Report. The staff of NJTA and its Committee on Education have evaluated the major proposals in the Mancuso Report against our earlier recommendations. (We note that NJTA's position letter submitted to the Mancuso Committee is reproduced as the fifth item in Appendix A of its Report.)

We consider the principal recommendation of the Mancuso Committee to be that for minimum district size of 3500 pupils for a comprehensive K-12 educational system. This question of compulsory minimum district size will undoubtedly be the most difficult point in the entire Report for the State Board of Education and the Legislature to resolve.

Although there appears to be no specific district size which can be demonstrated to provide the most effective education at the most reasonable cost, we feel that 3500 pupils is a reasonable goal for a comprehensive K-12 system in a relatively small, highly urbanized state like New Jersey. We recognize that professional opinion varies from a 1200 pupil minimum upward to a 20,000 or even 50,000 maximum. We note with interest that Pennsylvania school district reorganization has been progressing based on a 4000 pupil administrative unit while the 1969 program proposed by the Governor of Michigan set forth a 2000 minimum.

We have been concerned with the gradual upward trend in the number of school administrative units in New Jersey at a time when in many states of the country the number has been declining steadily. Although statistical reports for

school districts vary depending on definition, the 1967 Census of Governments, using its definition, shows an overall decline in the number of school districts from 50,454 in 1957 to 34,678 in 1962 to 21,782 in 1967. If one goes further back in history, the overall decline is even more significant. Between 1962 and 1967, nine states accounted for more than 75% of the total decrease of nearly 13,000 districts. During the past decade, New Jersey has been adding school administrative units, primarily overlapping units, since much of the increase was regional high districts.

While we recognize that you are aware of the statistical data relating to the number and size of school districts in New Jersey, in order to put the New Jersey situation in perspective, we are setting forth a few salient facts which cannot be ignored in considering the proposals now under review.

Using September 30, 1969 resident enrollments, which are the only readily available figures, and do not, in our opinion, precisely reflect the actual number of pupils in a district which provides their education, we have developed the following:

There are only 101 school districts in New Jersey, out of a total of 580 in the elementary-secondary category, with enrollments of over 3500 operating a K-12 system. These districts have 59.4 percent of the total statewide enrollment.

There are 9 additional districts with over 3500 pupils which are not K-12 systems.

The conclusion is that 479 (83 percent) of New Jersey's districts fall below the minimum criteria recommended by the Mancuso Committee. We understand that 19 districts do not operate schools, but instead rely on other districts to educate their pupils, while 2 districts have no pupils.

Even though a 1200 pupil criteria were used, 256 districts (44 percent of the total) fail to meet that size criteria.

The general theories of school district consolidation which in a number of states have been the basis for action, are that they will bring about greater administrative efficiency, enable broader curricula, broaden the property tax base which supports administrative units, and ultimately, accomplish the greatest educational benefit for the tax dollar. We support this theory, although we recognize that supporting evidence through case studies citing New Jersey experience or that from other states, but applicable in New Jersey, would be invaluable in demonstrating the worth of the theory.

There is a matter more fundamental than district size and organization which the New Jersey Taxpayers Association considers vital to any program of educational reform. Our concern, like that of many others, is with the results of education. Thus far, measurement has been in terms of "input", i.e., books, physical plant, pupil-teacher ratios, length of school day and year, etc. While this information is not without value, (it is primarily useful in terms of indicating where the educational dollar has been spent,) it fails to demonstrate how effectively the tax dollar has been spent. It is only in recent years that taxpayers have begun to ask, "What are we getting for our tax dollar in terms of education?" Accordingly, questions are being formulated such as, "What is the educational attainment of a student who has completed a given level of education, that is, elementary, junior high, secondary, considered by various curriculum subjects? Is the attainment compatible with pre-determined objectives? If not, where is the educational process lacking?"

These or similar questions are now being asked at the Federal level. On March 3, 1970, in a message to Congress, President Nixon addressed himself to the question of "What makes a good school?" He too appears concerned that there is little direct relationship between physical plant, pupil teacher ratios, teacher training levels, and what the child learns. The following quotes from his message are pertinent for our consideration.

"...We have, as a nation, too long avoided thinking of the productivity of our schools.

"This is a mistake because it undermines the principle of local control of education. Ironic though it is, the avoidance of accountability is the single most serious threat to a continued and even more pluralistic education system. Unless the local community can obtain dependable measures of just how well its school system is performing for its children, the demand for national standards will become even greater and in the end almost certainly will prevail."

Although the President's remarks are directed to schools in general, we think they are particularly applicable to New Jersey whose average per pupil current expenditures rank us second highest among the 50 states. ⁽¹⁾

We recognize that we are dealing in averages and there are extremes on both the high and low side, many exemplifying special problems such as high concentration of economically deprived children, limited or unbalanced municipal property tax base, ^{and} inadequate capital facilities. However, not even the special situations

(1) Estimated by N.E.A. at \$963 per pupil in A.D.A. for 1969-70, including governmental retirement fund contributions.

yield positive answers to the questions concerning the nature of the product and the result gained from the present large investment in education.

The State Constitution places on the Legislature the responsibility "to provide for the maintenance and support of a thorough and effective system of free public schools...." Thus, the Legislature has determined the extent of the level of financial support.

In 1967, NJTA urged --

Immediate steps should be taken to develop minimum standards for elementary and secondary schools to which level all districts must rise, with the major emphasis on what constitutes an acceptable curriculum and a practical time span for attainment of this program. As with all plans, continuing review and modification are essential to success.

Thus far, no criteria or standards for measuring educational result have been developed and promulgated. Again we urge an all out effort to implement such a program. The absence of such criteria should not be interpreted to mean that the work of the Mancuso Committee is for naught. The proposal for consolidation and the procedures suggested for implementing such consolidation appear in principle to be workable. Not until the aforementioned criteria have been formulated and set forth for evaluation by the public school officials and legislators, however, can the means for meeting these criteria be meaningfully discussed.

In that light, the suggested enrollment standard, for instance, becomes incidental to the concept of evaluating quality education. As stated previously, we feel 3500 is reasonable, yet the figure may have to be reduced merely as a compromise depending on the means determined for implementation.

We find merit in the principle of consolidation and proposed procedures for implementing it set forth by the Mancuso Committee, and urge the State Board to give the Mancuso Report recommendations favorable consideration. We also urge the Board to consider action to place a "moratorium on the reorganization of school districts or the dissolution of sending and receiving relationships until the passage of implementing legislation" and the development of the Master Plan for Reorganization. Greater proliferation of school districts can only compound the existing situation. We have viewed with some concern the failure of the State Board of Education to discourage creation of additional regional high school districts and the granting of emergency building aid to school districts which fall far below the minimum size criteria set forth by the Mancuso Committee. We hope that preliminary research has already begun to test the consolidation proposals in selected counties

in order to determine problems which might be encountered. If such is not the case, we strongly urge that pilot studies be undertaken in order to test the concept. We would also suggest that there be research and evaluation of the problem of maximum school district size in order to develop some guidelines and alternative organization proposals in the event it is demonstrated that our largest districts require administrative decentralization.

We offer the following comments on certain specifics of consolidation procedures:

Mandatory reorganization and adoption procedure

While the proposed permissive approach to reorganization based on voter approval in each district involved in a consolidation proposal is the most popular, the fact must be recognized that the greatest certainty for reorganization occurs (a) when the plan is mandated, or (b) if there is to be a vote, it is measured by the total in the districts involved, not by the outcome in each district.

Elimination of vote on school budget levy

Recent law eliminates the second public vote on budget levies in Type II districts. While we recognize the various arguments for and against removing all opportunity for public consideration of annual levy requirements, we are not in favor of further change at this time.

State School Bonding Authority

Under consideration by the 1969 Legislature was a bill creating a New Jersey Municipal Bond Bank (Senate No. 780). While we have not endorsed that measure, it appears more logical to have an agency to support all local government bonds with no or poor credit rating rather than a separate agency for schools which would issue all school bonds regardless of credit standing.

Relation of Mancuso and Bateman Report Recommendations

Our final point involves the relationship of the Mancuso Report to the Bateman Report. First, we suggest that any new school aid formula be thoroughly analyzed for its practicability and workability. To date, hundreds of millions of dollars in State Aid to local districts has been based, in our opinion, on aid formulas that serve to further solidify inadequacies of education administration. Thus, we recommend that any new aid formula increases due to consolidation be formulated to meet the test of quality education and equal educational opportunity.

Secondly, we wish to quote from our concluding statement to the Joint Legislative Committee on Education at a public hearing, May 13, 1969 on Senate No. 633, the State School Incentive-Equalization Aid Act:

To our organization the recommendations in that Report (Mancuso Committee) to the Commissioner of Education are even more significant at this time than the proposals for increasing the State School support. Reduction in the number of school administrative units in New Jersey is essential. We could not approve any drastic increase in State school support without simultaneous or previous reorganization of school districts. Unless the two go hand in hand, we can foresee only a continuing upward spiral in property taxes and a failure to achieve the maximum utilization in spending the educational tax dollar. We feel certain the members of the Joint Committee share with us the concept that State Aid to education is not simply designed to offset local costs but to enhance the opportunities for an improved educational environment. Thus we recommend that all pertinent facets of the elementary and secondary educational system be considered concurrently.

In other words, our position is that there should be no major school aid changes unless accompanied by school district reorganization.

The task before you is complex and wrought with controversies, but in terms of potential benefit to the school pupils of New Jersey as well as the taxpayers, beyond measure.

Bound Brook Education Association
Bound Brook, New Jersey
Ruth Schumacher, representative
Bound Brook High School, Bound Brook, New Jersey

Bound Brook is a community of 12,000 located in Central New Jersey. It has three elementary public schools and one junior-senior high school, which also received 270 pupils from the adjoining community of South Bound Brook. It is expected that the enrollment will increase next year by 153 pupils over the previous 2090 enrollment.

On a recent profile chart, Bound Brook's ability to pay was graphed at 50% while its effort reached 95%. Despite the need for State Aid, it is expected that there will be a decrease of 1.2% next year; that is, in 1969-70, 17.3% of the school system's revenue came from State Aid. Next year 16.1% is expected.

Tax resistance is growing in this community. In December a school bond issue which would have provided for remodeling and building was rejected. The school board, from a recent questionnaire sent to local taxpayers, determined that home owners in this small community were fighting future expenditures even though the high school was built in 1907.

As a result of the school bond defeat, two rooms in a church located on the other side of Highway 28, on which the school fronts, has been rented. Seventh and possibly eighth graders will spend part of the day in the church. Crossing the highway presents a danger, and

duplication of text books and audio-visual aid requirement will be costly. The high school has shortened class periods and increased the size and frequency of large study halls because of overcrowding. Teachers, limited professionally in what they can do, are leaving the system. The picture in Bound Brook is sad. We support S-575.

Thank you.

Submitted by Geraldine F. Burt,
President, Salem City Teachers Association

Salem City Schools are indeed without adequate funds for many areas that need immediate aid.

Salem is an old city and, like many of our older cities, has undergone many changes. This is evidenced by the fact that in 1950 our schools had only 20% black; by 1960 30% and, in 1970, we are at 40+.

Our needs for psychological and guidance services are great but cannot be met and approximately 50% of our students are reading below level. Neither of these needs can be met because of a lack of sufficient funds.

The people of Salem City realize the need for these services but are unable to supply additional moneys. In 1969 they passed a bond issue to build a new high school by a 2 to 1 majority.

At the present time our tax rate is \$16.68. Net valuation per pupil \$13,715 as opposed to a State average of \$34,202. Our school tax is \$7.87 as opposed to the State average of \$2.93.

The above picture makes it most obvious that Salem City needs additional State aid in these fields. Thank you.

SUBMITTED BY GERARD S. NAPLES, City Councilman, Trenton.

My name is Gerard S. Naples, City Councilman, Trenton, New Jersey, and by virtue of the power vested in the electorate on May 12 of this year....citizen-elect.

I strongly urge, as quickly as possible, the adoption of the Bateman Commission report, because, simply stated, cities can no longer finance Education through the vehicle of the local property tax. You've heard this before, I know; and I've spoken these same words before on many, many occasions myself.

However, what is taking place now is that this fact applies to the rural and suburban communities in New Jersey almost as much as it does to our older cities such as Trenton, Camden, Newark, Paterson, Jersey City, etc. This was not the case ten years ago; and the overall situation won't be much better in the future unless the recommendation of this commission is forthcoming. I might add, too, that it won't take ten years to find this out either. I think we're going into an era of continuous school budget cuts by both governing bodies, and voters in type II school districts - and resultant continuous school budget cut appeals by Boards of Education. I don't have to tell you this reality will further compound an already dire, even perilous, situation.

At the same time let me say that the adoption of this report is only a beginning. The State must, in the next five years, totally

assume the cost of local education. I could give you many reasons as to why; but, I don't have to. You've heard them before, from not only me, but from many others. The reasons haven't changed but various school situations will change - and for the worse unless something is done and now. However, a start is a start, at least, and I urge that the Bateman Commission recommendation be adopted not only for the good of local government, not only for the good of education; but for the good of the entire State of New Jersey, most importantly.

Also, at the same time, I'm asking that the State Aid to Education Formula be revised along the lines of eliminating population as a criterion for aid. It is not the amount of people located within a municipality which determines its problems, and hence its need for outside help; it is rather the kind of people which determines need - as well as aid for over burdened taxpayers. Here, I am quite selfish, I'll admit. My own city of Trenton might possibly go under 100,000 in population when all the census figures are in. If so, we would then be subject to the loss of nearly \$1/2 million in State school aid. In effect, because our problems got worse - in that people flee the city because of problems - we are being penalized. This is not fair and I urge that per capita income in addition to a city's own tax effort (very much like the guidelines for Federal Revenue Sharing) replace population as a criterion for State Aid. Formulas such as this, as well as that for local fair share and the formula

for State welfare aid (assessed valuation divided by welfare commitment) actually, as I said above, penalize a city when problems get worse, or when a city makes strides to help itself. Until inequities like these are corrected, cities will continue to be discriminated against. I hope that my words and the words of others will not have fallen on deaf ears, and that in the interest of both local government in New Jersey and in the interest of our State of New Jersey, resultant needed changes will occur in State law.

STATEMENT ON BEHALF OF THE UNION COUNTY CHAPTER OF
PUBLIC FUNDS FOR PUBLIC SCHOOLS

PREPARED FOR THE PUBLIC HEARING ON SENATE BILL 575
BEFORE THE SENATE AND ASSEMBLY EDUCATION COMMITTEES

June 9, 1970

Senator Hiering, Assemblyman Ewing and members of the Senate and Assembly Education Committees, I am Mrs. Robert W. Hodge, a member of the steering committee for the Union County Chapter of Public Funds for Public Schools. I want to thank you for the opportunity to appear before you today to present our position on Senate Bill 575.

We the members of the Union County Chapter of Public Funds for Public Schools wish to go on record as supporting this Bill. However, we urge you to give serious consideration to the allocation of more than the thirty million which is proposed in this bill.

Submitted by

Bruce Yeates - President, So. Plainfield Education Association

When one examines the appropriate extremes in any situation, one can normally paint as bleak or rosy a picture as one desires. My district of South Plainfield, by these standards, should be one with little or no financial troubles. Our tax rate is about \$7.00 per \$100 of assessed valuation and our property is assessed at 50%. This is just about par for surrounding districts in Middlesex County. Our ratables have increased this past year, causing our state aid to drop. For some reason, however, the bill to the individual taxpayer rose. Under a fair state aid formula, attuned to the realities, such should not occur.

The current state aid is based on a foundation figure of \$400 a year per pupil. We are currently paying \$950 a year per pupil and receiving about \$110 per pupil in state aid (11.6%). For their \$950 per pupil the taxpayer is supporting a system with seven school buildings. All but one of these buildings are in need of either enlargement, improvement or in at least one case outright replacement. A high school finished in 1954 is on double session. A middle school opened in the early sixties as a three-year school is only able to hold two grades on a staggered schedule. The one elementary school which is not, right now, overcrowded is in an area of the community in which rapid population growth cannot be ruled out.

Bear in mind that we are not, by comparison, a district with "problems." If this is the picture of a district that by comparison is "problem free," one can only conclude that the entire aid formula is in need of revision.

The doctor faced with the diseased patient does not hesitate to operate, granted the consent of the patient. The legislature is confronted with a severely impaired educational system, one which is unable under its current financial structure to meet the complex challenges which face it. The patient, that is boards of education, professional staff, and most important the taxpayers themselves, are not only consenting to your operating, they are pleading for it. Your mandate is clear. Prompt decisive action on the part of the legislature is imperative. God help us if the patient dies.

Submitted by Joseph C. Shanahan
Haddonfield Education Association

As a representative of the H.E.A. I would like to ask you to support Senate Bill number 575.

At the present time Haddonfield is hard pressed to meet the demands of a modern, expanding educational system. This situation occurs for the following reasons:

1) Haddonfield has always been a strictly residential community. As such there are few tax ratables to provide help to support the school system. Consequently the entire burden currently falls off the individual home owner.

2) The situation will continue to remain in its present state since there is no available land for industrial development.

3) The problem is compounded by the fact that the composition of Haddonfield's community is changing. The majority of the homes were built to accomodate large families. In many instances the residents have raised their families and have been moving to smaller quarters. The new families moving into Haddonfield are the parents of small children. This recycling of population has created and will continue to create a burden on the tax payer. A population study conducted by Dr. Walling who is director of Field Services at Rutgers University, indicated that school enrollment will continue to increase to the extent that in 1977-78 Haddonfield will have an additional 700 students. This is an increase of approximately 1/3 over the present enrollment.

Let me emphasize again that the individual taxpayer will be completely responsible for this increase since we have few ratables.

Because this recycling of population has already begun and because of the changing nature of education we presently find our physical plant obsolete. Because our high school was built over 40 years ago, the Middle States evaluation committee has directed that additions be made which involve extensive structural changes. Also we are now forced to rent five classrooms from a local church in order to avoid overcrowding in our elementary schools.

The problems faced by Haddonfield are similar to those faced by other Boards of Education in old, established suburbs.

It is for these reasons that the Haddonfield Education Association asks you to support Senate Bill number 575.

Thank you.

Joseph C. SHANAHAN

HADDONFIELD EDUCATION
ASSOCIATION

SUBMITTED BY MARY DOWNES
VICE PRESIDENT, HACKENSACK EDUCATION ASSOCIATION

I am Mary Downes, vice-president of the Hackensack Education Association, and I wish to speak, as a teacher and on behalf of my Association, in favor of S-575.

Hackensack is a very fortunate community. Our residents believe in education, and they have consistently supported it to the best of their ability. Our rates are high, and our tax rate is low. We have one of the best school systems in the state. And if we were willing to accept a situation in which a child gets a good education if he lives in Hackensack and a poor one if he lives a few miles away, I would not be here today. I am not here to plead our case for Hackensack children only, but for all of the children in this state. As a teacher, I can do no less. And as legislators, directly concerned with all of these children, you can do much more-- by passing this bill. You can help to solve one of the most pressing problems in education in this state, that of the funding of local systems.

Among the more than 500 school districts which vote upon the annual school budget in New Jersey, the number of such budgets defeated at the polls grew from 57 defeats in 1960 to 192 defeats in 1969. The percentage of these budgets defeated at the polls rose from 11% in 1960 to 25% in 1969. In Bergen County alone, 20 school districts defeated their budgets the first time around, and only one of these passed it on the second vote. In Hackensack this year and last year, the Board of School Estimate imposed budget reductions which, although in part restored later on, still damaged the scope of our instructional programs.

A big part of the problem in local support of education in New Jersey is the tragic lack of state support in this, the sixth wealthiest state in the nation. I still find it incredible, and you must, to realize that among our 50 states, New Jersey ranks last in state support of education. The average school district in the United States receives about 40 to 45% of the funds needed for the operation of its schools from state sources. In 1969-70 Hackensack received a total of slightly more than \$700,000 in state aid for a budget in excess of \$7,000,000-- almost exactly 10%.

What this means, of course, is a tremendous dependence on the local property tax base, which is, apparently, the only source of revenues at the ~~state~~ ^{local} level. The untapped reservoir of revenues at the state level cannot by statute be used by school districts or municipalities.

Unfortunately, at the present time the level of federal support of public education in our country is severely limited. Up until the mid-1960's, federal support was practically non-existent as a source of funds for operating the public schools. With the passage of the Elementary and Secondary Education Act, an increased flow of federal dollars began to occur, primarily directed to school districts with high proportions of disadvantaged children. In Hackensack we are receiving on the order of \$1,000,000 in federal aid, representing about 2% of our budget. But in affluent Bergen County and in comparatively affluent New Jersey, federal aid to education is not a major help.

With the low level of state and federal support of education in New Jersey, I don't think there is much question that educational opportunities vary tremendously from one school district to another.

because of the factor of comparative wealth. Of course, it's not easy to measure educational opportunity, but certainly one clue would be the amount of money being spent on educational programs and services in a school district. In Bergen County, the last figures I have, those for 1967-68, indicate that money spent on current expenses for education averaged \$724.00 per pupil. Of course, many school districts in the County did not operate high schools, and the current cost per pupil in those school districts is considerably lower than it is in districts which operate high schools. The range of current expense cost per pupil for school districts operating high schools was from a low of \$543.00 per pupil in Lodi to a high of \$901.42 in Hackensack. These are the figures, and this is the difference, in Bergen County.

As of 1970, the difference statewide was broader - from \$526.02 in Elmer to \$1,032.42 in Hackensack.

That the future of our state is dependent upon its children is a truism-- and, like most truisms, true. What is the future for the children of Newark, Jersey City, Lodi, as opposed to the fortunate children of Hackensack? As long as New Jersey continues to increase its number of school districts, as it has for the past twenty years, as long as the waste in efficiency and in money caused by this continues to increase, and as long as the state of New Jersey refused to accept the responsibility for education delegated to it by the Federal Constitution, equal educational opportunity for every child in this state will not exist.

We cannot meet that responsibility throughout the state. You can. We ask that you pass this legislation. It may be the most important work you will do this year

... for the future of your town, your city, your county, our state, and our nation.

