

P U B L I C H E A R I N G

before

TASK FORCE ON BUSINESS EFFICIENCY OF THE PUBLIC SCHOOLS

Held:
October 19, 1976
Assembly Chamber
State House
Trenton, New Jersey

MEMBERS OF TASK FORCE PRESENT:

Senator Wayne Dumont, Jr. (Chairman)
Assemblyman John H. Ewing
Assemblyman Harold Martin
Mr. John Alexander
Mr. Richard Harclerode
Dr. Ralph Lataille
Mr. Rudolph F. Notvotny

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1-13:I
14-26:III
27-38:I
38-51:II

I N D E X

	<u>Page</u>
Norbert H. Renick New Jersey Association of School Business Administrators	2
Louis E. Triverio Assistant Superintendent for Business Hamilton Township Schools Representing New Jersey Association of School Business Administrators	11
John Bedole Bergen County Vocational/Technical High School District Hackensack, New Jersey	14
Vincent Calabrese Assistant Commissioner Department of Education	27
Dr. Peter Hartman Superintendent of Schools Hamilton Township, Mercer County	38

SENATOR WAYNE DUMONT, JR. (Chairman): We will open this first public hearing of the Task Force on Business Efficiency in the Public Schools.

By way of explanation, this was a Task Force set up, first of all, in Chapter 212, Laws of 1975, which is sometimes referred to as the "T & E" legislation. Personally, I think that phrase is overworked and I prefer to call it the law that provides and prescribes a new State aid formula for allocation of State aid to school districts. In any event, the Task Force, as created under that legislation, consists of four legislative members, two from each party and two from each house; and four, as we refer to them perhaps rather loosely in the Legislature, citizen members. That is not to be disrespectful in any way. It is a problem of how we distinguish between those who serve in the Legislature and those who do not. The four citizen members named by Governor Brendan Byrne, I think it was in March of this year, are extremely competent people who are devoting a great deal of time to this effort, without any compensation, of course, other than the fact that they are helping to make this State a better place in which to work and live. I will introduce all of them to you specifically, but I want to particularly commend them and thank them for what they are doing.

Our job is not to interfere with the operation of any board of education or any local school district. I think we all believe highly in the concept of home rule that exists in this State. Therefore, we hope that we can provide by a report, which will be forthcoming not too many weeks from now, some recommendations for saving money and for greater economy and efficiency in the school districts if the boards of education decide they would like to follow the recommendations. The recommendations will apply generally to every school district and every board of education throughout the State.

We get a great deal of staff help from the Office of Fiscal Affairs of the Legislature. The group is headed by Steve Fritsky and everyone on that staff has done a splendid job, and I know will continue to, in providing us with help that we need badly to get the job done.

The life of this Task Force at the moment extends only to December 31, 1976. I might say that that was an extension because by virtue of Chapter 212 of the Laws of 1975, we were supposed to file a final report last March within six months after Chapter 212 was signed into law. Obviously that was impossible because the citizen members did not join us until that month of March. So the life of the Task Force was extended until the end of this year. We want to extend it further by legislation that I will introduce very shortly to January 31, 1978, that date being chosen because none of us who are legislators knows exactly what the future holds in store for us in November of 1977. Consequently, we will extend it to January 31 of 1978.

Now I will introduce the people who are here: Assemblyman John Ewing of the 16th Legislative District, who is a Past Chairman of the Assembly Education Committee and a very valuable and competent public servant; Assemblyman Harold Martin of Bergen County, who was here and who also spends a great deal of time on the educational problems of the State - I don't see him at the moment, but he might be back; the fourth legislator who has not been able to be present, at least so far today, is Senator Anne Martindell of the 14th District. She usually attends the meetings and the hearings of the Task Force and this Task Force has actually been engaged now in its work as a whole Task Force since last March, meeting at least once every month. Before that, when we were strictly four legislators, we used to meet pretty much every month from June of 1975 up to March, when the citizen members joined us.

Now the citizen members are as follows: We have Mr. Rudolph Notvotny of Little Silver, New Jersey, who is President of the United States Savings Bank. He is over here

on my right and your left, right next to Assemblyman Ewing. John O. Alexander, who is Vice President of the Professional Institute of the American Management Association, which has its headquarters in New York - and Mr. Alexander comes from Teaneck in Bergen County. Richard Harclerode who is on my left here is the Staff Supervisor for Urban Affairs, New Jersey Bell Telephone Company. Then there is Dr. Ralph Lataille, who is the Deputy Commissioner of the Department of Education.

These men have all given us a great deal of help and, personally, I appreciate it very deeply. They have involved the industrial and business community of the State. Of course, Dr. Lataille represents the Department of Education. We have received a lot of valuable advice and help from people that we would never have been able to get to give us that kind of assistance if it had not been for these citizen members who have been so helpful in this work.

The first witness scheduled is Norbert Renick, Secretary and Business Administrator of the East Brunswick Board of Education in Middlesex County. Do you want to come down to this desk where usually the witness testifies. You were actually scheduled for 10:40 and we put the witnesses in twenty-minute blocks because we thought we might have more than we do have. Incidentally, in that connection, if there is anybody here who wants to testify orally who has not signed in, please do so, because we are going to have time to put you on if you want to do it. You are getting an early start, Mr. Renick, and you can take more time if you need it. Included in that 20 minutes is supposed to be the time that the Task Force members might ask you questions about what you said or about what you feel.

I see Mr. Reid of the New Jersey School Boards Association. Ted, it is good to see you. He has been meeting with us regularly also.

Mr. Renick, you go ahead and say anything you want, and we probably will ask you some questions.

N O R B E R T H . R E N I C K : I am speaking to one particular aspect of the review that was described concerning the internal organization of school districts, including relationships between boards of educations, school superintendents and business officers of the districts.

SENATOR DUMONT: Excuse me. Here is Assemblyman Harold Martin back with us. What is the number of your district, Harold?

ASSEMBLYMAN MARTIN: Thirty-nine.

SENATOR DUMONT: All right. Continue, please, and excuse me for interrupting.

ASSEMBLYMAN EWING: Does he have prepared remarks?

SENATOR DUMONT: Do you have any written statement?

MR. RENICK: I will have some materials to distribute to you after I make my presentation.

SENATOR DUMONT: The only thing is, if you have a copy of what you are going to say, it would help the stenographer in her transcription.

MR. RENICK: I would be very happy to give it to her.

I have been asked by Mrs. Joy Ruby, the President of the New Jersey Association of School Business Administrators to prepare and present a legislative position on administrative organizational structures - internal administration - in the public schools.

In essence, the title of the subject that I have put on this paper is: Consideration of local option for alternative administration models, and possibly, even the recognition of inadequacies of the classical administrator model, which is the pyramid model and which is prevalent in most states and, in part, in this State as well.

We are a society of human beings and we probably should attempt to design control systems of our institutions so that they more fully reflect and take advantage of the natural process of group governance, group by many or by more than one. Those who would say that the performance or executive function has been traditionally assigned to one person forget that in our earliest American system for control and execution of a community's goals, they were in fact group efforts. Examples of this were the pioneers' cabin raisings, if you want to use the early ones, New England town meetings, etc. These were unique American systems and the individual citizen contributed not only his material wealth to the group, but he also contributed his skills. As our societies grew more complex, there was an unfortunate trend to give the authority back to one individual. This is probably required for an effective military organization, but it is not necessary for a thorough and efficient governmental or corporate effort. And you see more and more deviations from this classical structure in corporate organizations over the years. It is becoming more prevalent, although not dominant yet. In summary, we feel that the Legislature should formalize two or more local school governance systems and further should allow local option as to their selection and implementation, and maybe even internal modification.

Accepted classical administration theories assume that organizations are essentially goal-directed, with the members committed to achieving the goals. They derive from the study of organizations that are rule-oriented, relatively stable, fulfilling legitimate, if you want to call publicly-sanctioned purposes legitimate, purposes, and that exist in a world in which there is a high degree of agreement on values and ends. The administrative process then is viewed as essentially orderly and rational.

These theories are called Great Man theories, which also assume that if the administrator is capable enough he will be able to comprehend and resolve all situations in a satisfactory manner. However, a lot of studies and a lot of practical experience have led to just the opposite conclusion; namely, there are no situations which one man, however capable, can comprehend and resolve unless the environment or the organization is changed in fundamental ways. The situation may be more powerful than the administrator. In the face of such developments, our present theories for educational administration that are in existence today could be classed as inadequate in some instances; they need to be rethought and conceptualized anew.

I believe, myself, that the real world is much more commonly perceived. This means that all administrators should recognize that a large number of people in an organization have little concern for the professed goals of the organization, and that they are there to achieve their own goals - realism. An administration that does recognize this is likely to proceed differently from one that does not. The kind of leaders likely to emerge are those who are genius at forecasting what is practical in government, which means, fundamentally, what is acceptable to staff and to the citizenry.

To create schemes that are more acceptable, the administration or administrators have to be aware that many people, if not most, who work in the schools have their values uppermost. And this is not only common to schools; this is common throughout most corporate organizations. The administration has to propose ways in which the individual can attain his own goals while working to achieve the goals of the schools. When these goals are in conflict, the administrator or administration will have to work out a creative compromise. The ultimate aim must be the re-establishment of congruence of the individual and organizational goals.

We have had a lot of books that have been printed here recently that have taken the classical form of administration or the formality of it, to task, like "Parkinson's

Law," "The Peter Principle," and "Up the Organization." Some of these charges that are leveled at the classical pyramidal structure are:

It is too mechanistic and ignores the major facets of human nature.

It is too structured to adapt to the change with which this society is constantly being faced.

Its formal directives and procedures hinder communication.

It inhibits innovation.

It pays the job and not the man.

It relies on coercion to maintain control.

Its job-defensive behavior encourages "make work."

Its goals are incompatible with those of its members.

It is out of date with the needs of the '70's.

These are basically what some of these critical documents that have sprung up over the years have been saying.

Leadership and/or Management - They are different. They are two qualities that are outstanding to find in one person; it is the exception, not the rule. It is not realism. The average administrator usually possesses only one of those skills at a competency level that is required to insure organizational effectiveness. The only way to recognize this natural phenomenon is to investigate and develop alternate forms of decentralized authority to apply competence to the organizational needs.

The concept which we are trying to put together here in this paper is something that you might call "centralized decentralization." It could be used to justify at least two alternate management systems.

Both systems, if properly formalized - and remember we only have one formalized system or at least it appears we only have one formalized system in our present statutes, although there really are two - would clearly delineate areas of responsibility.

Both of these alternate systems would mandate cooperation between responsible administrators.

Both systems would replace the classical pyramidal structure, or at least have an option to replace it, which is the Great Man at the Top with more responsive horizontal systems.

Both systems would generate more participation of the lower levels in major decisions.

Both systems would encourage use of staff according to skills and training rather than by rank. That is an important point because you are applying the skills to the problems rather than relying on someone who happens to have a rank and who may have a multitude of skills, but master of none.

Both systems could be described as organically adapted to problem solving - more immediate response and more capable of problem-solving at the governmental level.

The first optional management structure is currently available to boards of education, but is in need of formalization, as it is evolved on a random basis over many years. It is in effect a system of dual administrative responsibility; i.e., educational and business management areas. Formalization might take the form of designating an area authority to a Chief Educational Administrator and to a Chief Business Administrator. This system does exist in fact and does function effectively, probably proportionately in as many locations as does the pyramidal structure in the State of New Jersey.

The second optional management system which does not exist, but is similar to the European Collegial Management System; i.e., the administrative authority and responsibility are divided, let's say, between three administrators, a triumvirate. This would be

more practical in larger districts. Formalization would assign responsibility in the same two previously described areas, plus, let's say, a Chief Public Liaison Administrator whose responsibility would not only be to inform the community, but to identify and bring back the community's needs to the triumvirate.

The role of the board of education would still be the same - that is, control of the administrative team - but, most important, maintain the board's public credibility -- in other words, successful politics - the art of the possible.

The basic position is again summarized by saying there should be local option for formalized alternate administrative structures. That is exactly what we are trying to say.

SENATOR DUMONT: Thank you.

Are there any questions?

MR. ALEXANDER: In your analysis of the conflict between district and personal-professional goals, which is a classical management conflict, are you suggesting that the organizational structure would be a dual-control ala business administrator for one side of the operations and a superintendent for the other side? Is that in essence what you are suggesting?

MR. RENICK: Yes, that is one of the existing alternates.

MR. ALEXANDER: Mr. Harclerode is from the Bell System. You may recall at some point years ago when computers were being hooked up to telephone lines and the computer went down, the computer manager would have to call somebody in to get it fixed. The telephone person would come in and say, "Oh, that's your computer that has broken down." The computer specialist would tend to point his finger and say, "Well, it's really the telephone system that is breaking down." As a result, there were a lot of fingers being pointed and no one clearly accountable for the entire system to operate fully and completely and with unity. Although your proposal bears a great deal of merit, I see a tremendous danger of finger-pointing on who has ultimate responsibility for the objectives of the community, which ultimately is the objective of the chief school officer, or divided up, as you are suggesting, among several school officers.

Do you not see a strong possibility of accountability conflict between the various members of the management team if they are sitting on an equal basis and equally accountable for their operations?

MR. RENICK: No, I don't think I do. I think even in the present structure that we have there is a tremendous amount of finger-pointing going on. It doesn't matter basically what the formal structure is, as far as your answer to finger-pointing is concerned. I think really, even in a dual system, the personalities of the individuals involved rise either to the top or to one level or the other. This is a natural course. But I think that even in a formalized unit situation you would have basically the same problems.

I do feel that the application of people who are trained and skilled in particular areas in the application of their skills, without being bothered with areas in which they are not competent -- I feel the application of their skills will have a much more effective outcome than attempting to do a "Jack of all trades and master of none" approach, which is what basically we have. We have a "bottle neck" situation. What I am really saying is, if you have a plumber who comes in with a half-inch diameter pipe, he is going to get so much water through that pipe. That's all there is - no more. You may get it faster, but it may not be as effective. There is a limit to how much you can push through that pipe. I'm saying, let's put two pipes in there and let's have two thrusts to have this flow of information and decision-making doubled, if you

will. I think it would be much more effective that way. I am not even against a triumvirate in that direction either. I think one of the greatest problems we have is that I sit in my office and I understand my area tremendously, and I understand, at least I think I do, as far as State aid is concerned, etc., but I don't have time to communicate that. And, if I do communicate it, I will probably wind up commuting it in my technical jargon, which nobody will understand unless we had a public information officer who could go out and verbalize it so that the average citizen could understand and we could begin to develop some of the communication skills that are presently missing between boards of education and their constituencies.

ASSEMBLYMAN MARTIN: Mr. Chairman, I have just one question, if I may. Mr. Renick, could you for the record indicate to us whether your presentation here this morning is on behalf of the organization or yourself?

MR. RENICK: The presentation was made on behalf of the organization. Mrs. Joy Ruby asked me to make it with respect to this particular aspect of your investigation. Mrs. Ruby has approved this position.

ASSEMBLYMAN MARTIN: What you have presented here has been previously approved as being an organization position?

MR. RENICK: The organization position simplistically stated is this: We believe in local option for either alternate forms of management - dual control or unit control. That has historically been our position.

ASSEMBLYMAN MARTIN: Thank you.

MR. RENICK: The Association is not espousing triumvirate. I simply threw that in as another alternate.

SENATOR DUMONT: Mr. Harclerode.

MR. HARCLERODE: Just a general notion or question: The New Jersey scene, of course, has superintendents with tenure, by and large. Those who have served long enough to get it are serving with tenure. If you were in a state where the superintendent was operating under a contract rather than under tenure, would your feeling in terms of the dual and the triumvirate remain the same; and, if so, why?

MR. RENICK: Yes, my feelings would remain the same because I think that the profit motivations, the reimbursement motivations, could be designed, let's say, in a triumvirate --- Well, one way to handle it would be to have the reimbursement or the increase in salary go up equally or not at all for all three. This would be one way to insure performance, I think, under a non-tenure situation. That is just a feeling that I have.

I think there are all kinds of alternate models to make this effective. I mean, there are many ways in which you can motivate and I think it needs to be formalized and studied. But I think it can be done.

MR. HARCLERODE: Secondly, I have just a comment to make. I am not aware of private corporations going to the triumvirate or dual control models. Did I understand your testimony to indicate there was quite a movement in this direction?

MR. RENICK: According to -- I don't have the name of the corporation. I do know of some corporations. I will be happy to supply them. One is not TRW. But there are some corporations that have gone to a model of group governance, if you want to put it that way. I don't know the exact variations on the model, but I can pull it out and send it off to you if you are interested.

MR. HARCLERODE: Thank you.

SENATOR DUMONT: Mr. Alexander has another question for you.

MR. ALEXANDER: An observation: I find myself in the management scene somewhat

frequently. I am not aware of any corporation in which the corporation charter does not demand to have a chief executive officer who is ultimately responsible to a board of directors, which is ultimately responsible to the stockholders. Although there may be a division of authority, ultimately someone is accountable and it is the chief executive officer.

I can see many, many advantages - the professionalism and the separation of powers - that you are suggesting in your testimony. The only thing that bothers me --- and I have a bias - I am a board member. Board members are faced with reactive-type decision-making on a constant basis as opposed to proactive planning, setting goals and objectives and seeing that they are carried out. I see under dual control or under any kind of tripartite control, the board of education having one more job, to adjudicate conflicts between the interrelationships of the superintendent, who may be responsible for the educational part of the system, and the school business administrator, who is responsible for support operations - and it must always be looked at as support operations - to keep the educational product, which is what the community is buying, alive and well and prospering. So, therefore, I must just comment that I am bothered over the prospect of a board of education actually taking over the role somewhat of a superintendent, that role being adjudication of differences between the next level of management within the organization. I can see a danger here, although I do see many advantages that you do mention.

MR. RENICK: May I comment on your comments? What you have said is that you see a board of education taking on another function. That function though would be an exception, although in some instances it could become the rule. But it is still an exception. And, if you believe in good management, you have heard of management by exception. I think that exception, the times they would have to adjudicate an honest difference, would be well worth the advantages that you might obtain from going to this type of structure.

SENATOR DUMONT: Any other questions? Assemblyman Martin.

ASSEMBLYMAN MARTIN: Mr. Chairman, if I may, I would like to ask Mr. Renick this: In arriving at the organization's position, can you give us some idea as to how that was done?

MR. RENICK: It is a historical position. It goes back - oh, I suppose, 10, 15 or 20 years. It was reemphasized here approximately three or four years ago when various items of legislation were being proposed. Historically, the Association has always believed in local control or local option in its responses to the needs of each community because each community is different. Let's face it, the reason why we are State agencies of local jurisdiction is because of the fact we recognize that decentralization is the only way to handle local government, whether it be education or municipal. So we have recognized the principle of decentralization here at the State level, relative to delegating to the local agency responsibility, through the power of the State. We have recognized decentralization there.

I think our Association has, in fact, said one thing further, that internally the local board of education should have local option as to centralization or decentralization in its structure - its administrative organization. I think this is basically the reason for that position. That is my judgment as to the motivating factors over the years.

ASSEMBLYMAN MARTIN: But you can't point to any specific meeting at which this subject was discussed and a vote taken on this proposition?

MR. RENICK: Yes. I think Mr. Mahan probably has historically the last time

that that position was taken. I think you have a letter from Mrs. Ruby relative to that - some correction of some prior testimony which was given to this Committee and which stated that position under her name as the President of our Association.

Now, there are different viewpoints in our Association, but that is the predominant viewpoint of the Association.

ASSEMBLYMAN MARTIN: Do you recall or do you have some record as to ---

MR. RENICK: I would have to defer to Mr. Mahan. I think he could give that to you subsequently. If he doesn't have it now, he could get it to you.

ASSEMBLYMAN MARTIN: Thank you.

SENATOR DUMONT: Any other questions?

DR. LATAILLE: Mr. Renick, could you tell the Committee, of the number of school districts in the State of New Jersey, how many are on dual control or how many are on unit control?

MR. RENICK: Legally or practically?

DR. LATAILLE: Give me both.

MR. RENICK: I can't really give you the numbers, except to say that legally, I think, all boards are dual control. The present statutes we have, in fact, establish dual control, at least in the opinion of many people.

DR. LATAILLE: I see the direction of your answer. All right, then, I do want to know practically how many are on dual control.

MR. RENICK: Practically, I would say that they are a minority. I can't give you the number, but they are a minority of the districts, a small minority, that are under practical dual control.

DR. LATAILLE: A minority of districts are on dual control?

MR. RENICK: Yes.

ASSEMBLYMAN MARTIN: Mr. Chairman, I hate to keep going back, but things occur to me as we go along.

Mr. Renick, can you point to some prime examples of dual or tripartite control that you think are good examples of that type of situation working out effectively and well?

MR. RENICK: One that has had dual control for many years is Summit. The same business administrator and I think even the superintendent have been there for a period of --- Well, the man is just now retiring after 40 years. I think his name is Walt Eddy. Let's see - Hazlet is currently a dual-control district. I am sure there are many, many others that offhand I just can't think of. There are a number in Bergen County, but I am not from Bergen County. Perth Amboy is a dual-control district in Middlesex County. Again, they are in the minority, but there are quite a few in Bergen and, I believe, there are a few in South Jersey too.

By the way, there are no triumvirates.

ASSEMBLYMAN MARTIN: There are no what?

MR. RENICK: There are no triumvirates; there are no tri-control districts.

MR. HARCLERODE: I do appreciate your thoughts and your arguments. I think they are very important to consider. I would like to come in on a slightly different vein, but I am in agreement with many of the concepts that you are mentioning. Where in the United States or where on the East Coast are the models of the dual and triumvirate working? And I am thinking of "coming from Missouri." I am a great believer that theory is one thing, but how it works out in practice is another. Are there examples that you would point to of better organizational arrangements than the unit-control organizations in school operation? Are there examples of triumvirates?

MR. RENICK: -- not of a triumvirate. I do not have an example of a triumvirate, although, quite frankly, in England - though that is not the best example of efficient management today - there is a trend towards compartmentalization of the various services - in other words, having simply an authority in charge of refuse, in charge of water, etc. They actually have set up governmental corporations to be responsible for specific functional areas of the community in England. This has been a trend - how long, I don't know.

You mentioned dual. The State of Illinois, I believe, over the last five years - I don't really know - went through a very similar process to what you are going through. They had a Task Force on Business Efficiency. I think that the State of Illinois, after tremendous involvement of the State Business Administrators' Association, the Superintendents' Association, etc., did, in fact, come up with two separate titles. I think that they have a Chief School Business Administrator and a Chief Educational Administrator, although the titles might not be exactly those, but the division is there in the State of Illinois. That is fairly recent.

You said "better than," that the system is better than. You implied that I am saying dual control is a better system than unit control. No, I am not really saying that. I am saying that it is an alternate. In one community it may be better than unit control and it may not. I think, again, it is a matter of customizing the system to the community and allowing the local tailors to decide what fits.

MR. HARCLERODE: Are you saying then there are some cases where unit control would be preferred?

MR. RENICK: Of course. I'm sorry. Maybe I misled you. What I am saying is that again it depends upon the community. Each community is a totally different web, with a totally different force field, with many different actors, different needs, different priorities at the time, and moving priorities. I think only the people who are resident there have the ability to discern what might be the best administrative system under which they should operate. I am saying, in effect, that dual control is an acceptable and efficient system and I am saying maybe possibly triumvirate is. Again, I know of no system. I am simply throwing it out as a possibility. But it is an alternate.

MR. HARCLERODE: I think I am clear. I think you are saying, if I hear you correctly, that there are three types of organizations that might fit a community: unit control, dual control and triumvirate.

MR. RENICK: Or any that you can come up with. I threw the triumvirate in just for ---

MR. HARCLERODE: But the Association's position is that there are two - dual and triumvirate?

MR. RENICK: The Association's position is local option for selection.

MR. HARCLERODE: But they are not having local option for unit control?

MR. RENICK: Yes, they would support that too - local option for unit control as well as dual control.

MR. HARCLERODE: I think I misunderstood your earlier testimony that there were two alternatives. You are saying that there really are three alternatives?

MR. RENICK: Three alternatives.

MR. HARCLERODE: Thank you.

MR. ALEXANDER: Just one more comment. With the tenure situation in which we find ourselves in New Jersey, be it good or not good, one of the problems that our 18A has caused is the board using the board secretary, who many times is the business administrator, to go around the chain of command - that is, the chief school officer,

the superintendent - into the bowels of the district, as opposed to working through the person who supposedly is ultimately responsible for the educational product. Correct me if I am wrong. As I understand the legislation in New Jersey at the present time, the board secretary is immediately accountable to the board and may be the business administrator. The business administrator is responsible to the superintendent. Is that correct?

MR. RENICK: Not always. Incidentally, this is predominantly a combined position of board secretary-school business administrator, and this is a natural because of the duties that are prescribed in the statutes. The local board can file an organization chart in which the school business administrator is in a separate box, reporting to the superintendent; and the board secretary, who would be the same person, reporting directly to the board. Or it could have a combined box on the organizational chart, reporting directly to the board.

MR. ALEXANDER: So it is kind of a schizoid thing, isn't it? One-half of the body reports here and the other half of the body reports someplace else, depending upon what that body is doing at that particular time.

MR. RENICK: "Schizoid" is a good, strong term, but a negative term, I would say. I think that in any structure, regardless of what the box may show, the dominant personality, the capable personality, the credible personality, will rise to the position of real power. So the term "schizoid" really has no meaning in terms of practical operation, as far as the structure is concerned. I think that even if you were to formalize four systems, the ability of the local board to recognize the different personalities and dominances and lack of abilities will take a little time to manifest itself in a selection of a different mode of operation. So, with regard to your point of "schizoid," split personality, if you will, I just don't think, if there is going to be a conflict, -- I think it is important, but the end result will still be the same.

MR. ALEXANDER: Thank you.

SENATOR DUMONT: Any other questions? (No response.)

Mr. Renick, how many members do you have in your organization, approximately?

MR. RENICK: About 500, I guess. Is that right, John?

MR. JOHN MAHON: A little over 500 active members plus about 175 emeritus and others.

SENATOR DUMONT: Are you part of this so-called coalition?

MR. MAHON: Yes.

SENATOR DUMONT: There are four organizations in that, aren't there?

MR. MAHON: Yes. We are one of the four.

SENATOR DUMONT: Let me see if I can name them. The Superintendents have one. The Administrative Principals have one. What is the other one?

MR. MAHON: The Secondary Principals and the Elementary Principals - and then ours, the Business Administrators.

SENATOR DUMONT: Then the Superintendents - right.

Mr. Renick, before we changed the legislation, would you have characterized Newark as an example of a triumvirate, especially when it came to budget time?

MR. RENICK: Not in the desirable sense, no. My understanding is that in terms of practical relationships or par relationships that it was a triumvirate. I don't know whether legally it was or not. That is strictly hearsay. This is my understanding from rumor alone.

SENATOR DUMONT: Any other questions? (No response.) Thank you very much. We appreciate your being here.

MR. RENICK: I have some extra material here for you.

SENATOR DUMONT: Thank you.

SENATOR DUMONT: Mr. Louis Triverio. Somebody said he was ill. Is he able to be here? It is good to see you around.

MR. TRIVERIO: The same to you - very much so.

SENATOR DUMONT: We appreciated your presentation to us before, Mr. Triverio. You gave us a lot to think about it and we are glad to see you back again.

LOUIS E. TRIVERIO: Thank you. Same to you. I am sure many prayers in the State were answered and I am happy to see you in good health.

SENATOR DUMONT: That is very nice of you. Thank you.

MR. TRIVERIO: I will be very brief. As you know, I have ---

SENATOR DUMONT: I will give your title. Mr. Triverio is Administrator of the Hamilton Township Schools.

MR. TRIVERIO: Assistant Superintendent for Business, Hamilton Township Schools, also the Board Secretary.

SENATOR DUMONT: Very good.

MR. TRIVERIO: I am here today at the request of the President of the New Jersey Association of School Business Administrators. I am on a committee of the New Jersey Association of School Business Administrators to make review of school efficiency. When I testified before, I was acting on behalf of the Council. The President has asked me to come here today. I will be very brief because I have really nothing specific to add to the testimony you have already received. However, the Association did wish to be represented.

I would just like to highlight one point which I have gone over previously. I would like to emphasize the need for some form of a legislative review, whether it is a commission or a committee. I believe that this particular body could rectify all the ills that may exist in school efficiency today. Unless there is something done to prevent future legislation from making things difficult, I think all your work will go down the drain in a hurry. I do want to emphasize that point. It is not too dissimilar from EEO, how they have to sign off on certain matters, and on environmental impact studies, how they have to sign off.

I strongly recommend that this Task Force incorporate that in your report.

The second point I wish to make is that I want to report, as I view things, there is quite a bit of turmoil presently in the schools today. This is a result, at the very least, of 1503 not being passed. I am not here to espouse 1503 one way or the other. If I could give you a personal opinion, I don't think it is the greatest piece of legislation I have ever seen. Quite frankly, I think it goes against a lot that has been argued for in Robinson v Cahill. However, no legislation in this instance is terrible. We are supposed to be planning for next year. It is impossible to plan. Under the current law, 212, even if everything is functioning smoothly, we don't find out our revenues until the 15th of November and the budget is due to the County Superintendent December 1st. Then that makes planning impossible. I am sure you members of the Legislature could not put your budget together if you did not know your sources of revenue. And a great many of the decisions that you would make would be modified at the last minute. Unfortunately, in the T and E process which the State Department has done a tremendous job in trying to get it out to us, there is a short circuit in it because the Board does not know its revenues until the 15th. So it is really a two-week process. I don't care if you start it two years in advance, the decisions are going to be made in the last two weeks. So

something has to be done about the December 1st date. But, without 1503 or any other bill that may get us off dead center, we are in trouble this year. If I can project just a little bit, I am sure with the repealer in the income tax, we are going to be in trouble again next year because I have a hard time believing that the Legislature is going to pass the revenue that far in advance. We have had a lot of turmoil. It is causing difficulties in the local districts. The State Department of Education is almost unable to act. They don't know. They have nothing to take a measurement off of, and things are very difficult.

I just want to indicate to you that it is very trying times for the schools as a result of some of the legislation problems that we do have. We are all in it together, but we just want you to know it is not very pleasant right now. That is all I have to say.

SENATOR DUMONT: Any questions? I will start at the other end with Dr. Lataille.

DR. LATAILLE: No questions.

SENATOR DUMONT: Mr. Harclerode.

MR. HARCLERODE: No questions.

SENATOR DUMONT: Assemblyman Martin.

ASSEMBLYMAN MARTIN: No questions.

SENATOR DUMONT: Mr. Alexander.

MR. ALEXANDER: No questions.

SENATOR DUMONT: Assemblyman Ewing.

ASSEMBLYMAN EWING: No questions.

SENATOR DUMONT: Can we get any bi-partisan report from you two gentlemen as to what is going to happen to 1503?

ASSEMBLYMAN EWING: They are in the majority.

ASSEMBLYMAN MARTIN: In this case, I will defer to the minority.

Seriously speaking though, I don't know whether anybody at this moment knows what is going to happen to S 1503. We are all concerned about it. But I don't think as of the moment that anyone can rightly say whether it is going to pass or how it is going to pass.

MR. TRIVERIO: I have one question, Senator. Is the Committee aware of the problems caused by not knowing the revenues? I don't want to belabor something or insult anyone's intelligence. But I just want to know if you are truly aware of what it does when we don't know what the laws are. On the one hand, the State Department is pushing us to do this and do that and do the other thing because they have been pushed by the Legislature to get T and E underway. On the other hand, it affects staff and it means doing something two or three times. I will tell you, I don't know how anybody from the State Department of Education has any hair left. It is a miracle they haven't pulled it out, quite frankly. They probably get the pressure worse than we do.

ASSEMBLYMAN MARTIN: Senator, I would just like to respond. I think to leave it in limbo might give the wrong impression. Speaking only for myself, I see it as a very knotty political problem. We are sympathetic. I don't think anybody is unsympathetic to your predicament and that of all the school personnel, school boards, etc. If you followed the vote on the income tax and the votes that have been taken on S 1503 recently, you will see that it is a problem. If you want to call it a numbers game, it is a numbers game. The income tax, as you know, barely made it through the Assembly. Some of those who cast their votes in favor of it are having difficult problems with S 1503 in its present form. By the same token, if the amendments that are being proposed were to be accepted, then those people who ardently or very, very willingly supported A 1513

would find S 1503 unacceptable. It is a very knotty problem. I am sure all of us recognize the problems you people are confronted with. How we are going to resolve them, I can't say.

SENATOR DUMONT: Mr. Harclerode.

MR. HARCLERODE: I certainly share Mr. Triverio's concern. As a board member, I am adequately aware that we will be making our decision in two weeks.

I would like to comment on the question you did raise. One of the issues that was suggested to this Committee was the issue of the budget cycle. We do have that assigned as a research item to the Office of Fiscal Affairs. I am convinced that we will come up with some recommendation. I guess my apprehension is: What happens after we make the recommendation? I would hope that we as a citizen-legislator group, with the support of organizations such as yours, could be convincing to legislators, administrators or whomever that there are better ways of doing things. I think our research will point to the need for some adjustments in the budget cycle.

SENATOR DUMONT: I have deep concern too, Mr. Triverio, about what you mentioned. In the first place, there might have been some reason the last two years, '75 and '76, to postpone the school elections and the budget review for one month. Frankly, I can't see any reason to do it any longer. It ought to go back to February, it seems to me, or else we ought to change the date permanently. I am bothered about it because you and all the other school board officials around the State - and I run into it every night pretty nearly - not only have grave concern, but you have every reason to be concerned. I don't feel that you are getting sufficient help from us - and I say "us" collectively as well as individually - to resolve your problem on this. Personally, I voted for 1503 at least three months ago. I have a feeling it might have been a few days more than three months ago even. I am sorry that it is being held as long as it is because, while it may not be the greatest bill around, something has to be done. Some bill has got to pass both Houses - and mighty fast. Otherwise, the elections are going to have to be postponed again. I thought we had resolved that problem when we provided the money finally in July. So I hope we get on with the job.

Is there anything else you would like to add?

MR. TRIVERIO: No, sir.

SENATOR DUMONT: Any other questions of Mr. Triverio? (No questions.)

Thank you very much. It has been a pleasure to have you come back again.

SENATOR DUMONT: The next witness is John Bedole, Bergen County Vocational/Technical High School District, Hackensack, New Jersey.

J O H N B E D O L E: Gentlemen, I am here not as a representative of the vocational school nor of Hackensack, but I represent myself only. I have had considerable amount of experience in this whole field, which I think might lend some way to what I have to say.

I would like to just review your objectives, as I received them in a letter: To review the internal organization and operation of business management functions; to examine statutory laws and administrative regulations affecting business practices; and to recommend administrative and legislative actions to improve efficiency.

My purpose is to bring you some ideas and some experiences of significance in some of these areas.

As a qualification, I would like to say I have spent 35 years in business, 25 with a multi-billion dollar oil company, nine years as a member of a regional high school board. I was the President, the Vice President, the Finance Chairman, the chief negotiator on the Buildings and Grounds Committee. I have spent 8 years in public education, several with a county college and more than 5 in my present position as Board Secretary and School Business Administrator of a fairly large sized vocational school in Bergen County. I have a Bachelor of Administration degree from Southern Methodist and I have a Masters Degree in Education from Rutgers. They were 30 years apart in the making, but it was fun going to Rutgers.

In any event, what I would like to say is, you have laudable objectives. There is a great deal of ground to be covered and many improvements and efficiencies that could be made. My hope is to give you some thoughts that will lead you into one set of ideas that I feel are good and out of ones which may get us all into further trouble.

The development of the business administrator in recent years in this State has been admirable. Too long the business office was operated by under-paid, part-time - and without trying to be discriminatory, mostly women. That is simply all a school could get for the money they were willing to pay.

The business administrators got together and decided to certify themselves and, indeed, lifted themselves up by the bootstraps, and in so doing, improved quality. It was a matter of absolute necessity because, certainly, if we can judge from the war alone, the expansion of schools and the volume in dollars made it absolutely necessary that there be some efficient business help. As a result we have some fine business administrators, and my friend Renick is one of them. We have some good ones and we also have some leftover, poor ones. All of these should get your attention.

What you can do to further the effect of the certification process is a worthy objective. By the same token, if you could find some way to convince educators that their qualifications as educators doesn't give them automatic capability in the business office, I think this will strike a worthy blow for the advancement of business in the school system.

Now, I have three items here which may seem mundane in view of the high-level presentation that preceeded mine, but I do believe if you regard them as you wend your way through business offices, you will find they are only representative of areas that can be made more efficient. One of them is to eliminate what we call the custodian of school monies. This is an impediment and it serves no purpose. Perhaps it did 75 years ago, or 25 years ago, when, again, the business office of a school was run by relatively untrained and, generally speaking, part-time people. That is no longer true.

My school has a budget of \$8 million. That is a big business. It requires a competent person. It requires a competent auditor. And, to have this dual set of books and dual set of signatures is simply far out of date.

By the same token, the time-honored voucher that we all require, including the State, for every vendor, or every person accepting money from the State who has to sign a statement saying, "the bill is good and true and proper and that he didn't take anything under the table and that he is a nice guy" - I am paraphrasing in an effort to point out to you the ridiculous nature of this. I can give you two examples. If I refund tuition to one of my evening division students, I will make him swear that he never took anything; that the bill is true - even though he doesn't know what the bill is; and that the goods were delivered - and there are no goods involved.

Another example is, suppose we order some books, or some publications - magazines - and we make a vendor say that "I delivered these goods", when, in truth, they won't be delivered for a year or two? My point is, it is an antiquated system which slows down the work and, indeed, becomes a device behind which it is easy to hide - "I didn't pay the bill; you didn't send a voucher."

Let's go along with business which says, "We pay our bills as we get them and then we see that they are audited properly and that the assurance of the fidelity of the funds is maintained. It doesn't need a voucher." I recommend that to the State as well. You have a double voucher; you have to have two copies.

I also want to point out that you should draw up some legislation that would allow bills to be paid currently. We order by the day. We receive by the day. We check our goods out by the day. When it comes time to pay the bill we wait and then we stack them up until the Board meets and then we pass them all at once. That is based on the assumption that the Board reviews them. That is an impossibility in these days. Hundreds and hundreds of bills per month go through and it is ridiculous to assume that a Board member will look at them. Most of them are all after the fact anyway. They are simply waiting for approval and then the checks, which were prepared earlier that day, or earlier, are mailed out.

Now, those, I feel, are three items which could bear a great deal of scrutiny, and there are many more. This was mentioned before in comparison with business operations. We are a business. Schools are big business, perhaps the single largest business in the State if you treat education as one entity, which, in truth, it is.

The principles that keep private companies on a profit-making basis are efficiency of operation, the fast payment of bills, the selection of vendors on a most credible and most valuable basis - and here I would like to point out that our public bidding laws, which I looked on with some trepidation as they arose, have worked out to be very fine. To make vendors put their reputations on the line at a given hour on a given day, along with their competitors, brings the prices down. The delay in the advertising and the time in which you must provide for a bidder to put in is worth it; you save money. The selection of vendors through the public bidding system has proved an excellent device and I am pleased that my school uses a lower amount for bidding than the law provides. There is talk to raise that minimum amount. If it is effective, it is helpful as prices go up, but, nonetheless, the process of public bidding, which has very definitely been made a part of our operation, is good.

The other things I want to dwell on are incorporated in your review of regionalization. This is a term that is easy to hang on to. It is easy to say we can get group purchasing and regional use and centralized operations. What I want to point out is, by my observations in this State and after my association with the oil business, anything that builds a hierarchy of approvals and reviews simply cuts down efficiency,

adds to the cost, and reduces the eventual product. In purchasing it is easy to say we can have group purchasing. I have discovered that no two schools are alike. No two grammar schools within a system are really alike. Therefore, to ask one group of teachers to take the textbooks that another group has decided upon in the hope of getting a lower per textbook price, simply doesn't work out. Certainly, only in the most marginal way would this be advantageous.

It is the same way with computer service. It is easy to say, as a school, let's get a big sophisticated complex computer and then sell our programs and sell the time and get some of our money back that way. But, the programs simply don't fit. I spent a year, off and on, trying to find a payroll system to supplant one that I use on a commercial basis. I reviewed several around the State that were for sale and their effectiveness in being installed passed the original programming school. They all worked but only after they were individually adapted, step by step. It would have been almost as easy to start all over again for each new school, rather than buy a program and adapt it.

In food services, the instant you start regionalizing you are going to downgrade the quality of the food service to the lowest level of the lowest acceptable school.

In transportation, your efforts in putting out bus safety regulations and rules is, again, very laudable. But, if you look at the transportation program, which is a buildup of a number of students on a block and acceptable streets in a small area, to try to regionalize this would simply add more and more levels of authority that would do nothing more than the clerk who says, "We have six kids on this block and four on that block and none over here, therefore the bus is going to turn left here." Regionalization would never, never do anything for that but slow it down.

That really is what I want to say. I can summarize it by saying, a school reflects, in this State, what its voters want. We have little regions and smaller school systems within the region. We have board members, in the main, who are elected and certainly those who are appointed are from elected officials. So, there is a continual relationship between the parents and the school board members and the people who work for it. As a result, what a district wants, in the way of a school, it gets. It votes for it and it gets it. If it has a dissident group that starts to tear down the schools and they vote for it, that's what they get. On the other hand, if they have good people who want to have good schools and will fight for the extra money for the extra programs, that will happen.

If you take this relationship, which in this State I consider a very fine one because of the hundreds and hundreds of districts, if you take this and move parts of it out to where you have a regional control, you are simply building the type of a hierarchy which will inevitably topple and will produce nothing of effectiveness and efficiency.

So, what I am saying is, keep it simple. What I would like to see is some experts to come to my office and tell me where I am making mistakes. If you want to use the old horrible term of efficiency experts or the technicrats - which some of you may remember from the '30's - that is not an unreasonable way of doing it. But, to arbitrarily lay on each business administrator, as if he were the same as the next guy down the road, a set of rules and regulations, all of which get higher, and higher, and higher - like the Beetle's records, where they stack up 16 layers of sound on top - you eventually arrive at an unreasonable and unbelievable set. So, my message is, keep it simple, gentlemen. Thank you.

SENATOR DUMONT: Are there any questions? Assemblyman Martin.

ASSEMBLYMAN MARTIN: Mr. Bedole, I was wondering if you can tell us at what point would you propose that the policymakers in the State make a determination as between the citizens' demands for efficiency, economy in government, and reduction in their tax burden versus the benefits that you see in small, fractionalized units, whether they be school districts or municipal government?

MR. BEDOLE: Well, Mr. Martin, I would find it hard to get a clear line. I think I understand what you mean and I realize, certainly -- If I can use my own town, which is one in Bergen County, as an example, it has a complete array of a metropolitan area and there are over 70 communities in it. This is fractionalization, I agree. But, at what point would you get the efficiency that you can get with a smaller group? I don't know that I could answer that. All I know is, we are faced with these now. The breakup, or the grouping together, of these communities is not likely to happen in view of the jealous -- and I don't mean that in a demeaning way -- regard that each of us has for his own community. We hate to mix up and catch on to the next one.

I feel that the system that we have now, based on the towns we have now, is good because none of them, except for a few of our cities, is so large that it has become top-heavy and wasteful.

I think if you look at New York, you will see that one of the problems that we have there is simply this high bureaucracy because it has developed all of the Boroughs and is unable to function effectively and provide the teacher with what he needs to keep his room warm and keep it clean and keep desks in it and keep supplies on the desk for the students.

I don't know where the line is. I believe that we have a good arrangement here and I hope a tremendous amount of thought is undertaken before there is any major change made in it.

SENATOR DUMONT: Mr. Notvotny.

MR. NOTVOTNY: Mr. Bedole, I would like to address myself to some of your ideas on regionalization of services. I don't know what you have to back up the idea that the regionalization does not work. You mentioned several things. For instance, in purchasing you mentioned standardizing books which would not really be a goal of regional purchasing. I would say pencils, versus books -- if everybody is ordering number two pencils and everybody is ordering number three erasers, and standard items such as this.

Food service I don't know at all but it has to be a goal of regionalization to match the lowest level, or as you said, that is what it is going to arrive at. I don't know the validity of that. It has not worked that way in other areas.

I would like to give a little example that I have been directly involved in in the area of computers. By taking three banks, each of which had their own computer service, servicing themselves, and lumping them into one center, I can tell you what we have accomplished. We accomplished a saving -- that this is only putting three together -- of \$150 thousand for each bank on an annual basis. This is because we didn't need the 8 people we had in each of the three computer rooms. We didn't need 24; we needed 16. And there were other items such as that.

As I relate \$150 thousand, per unit, per year, savings to our educational system, this means \$90 million. I wonder why it would not work there.

Number two, we realized that in the joint venture of three banks we had a great deal more money to spend on research and development and updating our current system. I think when you have a computer system in one bank operating at maybe a 30%

efficiency and you cannot afford the type of people to get out and find out what is going on in the outside world too - another advantage with regionalization - it also enters into central purchasing because in purchasing the window machines for the three banks, by virtue of upgrading from a 32 window machine order to a 64 window machine order, we got an additional 5% off the price, which was a one-shot saving of \$35 thousand. Now, if I relate that - again, that was one bank - to the 600 school system, we talk about another few million dollars.

I think the things we are devoting ourselves to, and the thing we are directing ourselves to, really amounts to a lot of dollars. Now, programs, generally, for computers are rather universal. Sometimes a district will want to fine-tune something and that can easily be done. But, having a very expensive, multi-million-dollar main frame in a little room by itself is something else.

Again, on the matter of purchasing, I would rather think in terms of pencils, erasers, blackboards, and such, as opposed to specifics, such as books.

Our explorations so far - and they are certainly far from final - indicate to us that vast savings could be made if done on a voluntary basis - if many of the districts wanted to get together and operate in this fashion in some areas. In some areas they do not work at all. We are very cognizant of this. You can't do much about centralizing transportation in rural areas at all. It is a difficult problem by itself. But, I think as you went down the list - at least I thought I heard this - I heard you condemning the idea of centralization of any of these services in any area. I wonder whether that was so?

MR. BEDOLE: Well, I wouldn't want to be quoted as making a blanket statement that no centralization would ever work, but I can address myself to a couple of those things and point out areas which you should examine very carefully before you go down that road.

Now, let's talk about computers - and I quite agree that banking is ideal for centralization of computer services. We all profit by that. The banks give us better service.

Let me tell you about my school. I have five computer systems and five schools teaching them. We are nine schools in my district, all over the County of Bergen. Of these five computers, I have tried for several years to convince the educators that we should have a central computing system and a bunch of teaching terminals. My success is zero, but my point - the point I cannot get across to them - is this: Each of these is a teaching station. It has a set of students. But, to combine it with a big central office and have terminals at each of the schools, just does not appeal to them.

Now, what are we spending? That is one of our major expenses, the cost of computer equipment and the instructors and the classrooms. It is one of the largest expenses we have. I can't find a single way of cutting it down, nor can I find a way to prove to the educators that it would be beneficial to combine them into one big unit and perhaps save money with just these terminals at the end.

Basically, what I am saying is: A teaching instrument has a different use than a production instrument. A bank is a production outfit. A school is a teaching outfit.

For computers, per se, we have very little use. I keep my books on one of them but it is a very simple matter because the elementary bookkeeping is something we are required to follow. It is very simple and easy.

Now, on transportation, I agree. If you overhaul your buses, if you buy them in huge bulk lots and order them the way the Army does, you might save money on the purchase of a bus. Buses last 10 years. I see there is a bill in to put

some for 15 years. But, the transportation program - defining the number of students on a given route and the size of the bus that has to be plotted for that route - is a small matter that can never be regionalized, or anytime you do, you are simply adding a boss and a super boss over several people who will continue to do the same work.

In my county, the purchasing department of the county does a lot of public bidding - one is fuel oil. They will select a vendor, based on the estimated needs of anybody who is interested - public schools, county schools, and county departments. We then use their vendor and we do save money - indeed we do. That is a good example. But, it is not centralized purchasing; it is simply centralized selection of a vendor. It is the same way with the State list. If we go to buy an automobile, I get the State list; that saves me bidding. I will buy the vehicle that my boss wants by what the State has set up as an acceptable vendor and an acceptable price. Is that centralization? No. It is centralized selection of vendors only. Under those conditions it does work.

There are other examples but my main purpose is, when you insist on this and you provide an administrative mechanism to insure it, you are adding non-productive or non-useful costs and people whose attitude may be, "Who cares, this is not going to my town and my students, this is going 16 miles away or 75 miles away to someone for whom I have no concern, therefore I won't work so hard." That is the danger that I feel comes from centralization. My point, again, is to keep it simple.

MR. NOTVOTNAY: Well, I did not want to confuse the teaching aspect of computers with the output aspect. You said yourself that the education process is a big business now and it certainly has a mutuality of interest as regards such a thing as the output of a computer - salaries, scheduling, attendance, and all programs that are set up, all over. Sometimes I feel you are agreeing with me and sometimes I don't. Maybe it is because we used the word centralization and interposed it with regionalization. That's part of it.

MR. BEDOLE: Well, again, my effort is not to answer your problems, it is simply to hope to enlighten you to certain areas which you will look at very closely - all aspects of them - and maybe these remarks might help in that area.

SENATOR DUMONT: Mr. Alexander.

MR. ALEXANDER: I have a couple of questions, Mr. Bedole. My first observation is, I have been disarmed by the country boy approach before and also found myself totally disarmed by it only after I realized what had happened to me.

I am a member of the Teaneck Board and we do send people to Bergen County Vocational High School. As to other communities, they send them too.

MR. BEDOLE: All of them do.

MR. ALEXANDER: So, in fact, your very job is contingent upon a kind of regionalization of vocational training. So, therefore, we know that you are here and, therefore, regionalization by its very nature can't be that bad.

There is a system of charge-back systems on a regionalization setup where the regionalized facility - the data processing, the purchasing, and audio-visual computer - would also be a charge-back accountability system for services rendered. You can buy or you can cease to buy from that regional organization. Therefore, it must be competitive, pricewise, with services you could generate within your own system, or you should not be buying from the regional facility on a charge-back basis.

But, I do recognize your fears of another health and hospital corporation, or some kind of bureaucratic Byzantine jungle that we find ourselves in in New York City.

But, the other part of your earlier remarks that particularly interested me - being a board member and seeing those hundreds of bills that I sign - was, realistically, we cannot expect board members to be signing hundreds and hundreds of bills in a timely fashion in order to take care of trade discounts and just maintain credibility with suppliers. It is absurd. You are absolutely right. It is, I think - my opinion is - out of date. But, one of the things I think this Committee could use would be - and I address you and I address school business administrators - a suggestion for some concrete systems that are going to generate the kind of businesslike atmosphere within the school - getting things done, getting things authorized, getting things controlled - and, at the same time, permitting the flexibility of the school system to operate as a business when it is in business of buying business items or supply items.

To me, personally, it would be tremendously valuable for a recommendation to come forth from those of you who are involved in this thing on a day-to-day basis to eliminate, or to minimize not eliminate, the red tape, the delays, and the unbusinesslike manner in which bills are authorized and paid by boards of education in New Jersey.

MR. BEDOLE: Well, if you can do that, you will gain the respect and friendship of every business administrator in the State.

MR. ALEXANDER: Well, we are looking to you fellows to help us - and women, I am sure there are women and men business administrators.

SENATOR DUMONT: Mr. Harclerode.

MR. HARCLERODE: I won't echo John's comments, but I am impressed. John, I wonder if you can help me out with a difference of opinion that I am aware of. On the one hand, I hear public people, like yourself, say that the bid laws in the State of New Jersey are antiquated and they do not succeed in getting economy in purchase. On the other hand, I hear you say what you said this morning. Could you help me out in my dilemma?

MR. BEDOLE: I could give you innumerable experiences. In practically every case where an estimate is made by our school officials, our buildings and grounds men, or my office, as to the cost of a project, when it is estimated to exceed \$2,000 - which is the role we follow - I require that it be advertised. We blanket every possible vendor who might be interested and we allow them sufficient time to arrive with a bid on the morning of the day on which the bids will be opened. I have yet to find where that has not saved us money. I will put it another way: It always saves us money. I have seen estimates that are double the bid price. It is amazing what happens to great big companies when you say, "Get up on the line like everybody else and put your price in, not by using the slick salesman, nor the brochures, nor the big fancy things, but put the price up against your competitors."

The problem in schools is, if my printing instructor - and we have five printing shops - says, "I need a Millers Falls Press", and I can find an A.B. Dick Press that is cheaper and he says, "I have three A.B. Dick Presses, I want to teach Millers Falls", that does tend to strap us somewhat. But when it is a simple matter of fencing or shrubbery, or when we put up a building, the public bidding law is very effective and I heartily endorse it.

MR. HARCLERODE: Have you ever, for those items which you do not bid, used a quote system?

MR. BEDOLE: Oh, yes, indeed.

MR. HARCLERODE: Would you comment on the advantages of a quote system and the advantages of a bid system. Let's assume that here in New Jersey we were trying to wrestle with "Shall we get rid of all bidding and go to quoting." What would be

your projection if we were to do that?

MR. BEDOLE: Well, when you are speaking of significant items, quoting is simply asking a vendor to give you his book price. Many times you will decide you are going to pay \$1,800 for something and you don't have to bid it, or it is worth about \$1,800 so you will get one quote. You will then call someone else and ask him to quote on it and he will say, "Okay, I'll look it up and send it in the mail." You will then call a third fellow and he will not be available. So, you go with the two quotes. What I am trying to say is, it is easy to back off and take the one you feel is okay. I prefer the "moment of truth" when, if it is going to run over the \$2,000 we abide by, then put it up on bid. I did it just last week with some IBM equipment. We wanted some IBM equipment in our place and I put it out to bid. IBM won the bid only because some equipment that we had been previously renting from them had some equity in it and their competitors couldn't match that. But, they weren't but just a couple of hundred dollars away and if IBM did not have that equity, they would have lost the bid on their own type of equipment.

Very interesting results occur when you force the people and you let them know that they must qualify with their equipment and you want the right price. Quoting - we try to get three written quotes of between \$1,000 and \$2,000. We try to get telephone quotes under that. When we don't, it is easy to say, "Well, we tried, but let's go with the \$1,650; that sounds good." It could have been better, that is my point. On the other hand, you can reduce to an absurdity the bidding. Two thousand is a good minimum. Our law says \$2,500; my board says \$2,000. I don't know where the true line is. I am happy with the \$2,000.

MR. HARCLERODE: Thank you.

SENATOR DUMONT: Are there any other questions?

ASSEMBLYMAN MARTIN: Mr. Chairman, if I may?

SENATOR DUMONT: Go ahead.

ASSEMBLYMAN MARTIN: Did I understand you, Mr. Bedole, when you were talking about the public bidding laws that you feel the \$2,500 requirement is appropriate and ought to be retained?

MR. BEDOLE: I say it is appropriate. I wouldn't personally object to \$5,000, speaking for myself. When you do that you get into areas -- If you are buying an automobile, you can call competitive dealers and you can get your lowest price in 10 minutes. If you are buying something that doesn't sell so quickly or so rapidly, \$5,000 is a good figure to follow. But, to buy a Chevrolet station wagon or a station wagon of the Chevrolet, Ford, Plymouth class, you don't need it. Motor vehicles, incidentally, are excluded from public bidding, probably for that reason.

So, the answer is, whatever you can live with. I can live with \$2,000. I think \$2,500 is all right. If it is hard for other people then perhaps the \$5,000 should be used.

ASSEMBLYMAN MARTIN: Just a couple of other questions. Just for the record, you indicated that you were formerly an executive with a large oil company?

MR. BEDOLE: Yes.

ASSEMBLYMAN MARTIN: May I ask what company?

MR. BEDOLE: The Shell Oil Company.

ASSEMBLYMAN MARTIN: Shell Oil in New York?

MR. BEDOLE: Yes.

ASSEMBLYMAN MARTIN: In their executive office?

MR. BEDOLE: I was in their middle management. I was a Director of one of their subsidiaries and a Comptroller of another one of their subsidiaries. I never

made it to the top. I left because it was just too big and I like the simple life.

ASSEMBLYMAN MARTIN: You say you were a Comptroller with the company?

MR. BEDOLE: I was Comptroller of a small subsidiary in Dearborn, Michigan, a subsidiary of Shell Oil - the Shell Motor Labs, Inc. I was a Director of the Shell Aviation Corporation. These were ancillary jobs. I was Supervisor of Accounting in their New York office, in several of their branch offices. I started up in the country someplace.

ASSEMBLYMAN MARTIN: We have something in common. I too was with Shell Oil.

MR. BEDOLE: Oh, really?

ASSEMBLYMAN MARTIN: May I ask you another question? Did you, at any time, have any purchasing experience with Shell?

MR. BEDOLE: Only in the little subsidiary in Dearborn and that was a small operation.

ASSEMBLYMAN MARTIN: Thank you.

SENATOR DUMONT: Are there any further questions?

Mr. Renick, do you want to make a comment?

MR. RENICK: I just wanted to state in relation to purchasing that the Association of School Business Administrators has taken an official position on A-807, which is the Local School Public Contracts Law - that is an omnibus bill, obviously. It treats a lot of areas which which we are concerned, one of which is the \$5,000 limit desired by our Association, as opposed to \$2,500, and it treats removal of the double advertisement formal bid requirement. It treats the stringency of requiring specifications for professional services, which I think has tightened up beyond all reason the Municipal Contracts Law.

I think if you will look at our position paper which was forwarded to the Committee that is currently treating that subject, you will have a specific position on any number of issues that that total law treats.

SENATOR DUMONT: But you are for \$5,000?

MR. RENICK: We are for \$5,000.

SENATOR DUMONT: Right.

MR. RENICK: That is the Association's official position.

SENATOR DUMONT: Mr. Harclerode.

MR. HARCLERODE: Mr. Renick suggested we get a copy of that. Is that something that we can get, or shall we have him send it to us?

MR. RENICK: That was mailed off to the Committee Chairman that is handling that and also to the members of the Committee. We will get a copy of that off to you.

MR. HARCLERODE: Would you? We would appreciate that. Thank you.

SENATOR DUMONT: Thank you, Mr. Renick.

Mr. Bedole, would you object -- When you talk about regionalization and your objections to it, I can understand a lot of them. Would you object to the county level of regionalization rather than anything larger - that is, if it were handled to some degree, or coordinated through, the County Superintendent of Schools office, or would you rather just keep it local the way it is today with the option that you can join with other districts if you want to?

MR. BEDOLE: My remarks, of course, are flavored by my knowledge of Bergen County. In my opinion, each of the school districts there is big enough to provide competent business offices and the need for an overall parent, or father, or group to pull the purchases together, get a bidder and then send the individual orders out

doesn't exist. Perhaps it does elsewhere. I don't think in Bergen County it would do anything more than create additional work and additional cost.

SENATOR DUMONT: Dr. Lataille.

DR. LATAILLE: I guess I have to ask a question about Bergen County, particularly the example that you gave on transportation. We are investigating something now in Bergen County with the multiple contracts in transportation, where you have a number of very small districts - 75 districts - where a child is being transported for special education in district "a" with a contract for that particular child to be sent to a school, and district "b", a coterminus district, is transporting a child to the same school under a separate contract. There are many instances of this and the amount of money involved with the separate contracts, just within Bergen County, ranks up in the many thousands and thousands of dollars.

We are concerned about it and we are attempting, with limited power, to bring about a degree of coordination without any law and without any absolute jurisdiction. But, that we know is an existing problem just in the limited field of special education and transportation.

It seems to me that some sort of consolidation of services in Bergen County, as it applies to that particular problem, is desperately needed and we will be making that kind of recommendation for voluntary consolidation of services. Now, that is just one.

I think in a County, such as Bergen, with 75 school districts, we need - and I think we can demonstrate this need - consolidation in all sorts of areas. I agree that when you consolidate you run a risk - the risk that the individualization of services are lost. But, I think we have to deal with superintendents, business administrators, professionals in Bergen County to move toward a degree of consolidation of services that will maintain that appropriate degree of individualization while, at the same time, maintaining a degree of efficiency which I contend, in this specific area - and we can go into others - at this time, in Bergen County, does not exist, as well as in many other counties. You used that as an example and I had to come back at you and make that comment.

MR. BEDOLE: May I ask you a question? Is it your purpose to take this authority away from all of these 75 school districts, or those involved in this crossing-the-lines business, and place it in the hands of one, or a group of people, who do not report to any of the schools? Is that your objective? Or, is that the way you are traveling?

DR. LATAILLE: The objective is efficiency. The objective is efficiency while maintaining individualization. The objective is something like what Morris County is doing now, in terms of a countywide service organization as it applies to transportation, which, as I understand it, might bear more evaluation but, as I understand it, it has greatly improved the efficiency of the transportation services to that county, while, at the same time, maintains a local input and a local responsibility and a local level of individualization to the district and to the child. That is the output. I think both can be achieved.

MR. BEDOLE: If you can achieve that--

DR. LATAILLE: And it is happening in Mercer County also.

MR. BEDOLE: Well, I might add that since our students come from all over our county, we do have that. I have two high schools that have nothing but special ed students. That is all they do is train, vocationally, special ed students. I know that the sending districts get together. We accept our students at the door,

so I am not directly involved in bussing, although several years ago my school was. Most of the routes come through several school districts. They wind their way down from Mahwah, through Glen Rock and Ridgewood, into Hackensack and from Old Tappan through Demarest and Bergenfield and Dumont -- I am not certain of the routes but if you are familiar with the towns, you can see them coming down that way. They pick up students along the way.

It is, in some way - just how large, I don't know - already centralized to that effect by the business administrators themselves who are out there trying to save a dollar all the time.

DR. LATAILLE: I agree it is happening but it is, in many cases, hit and miss and if we can do anything through this Committee to put some system to that then I think we will accomplish something.

MR. BEDOLE: Without question. That is the type of centralized overview that undoubtedly will lead to efficiency and economy.

SENATOR DUMONT: Mr. Renick, do you want to make a comment?

MR. RENICK: I think the area of special education is a good area to attack, but I think it is nothing more, really, than the icing on the cake because I think this is an area of operations of the to and from school contract, which is the bulk of the expenses of the average district.

About four or five years ago, I was called in as a sub-consultant for a fellow who was doing a job on a New York school district, which was very similar to my district. That district was spending to transport approximately 5,000 pupils in the neighborhood of close to \$2 million. We were spending, for 5,000 pupils in a similar sized district in terms of geography, approximately \$400,000. Now, there is a reason for that. The reason was, we had politically taken our knocks and gone through our battles and kept our spirit and maintained tier-staggered transportation. In other words, private and parochial school opening up first and our elementary and senior high opening up second, so that one bus and one driver could be used for four runs, as opposed to one bus and one driver being used for one run.

Politically, that is a very difficult thing for a board of education to stand up against in the local district because you have, in February, early darkness and you have kids going home at the end of the day in this darkness, so you have pressures there. The average board can't stand up to that, politically. I think that this is an area where, maybe, legislation would be required to demand staggering opening time to try to coordinate the private and parochial schools into a time slot to try and generate cooperation from that direction.

I think there are some districts who have moved in this direction over the last three or four years. I think Bridgewater is one district - in your home county. I think it has gone to this recently.

SENATOR DUMONT: That is Assemblyman Ewing's County.

MR. RENICK: I'm sorry. I think that area is a fantastic area for savings. If you want to look towards mandating it -- because the average board of education can't stand up to the pressures to maintain a four-tiered system, or a five-tiered system, when you add activities, etc.

SENATOR DUMONT: Assemblyman Martin.

ASSEMBLYMAN MARTIN: Just to go back to the situation you were describing in connection with the computers, my recollection is that you indicated that the proposal for having a collective use of a computer was considered and never came to fruition. Can you give us a little bit more of the detail on that as to how that was handled, who

was approached and why it didn't come about?

MR. BEDOLE: Yes. It became a very sore point with me, Assemblyman Martin. There is no one who can really look at a school system and say, "This is what you need", except the people who sell computers. Since we are so thoroughly locked in with IBM, only they could tell us what they thought we needed. When I discovered that IBM salesmen are paid by the machines they get, and if they lose an account they lose a commission, it became apparent to me that the advice I was getting was strictly what the salesman wanted. Now, I will say this - and I have said it to all of them, up and down the line - in trying to find some body, perhaps of the nature of the one here today, who can truly recommend the best setup for our system - and I am speaking of my own because that is all I am concerned with now - I was unable to ever get any disinterested, impartial overview. Nowhere could I find such a body who could give me one and who would lend some weight to my position and perhaps sway the educators who are the ones who will eventually sign the orders and direct me to see that I get what they want.

ASSEMBLYMAN MARTIN: May I just ask you one question. You say, "Our system." Are you talking about the system used by the vocational school? This has nothing to do with the computer maintained by the county itself?

MR. BEDOLE: No, we are totally separate from that.

ASSEMBLYMAN MARTIN: Completely separate.

MR. BEDOLE: Oh, yes. We have a beautiful setup there. But, ours are teaching instruments and are located in our various schools throughout the area. But, we are not connected with the county or the county college computer system at all.

ASSEMBLYMAN MARTIN: All right. Now, the consolidated use - regional use that you were talking about before - is that just between the Hackensack installation and the satellites or are you talking beyond that?

MR. BEDOLE: Well, my idea was to pay a large amount of money for a highly complex, highly sophisticated computer in the Hackensack office and hook it up with terminals so that they could teach the same at the satellite school system and still have the benefit of a big computer. What we have are computers which are all pygmies; they are small. They are not "mini"; they are just small computers. However, they are successful. Our students are leaving and getting jobs. I can't argue with that success. That is really where I fell down - all the students go out and get work. But, my point is, we could get so much more for the same money but I have been unable to sell it.

ASSEMBLYMAN MARTIN: But, your attempt to sell that is with the administration of the vocational school. You are talking about the superintendent. You are talking about the board--

MR. BEDOLE: The superintendent and three principals.

ASSEMBLYMAN MARTIN: Was that put in the form of a written proposal, or was that an oral presentation?

MR. BEDOLE: Several written proposals.

ASSEMBLYMAN MARTIN: Did you get written responses?

MR. BEDOLE: No.

SENATOR DUMONT: Mr. Harclerode.

MR. HARCLERODE: Just a very brief comment. Without identifying the location, a similar school official, such as yourself, has had the resources of the business community offered free of charge to evaluate the circumstances and the needs of centralized computer services - and there are many such resources available to school officials, like you. I would be remiss if I didn't indicate to you that there is a

resource available to people with similar dilemmas if you will ask.

MR. BEDOLE: Thank you. I will.

SENATOR DUMONT: Are there any other questions?

(no questions)

Thank you very much, sir. I appreciate your help and your testimony.

Our next witness will be Vincent Calabrese, Assistant Commissioner, New Jersey Department of Education.

V I N C E N T C A L A B R E S E: I have testified before your Committee before, so I will just hit some of the areas that I feel weren't covered in that particular testimony and kind of summarize some of that particular material in the past. I will tie a couple of things with it.

We had this morning a discussion of unit versus dual control. The Department has taken a position concerning unit control, in that it has felt that the system of education in this particular State should have a single head. One of the problems that has come up to kind of reenforce that within the Department is the program oriented budget approach we are beginning to use. The development of goals and objectives, the allocation of resources to those objectives, reporting later as to whether the objectives have been achieved, would appear to make a more efficient organization, one that has a single head that can be held responsible for the full operation of the district. I think this requires a system of better internal control that we are going to have to develop to assure that the fiscal constraints are there so that the development of a single head of a system does not lead to any excess in the fiscal areas, which is one of the benefits you have from dual control, obviously. If you split your functions, you can then monitor the two and expect the two to monitor one another. It won't work too well as you go into program plan budgeting, with evaluation thrown in at some point.

Consolidation of services - we have covered that. I think I indicated in my previous testimony that, with 600 plus districts in the State, it doesn't appear to be the most efficient form of organization for a state. For example, we have a regional that has 12 constituents that are elementary districts, plus its own constituency. This means at negotiation time, you have, in effect, thirteen negotiating teams, negotiating salaries and other costs that, in effect, affect the same taxpayers to some degree.

I think along those lines, some changes in the collective bargaining arena appear necessary or, at least, desirable as far as we are concerned. We have to go into some sort of impact mechanism soon. We don't care what it is finally called - arbitration, last best offer, or what have you - but an impasse mechanism at some point is going to have to exist in this State. The PERC membership, which is currently the tripartite type, kind of feel that we should look at the Study Commission for PERC and look at its recommendations and implement them at some future date.

We are also backing a law that is presently being considered concerning tenure for superintendents versus a contract. We have found that the average life of a superintendent, in terms of his professional career in a board of education, is considerably below the three years that he would be expected to serve to attain tenure. We have heard all sorts of arguments as to why tenure is important. The bill does not take away the grandfather clause. It does permit superintendents with tenure to continue their tenure. However, it does give permission for a five-year contract. Is that better? We think so.

All the arguments used for tenure revolve around the fact - and I guess have their beginnings in the academic freedom concepts in the colleges -- but revolve around the fact that you must have the freedom to speak, to discuss issues, and to present a case free from the fear of losing your job. I have heard arguments where people have indicated that a superintendent really doesn't feel free to speak until he has his tenure contract. That means then that for three years, he is afraid to speak. I don't believe that. I think our superintendents are individuals who stand up for what they believe is right. I think the boards of education when they approach the tenure issue - and it is a difficult situation for them - if there is any doubt in their minds whatsoever, their tendency is to let the particular superintendent go and look again.

If there were an option for an additional contract, any small doubts that remain

could more easily be taken care of by reducing the term of the next contract. But, in any event, the board, itself, we think usually would tend to renew a contract and give greater stability to the district rather than to just cancel it out because of fear of tenure.

In my eleven years of experience at Montclair, I had to make a decision on one individual that was kind of this way. I gave at least three different contracts, hoping at some point things would change. If I had had a tenure issue involved, there would have been immediate dismissal at the end of the first year. There was no doubt in my mind. By the way, that person is now still working there and it has been eleven years. So it did work out.

We also mentioned this morning 1503. I just couldn't leave without saying something about it, not because I have lost my hair, because I am trying to retain what is left. I think we should take a look at what will happen if 1503 doesn't go through. There is no doubt in my mind that every board of education in the State can move directly to its cap. The cap is a legal imposition placed on districts. If it has any validity, a district should be able to move right to it. Without 1503, there is no doubt in my mind they can move to it. There is also a great doubt in our minds whether or not they could go beyond that, whether they could spend all of the additional funds that come to them from the State. We have to recognize that we are currently paying them the full State aid due under Chapter 212. If they are taking less than the full amount, they are also receiving their full district taxes up to the amount voted. That represents \$143 million in the State. We think there is some legal question as to whether or not they could, in effect, appropriate that \$143 million and expend that, which is the only guaranteed tax relief that comes out of our income tax law.

We feel that some form of 1503 is necessary, not only to remove the uncertainty in the school districts and provide a more stable base for the budget, but also to fulfill really the objective of the funding programs.

I will make one more outrageous statement in that area and then I will stop. There has been a lot of discussion about all this additional money for T and E. Really every dollar raised under the income tax is being directly reflected in tax relief in our school districts. Not a single dollar is really going toward T and E, except for compensatory efforts and add-on programs. How can I say that? If we consider the caps valid --and the Legislature in passing it felt that this was a legitimate legal cap and that any district that went to that point would not be inefficiently spending its funds or could not be considered guilty of developing an excessive budget. They had to believe that or they should have reduced the cap. If that is true and if the income tax is the first subtraction from the amount of money needed from taxes, then obviously any district within its cap, any money it receives from the State is, in effect, reducing the amount it has to raise locally. With the cap on, -- and T and E actually is a reshuffling of resources within the district -- the district is looking at its programs, to make them more effective, to live within the expected amounts. Our cap does not follow the inflationary trend to its fullest. It represents about 75 percent of the increase in equalized valuation. There is nothing I can see fiscally that says that the value of our property will continue to rise in direct relationship to the economy itself. In fact, just the reverse is happening. We have had a 6 percent increase in equalized valuation over the past year, as opposed to 11 percent the prior year, which means our district caps will probably drop 1 or 1 1/2 percent, which further strengthens my argument that all of this money is going toward local tax relief.

Some of the things I didn't mention before - and, if I did, I should re-emphasize them - are: At some point, the Department will be looking toward legislation that will switch the entire State over from a calendar year to a fiscal year. At the present time, about half our districts raised their full district taxes needed for the ensuing fiscal year in April or in that calendar year, which means that basically they do not need more than half of the money to complete the year. They have already raised - they have the money from the prior calendar year for the first half of that calendar year and they are raising now the money for the next calendar year. They are raising the total within that calendar year. We don't think as a State policy it is wise for us to continue raising taxes six months in advance of actual need. What else gives us problems with that? It causes all kinds of problems in terms of State aid - in terms of 1503. No matter what problems we have, the fiscal versus the calendar year comes up as a problem.

We think one of the things we can do in the efficiency area is to eventually change that over, recognizing there may be municipal problems we may have to phase in over a two- or three-year period, although there should be no municipal problems. The surpluses should be there to take care of the first half year.

I believe at one of your meetings, the Division of Pensions testified that things at Newark were just as bad as they ever were. The information in our office does not indicate that that is necessarily true. We have asked for a study from the Auditor General in Newark to detail the exact steps taken to resolve the problem with the Pension Bureau. It is my understanding that meetings were held, correspondence was passed and the Auditor General felt the problem had been resolved. It was news to him when we called and said, "What's going on?" We will get a report back to you on that specific problem in that particular district.

You talked about bus operations. Basically, the State is now paying 100 percent of approved transportation, thereby removing one of the greatest incentives to economy that I know of - that is having your own money involved in the operation. As we approach 100 percent and as we pay 100 percent, I think some form of streamlined bus operation is going to be absolutely mandatory. Vocational schools were mentioned. It is not unusual for vocational schools to receive students from districts around them with busses one-third or one-half full. We asked the question whether we couldn't consolidate at least the vocational schools. I believe there is a bill pending before the Legislature to permit that. A pie in the sky idea would be: Is it possible for a statewide contract for transportation? Would this bring in major transportation companies? The Commissioner once raised the question: Does transportation even belong in the Department of Education? Is this something that belongs in a different area? School lunches - could this be handled more efficiently by some other unit? We are looking at all of these questions. I am not saying we have answers to them. But we are at least looking to see whether there are better ways of doing these things.

Consolidation of school districts for services. We feel that in the areas of purchasing, accounting, contract negotiation, transportation and program development - these are areas in which some districts can get together on a voluntary basis and become more efficient in the provisions of services. It won't happen, however, if we just say it is a nice thing to happen and it should happen, and it should happen tomorrow. It won't happen if we try to mandate it and say, "Here is a law. As of tomorrow, everyone consolidates in these following areas." What will be needed in the future is some sort of fiscal incentive for districts who have come to the conclusion they have common interests to bring those common interests to the fiscal point.

You mentioned regionals. Say they decide to get together at the high school level for

every service. If that decision has been made, is it feasible for such a district to further expand that regionalization to the elementary level? If it is, a fiscal incentive is the only thing that will work - and on a voluntary basis at this point in time.

Basically, they are the only additional things I had to talk about that I haven't given to you in previous testimony. I am open to any questions you may have.

SENATOR DUMONT: All right. Mr. Notvotny, any questions?

MR. NOTVOTNY: I was just curious, on the regionalization of services, were they merely comments or were they relative to studies you are undergoing?

MR. CALABRESE: We are undergoing some studies, especially in the computer area. There are at least three counties - two that I know of and a possible third county - that are very diligently pursuing the idea of regionalizing for computers. Gloucester, I believe is one - Morris and Hudson.

MR. NOTVOTNY: Are we both trying to "invent the wheel"?

MR. CALABRESE: No.

MR. NOTVOTNY: Some of your results may be helpful to us.

MR. CALABRESE: Fine. We can get you in touch with Mr. Zackowski who is working in that area.

MR. NOTVOTNY: Thank you.

DR. LATAILLE: On this, Mr. Notvotny, it is really the County Superintendents' attempt, with our backing and working with Jersey Bell and the Chamber of Commerce, to bring about a voluntary consolidation in those three counties. There is no money involved and we don't have the ability to bring about any kinds of incentives or really lend them any kind of support other than just trying to get them to work together, and in those cases it is working. Morris is looking for money; we just don't have the money to give them. They could pull it off tomorrow. They appear to be ready, but they need some seed money and it just doesn't exist.

MR. NOTVOTNY: Thank you.

MR. CALABRESE: There is a lot of computer power out there. Your vocational schools have a great deal of power and your county colleges have power. The municipalities have it. There should be, at some point in time, a look at all this computer power and how it can be best channeled to reduce costs. It came from the college. If it was up to the college, we would have had 10 or 15 computers on that campus. The college wanted its own. The State insisted on a network. We fought it and screamed and hollered. But after three or four years, the cost benefits were tremendous. The kind of service we received was tremendous. The technical service - the programmers - were there. There it is operated on a semi-private organization which I think might be worthwhile looking into also. It is a non-profit corporation which competes with your profit-making corporations for the services that they offer to the colleges themselves. They have some say in the management of the organization. They have a seat on the board. But the organization continually must compete on the open market. No one has to buy the services from them, which helps to keep it straight.

MR. ALEXANDER: Mr. Calabrese, I am particularly interested in your program budgeting progress to date. Let me couch it this way: Earlier Mr. Triverio - and I think others, including board administrators and boards all over the State are very much concerned about the ability to put in a rational budget with the funding as it now stands being somewhat nebulous in terms of what will be funded. Under a program budgeting system, it would appear that you can normally chop from the back on a program

budget. For instance, if your community votes down your budget under a program budgeting system, you should be able to chop by layers, as opposed to taking horizontal cuts and possibly sterilizing a number of functions which are going on simultaneously by taking 10 percent from everybody and making everything inefficient. Would not the same kind of mentality as school boards build budgets now under a program budgeting system apply, that budgets could be built by program and then at the time the amount of funds available was determined, they could either chop or keep the optimal or keep what would be nice to have on the basis of funds available. You have the situation of the farmer and the barn door and the bullet hole. He sees that bullet hole in the barn door and realizes that that is a terrible looking thing, so he draws circles around it. And everybody is amazed what a fine shot he is, that he was able to put that bullet hole in the middle of the target. I would suspect that many times in the school districts in budgeting, we are really drawing targets around the bullet hole instead of shooting at a particular target of things that we want to do.

Getting into my question in a very circuitous way, would you comment, number one, on the progress of program budgeting now that you are taking the first steps here in New Jersey statewide? And, secondly, on the preparation of budgets in the future, will program budgeting and possibly zero-based budgeting be of assistance?

MR. CALABRESE: There is a great deal of misunderstanding about what program budgeting means. In a State like New Jersey where you are very physically close to the people - when you go to a district, they are ready to hit you over the head right then and there; if not then and there, they wait outside to talk to you - you have to first make sure everyone understands what they are getting into. Even though the State is small, that is a difficult task. We have decided to go this route: We are calling it a program oriented budget approach. If a district feels it cannot move over from a line item budget to a program budget, we are saying, "Okay, there is no reason why in the first two or three years you can't continue with your line items. However, you are going to have to break out for us individual programs of improvement under T and E, using the line items for series of accounts. Just run that account as a separate sub-set account under your total." That is fine for the first two or three programs. When it gets to the fourth, fifth and sixth programs, they are keeping so many records that program budgeting becomes a more feasible answer. But, in any event, they at least have moved into it slowly.

The first Budget Manual has gone out. The time table is in there for conversion. It is flexible only because we have a great variance in the State of capabilities in our districts, ranging from part-time secretaries to sophisticated fiscal organizations. This is our first year. The first reports will be coming back to the Department at the end of this current year. Then we will have a better idea as to the problems encountered. We haven't heard too much noise at the present time - maybe it is because they haven't really developed their budgets to their fullest yet - about the process. One secretary is at the Department now arguing that our timetable is unrealistic - there is not enough time involved. We are taking his testimony today. That is about where we are. Will PPBS help? PPBS is not going to bring any more money in the State. It is not going to bring any more money into education. It is not going to drastically change our funding patterns. Anyone who thinks that is what is going to happen with the Program Planning Budget System is wrong.

Its more efficient operations will be directly dependent upon the ability of districts to utilize the instrument itself and on the willingness of people to make those changes that are exposed by the system. If there is anything that PPBS does, it

makes visible what you are doing, if you do it right.

The tendency to take 10 percent across the board is much greater in a line item approach than it is in PPBS. There is a point at which time you can cut a budget when it is obvious you can no longer operate that particular budget in any efficient manner whatsoever. At the present time, it is easy to cut 10 percent off the total - you run all the programs and everything goes. Once you go to program planning, your decision-makers, your board people, after public hearing, may decide Program A goes. If that decision is made under this system, it goes. But if a superintendent or an administrator decides to squeeze it out of all the other programs, they will, in effect, have an illegal program in that district. So, to that degree, the visibility, itself, will help in making people understand their budget. It will also make it more difficult to make the arbitrary cut. If we are at a public hearing discussing ways to cut costs and they come across, let's say, phys. ed. or some other program, they can say, "Well, here's one that can go. Let's cut it." Well, the decision has to be made to cut that, not a nebulous 10 percent of the whole budget. We really feel that when people begin to understand it, it will help in getting budgets passed and in explaining budgets to the people.

MR. ALEXANDER: If I may just make one more remark on this, then, as I understand it, some districts will be able to maintain a kind of Linus's blanket, line item budget that you hold for a couple of years, that you really believe in, to make sure the other one works. At some point, there will be a cutoff, in which there will be a switch-over to a program oriented budget. Or, will some aspects of the line item budget be retained?

MR. CALABRESE: Some aspects could be retained if districts want to do that extra bookkeeping work, reporting back to us on a program format. If the district feels that they must stay with line items, we say, "Fine. Break out your programs. But when you report back to us, you are going to have to crosswalk the same as PPBS districts have crosswalked in the past." We don't think that will happen over more than two or three years.

MR. ALEXANDER: On the implementation of program budgeting - I am staying away from PPBS, as you will notice - has this been intermeshed with the timetable for the objective setting upon which a program budget must be set under T and E? Is this closely meshed or is the business side of the Department of Education asking for program-oriented budgets and the education side asking for objectives through T and E? Are they, in fact, meshed so that these things can be developed simultaneously? I see Ralph grabbing for the microphone at this point.

DR. LATAILLE: I think this is a problem - ask unit control. There is no budget side and education side.

MR. CALABRESE: Actually, when it came time to implement the system, itself, we were ready in the fiscal end before the other end was ready. We had a meeting with them at which we said, "We are making a commitment now and you are stuck with it. When we put this Budget Manual out, you are going to have to mesh in with us." They said they understood that and were working on that. In fact, I think it is completed. The dates are meshing together; yes, they have to. Our making a decision to go immediately obligated the other divisions to mesh in with our system and there was a discussion before it went out. Otherwise, the Commissioner would throw us both out.

SENATOR DUMONT: Mr. Renick wants to make a comment.

MR. RENICK: I apologize for rising to debate, but I have to. Before, Mr. Calabrese made the statement that program budgeting of itself in its design lent itself

to one system of control, which is unit control, Having been a pioneer in program budgeting without State support and about the time it became a glint in the eye of the State department - and we are in program budgeting right now with our own design - I might say to my way of thinking that program budget lends itself to apportionment of responsibility because of the fact that the programs are clearly delineated and responsibility can be apportioned much easier in a program budget than it can on a line budget.

I would say unit control would be more applicable and more practical in a line account than it would be in a program.

Then going back to the negotiation process, there is also a support for unit control and mitigating against dual. I would disagree with that. The negotiation process is basically a conflict; the role is a conflict or butting of heads process and it is a reality. All the hard feelings that are attendant from that process gets back to the person who is going to perform the contract later on. If you have the administrators performing that role, they will not necessarily be as effective in carrying out the contract and obtaining the organizational goals as somebody else in that particular role. I guess what I am saying is that the administrator should not be involved in the conflict process. In that sense, dual control would still work, I believe.

MR. CALABRESE: Bob and I know each other well. We won't debate. But I think I would like to clarify two things. First of all, I agree that no administrator should be involved in negotiations. I think one of our problems in our negotiating process is the fact that boards of education have designated negotiating teams to negotiate with labor organizations who are extremely sophisticated, who have a history behind them of negotiating year after year after year, and are consistently negotiating with boards of education whose memberships change year after year, after year. So I think the negotiations should be conducted by professionals. I would agree with you on that.

As far as PPBS is concerned, unit versus dual, I made the remark only to this degree: Up until this point we really haven't had a PPBS system in this State. We have had a cost accounting system by program. There has been very little effort on the part of school districts to develop those goals and objectives and evaluation processes in general among all the districts. We have surveyed the 39 and have found that that was one of the areas that needed improvement in the assessment of needs, development of goals and objectives, and evaluation later. As that particular process becomes more fixed, I think we are going to have to look more and more toward the budget process, moving from the fiscal to the educational side.

I have worked, as I said before, in the unit control system. Business offices by their very nature develop fiscal constraints, develop fiscal programs. If you have separated the programmatic aspects of a budget from its fiscal aspects, you, in effect, have two plans. You can only have one.

DR. LATAILLE: Vince, if I might in clarification of your saying the administrator should not be involved, the administrator should not be the chief negotiator.

MR. CALABRESE: That is what I am speaking about.

DR. LATAILLE: But, otherwise, the business administrator, as well as the superintendent, must be intimately involved in the process of negotiations, although they need not be or should not be the chief negotiator. We agree also with Marc Horowitz of the School Boards Association when he indicates that the board or any individual board member should not be the chief negotiator. They should hire professional, competent negotiators to represent them.

MR. CALABRESE: I assume we are talking about the direct negotiations - the face-to-face, across-the-table negotiations.

DR. LATAILLE: Yes.

SENATOR DUMONT: Assemblyman Martin has a question.

ASSEMBLYMAN MARTIN: Mr. Calabrese, I have a few questions just as a follow-up on the last comments with respect to negotiations. Has there been a discernible movement in connection with contract settlements since the passage of the income tax and the implementation of 212?

MR. CALABRESE: What do you mean by movement?

ASSEMBLYMAN MARTIN: Has there been any speed-up in settlements?

MR. CALABRESE: I haven't noticed it, no. I think the process is moving along at almost the same pace. There has been no material increase in movement that we have discerned at this point. By the way, we haven't made any studies either to prove that. It is just my own feeling.

DR. LATAILLE: I think it has complicated it. It hasn't speeded it up. In fact, it may have slowed down. We have representatives of the School Boards Association here today who might be able to speak to that. I think without 1503, the significant problem is settlement of contracts. Without the setting of caps by the Department on November 15th, which is the scheduled date now and which I don't know how we are going to do, there is a significant problem in settlement of contracts. A reminder by the Department is appropriate at this time and the Commissioner will be coming out soon with a reminder that the caps apply to collective bargaining and that the school board would not be warranted in arriving at a contract settlement which, in fact, would require raising the cap because the Commissioner would not lift the caps because the contract is high. Also the Commissioner will not sit idly by if a contract settlement resulted in a negotiated agreement which cut into the school program and thereby decreased the quality of education from last year because of a negotiated agreement. I know that is a very strong statement, but I think that is a very important statement to be putting out on the record at this time and the Commissioner will be saying it again.

ASSEMBLYMAN MARTIN: I am glad that you made your comments, Ralph, because those are some of the questions that I had in my mind and some of the things that I am being asked by various people in the educational community and outside of it.

MR. CALABRESE: We are currently developing a memorandum to go to all school districts, indicating that figure I gave you before, that the State average is down, and we will indicate the areas that are affected.

ASSEMBLYMAN MARTIN: A while back, the Commissioner circulated a letter to all school districts, indicating that they should take a "go slow" approach with respect to the moneys that are becoming available as a result of the passage of the tax. Has there been any reaction to that from the school districts?

MR. CALABRESE: Yes. First of all, we advised the Commissioner and the Commissioner made a decision to advise school districts to take minimum funding when the income tax was being debated; and it was, at that point, we felt every likelihood that something was going to happen early enough. The districts took our advice and budgeted low. They are now being penalized terribly they feel under 1503. We went right back out again and indicated to them that, since it is uncertain, they should proceed cautiously on their expenditure patterns. We have no choice but to give that kind of advice. In a year and a half or so when the Senate and the Assembly will be debating whether or not to allow the repealer for the income tax to die, as opposed to the income tax, itself, we will probably have the same problem in that funds will not be certain. We will probably go out to the districts and give the same advice: take minimum funding as opposed to maximum. The only difference between then and now will be that they will tell us to go to the

devil and take higher fundings because they have found out if you do that, you are better off. I re-emphasize the need for 1503 or something like it. We have just got to move.

MR. HARCLERODE: I would like to get into the fray of the unit versus dual, but I shan't. Vince, I guess there were two things I wanted to raise and I guess they are comments rather than questions, but perhaps you would comment on them. Certainly your discussion with the Division of Pensions would be appropriate. I wouldn't like to see us lose sight of the real benefits that the Division of Pensions commented on in terms of making available to school business officials an improved way of reporting TPA and Social Security payments. So whatever your discussion, I would hope it would include that very positive thing. We do have a promise and you weren't there to hear the testimony. We do have a promise from Ogden Nash that they would ---

MR. CALABRESE: We will be positively approaching the Division of Pensions to find out what we can do to help.

MR. HARCLERODE: Fine.

MR. CALABRESE: --- after we argue.

MR. HARCLERODE: The second thing - you did indicate that the reorganization or the centralization of some of the services that you commented on might need some fiscal incentive. I would like to put a thought in your mind that maybe it needs some competitive incentive. I don't know where money has really done much of a job in something like this - I think competition has done a great deal more. If you talk about education standards, I think there are all sorts of arguments whether additional money actually does improve performance. I think there is really a mix in how this comes out. I am suggesting in the notion of centralization of services that maybe competition should be tried.

MR. CALABRESE: I don't know what you mean by competition. That's my problem right now. Competition in what vein? To see who can get the biggest district?

MR. HARCLERODE: No. I believe that is one of the thrusts of the private sector and certainly one of the thrusts of much of the public sector. The colleges in the public sector are competing with one another for programs for students, etc. I think somehow the notion of competition is worth looking at in terms of encouraging something to come up and operate, rather than just paying to do it.

MR. CALABRESE: We both recognize the difficulty in competition in public education, per se, since every district must offer free public education to all of its students. The competitive factor to provide a better one than next door is more practically based on who can afford what in taxes as opposed to programs, themselves, if you are talking to that type of competition.

One of the remarks I would like to comment on is that money won't improve the education, per se. There is a common myth abroad that that is what this income tax is all about, to bring more money into the school districts to improve education as such. That really wasn't the basic theme of the court. It said you can't have differing levels of education in different districts, with differing abilities to pay, and have it a State function. Chapter 212 is basically, first, an equalization formula for finances. It equalizes local taxes among school districts. We have taken some studies and we find this is very true - we are going to send that material to you - that if 212 operates as it is supposed to operate and we compare it with Bateman, as it would have operated if we had totally funded it, the tax rates, themselves, are coming very close together and the only discordant feature in the law would be the 10 percent minimum, that those districts that in the past had low tax rates and high ratables tend to continue to have low tax rates and high ratables under even the new law, except that the discrepancies are

much closer now, or the lack of discrepancy is closer. I don't know how to put it. They are closer to the poorer constituents than they were before. So the law is working that way. It is equalizing the district tax dollar base across the State. The competition is tough. I will have to think about that awhile.

MR. HARCLERODE: Thank you.

SENATOR DUMONT: Vince, what is your deadline for the passage of 1503, last month, last week, tomorrow or what?

MR. CALABRESE: Actually two months ago. What we are talking about now is that it has to go November 8th or we are going to have to move all the way into April for elections.

SENATOR DUMONT: That late?

MR. CALABRESE: Yes. Now the time elements in 1503, if it passes as it exists now, would not give us sufficient time to have the municipal resolution, the board resolution, the approval by the Commissioner get through in time for anything earlier than an April date.

SENATOR DUMONT: You realize if the Assembly passes it in an amended form on November 8th, we still have to concur in the amendments too.

MR. CALABRESE: That's right.

SENATOR DUMONT: -- the same day.

There is only one admonition I would like to extend to the Department because I am getting complaints from a number of administrative principals - is that the right word, administrative principals? - and superintendents, both, that they are being, I won't say harassed, but they are being bothered by the details that are being placed upon them in regard to interpretations of Chapter 212. Largely this is coming through the county superintendents' offices and, therefore, I presume, represents the feeling of the Department of Education. What they are concerned about is this: If you take a relatively small school district that operates with, say, one administrative principal, I can tell you right now the board of education does not want to hire another person just to fill out forms and take care of the extra work involved. I know you are trying to cut down on the volume of forms and consolidate others. But you ought to eliminate every single form you don't need because the purpose of the income tax is to reduce property taxes. If it is going to serve its purpose - and it had better as far as my vote on it is concerned because I didn't vote for it lightly in any way - then I think we have to all work together to make sure it does carry out the principle that was well established in the Legislature that it is designed to reduce the property tax, not just through homestead rebates and revenue-sharing, but through also increased State aid to the school districts. That is the only comment I would like to pass on to you. You can make any rebuttal to it you want.

ASSEMBLYMAN MARTIN: I would like to just add that I fully concur with the idea you have just expressed, Senator, and I can tell you that I have had a number of calls from some of my constituents who are school superintendents who are complaining about the workload and some of them are contemplating hiring additional staff in order to meet the requirements of the paper work.

MR. CALABRESE: Obviously though, any additional help hired has to be within the cap.

SENATOR DUMONT: I might add further that I voted against that "self destruct" bill and I have no intention of reversing my previous vote within two years. If we have to go through all that again, then we are wasting our time here.

DR. LATAILLE: If I can add just a brief rebuttal to both of those statements - I can do nothing but agree that the income tax hopefully would shift some of the burden and, hopefully, that will be accomplished. But Chapter 212 also intended to accomplish something else - to deliver quality education. There is a little bit of "crying wolf" taking

place out there on the parts of some superintendents. But there is some reality also. The reality is that an administrative principal and a superintendent in small districts can't possibly do the job that is being demanded of them. Even without Chapter 212, they were having a problem. They are having a problem just keeping their heads above water. Many of them lost in attempts to remove teachers whom they felt were incompetent because they were improperly evaluated. That existed two years ago, it exists now, and it is going to exist a year from now unless they are given the kind of help that is necessary to properly administer that district.

A person who is an administrative principal over a two-school district or even one school and also teaches a class, is the business manager, is the affirmative action officer, is the T and E coordinator, is everything else - in some cases, even the chief custodian. It is absolutely impossible for that person to do the job and he ought to be crying. We ought to be looking at the situation very seriously as to what kind of help we can give them because they do need help. But in other cases where there is plenty of help, they have the staff, but they don't want to fill out the forms which we feel are minimal. We have eliminated a number of forms. There are some new forms. But, as the Commissioner said at the very beginning of this process of the development of T and E, this procedural discrepancy model of thorough and efficient education, the Achilles' heel of it all, is in order for us to insure that it is taking place; to report to you as you demand that we report to you, we must in fact have information. We are trying to do that as rationally as possible. I am not saying we are not making some mistakes. But we will correct them and we will deal with them. But there are some problems out there. And I must argue with you that there is some "crying of wolf."

SENATOR DUMONT: Ralph, the only thing I would say is that you and I have both been soldiers for a long time. I am an old one, retired now - you are a young one. But I knew that I could never be of any help to my men unless I got out in the field where they were and got the dog-gone paper work out of the way as fast as I could and as simply as I could. Otherwise, I wasn't worth a plug nickel to them as their commander. I think an administrative principal and a superintendent are in the same boat.

DR. LATAILLE: I agree, and, for that purpose, in some cases we are actually going out and filling out the forms for them. We recognize some of their problems and do that where we have the capabilities. But we don't have that capability in every single county nor can we do that in every district. We will do the best we can, but also the local school system has to comply with this law. I think it is a viable law. We can comply with it and we can get together and do it. I think you are going to see it happening. You get an initial rough road, but it is going to smooth out.

MR. CALABRESE: As far as the elimination of forms is concerned, we have a feasibility study that has been completed that would eliminate an awful lot of forms. If we can computerize and spend the \$50 or \$60 thousand necessary to get a program, we can take all the information from our registers that come in for checking, throw that into the computer, which would get rid of what we call an A-3 report. We can then by taking the audit reports that come in from auditors computerize that and throw that into the computer, and then develop high school costs and special class reports and send those back to the districts. All they would have to give us would be the formula to apply against their particular thing. So it shows that it is feasible. It does cost money. Nowadays in government it is hard to get the money to save money.

MR. ALEXANDER: I would also like to address myself to Ralph's comments. I have a personal viewpoint, representing no one, that probably T and E is the best thing that has ever happened to education in New Jersey, not even counting the proportionate

distribution of State funds. Those of us who have worked with educators over the years realize that one of the most agonizing things an educator in many cases can do is to have to define outcomes. Education traditionally has been obsessed with inputs. We are going to run so many programs. We're going to have so many kids. We are going to put so many people through the turnstile. The numbers will look something like this. The programs will do something like this. But the emphasis has not been on outcomes; it has been on activity. It has not been a measurement of what that school system is responsible for. It has been a report on the number of things it has been doing, regardless of whether anything has resulted from the activities of that school system.

I think, although there are a number of mistakes that will be made in the implementation of this program, it has got to be a giant step forward in education in this country: the ability for educators to at last set out definable objectives and to be accountable - and this is supposedly an era of accountability. Yes, it is going to be agonizing; yes, there are going to be people calling up on the telephone; and they are going to hate it. But, by God, I think we are going to have a better school system in New Jersey as a result.

SENATOR DUMONT: That is what we all hope for and work for, and will continue to.

Any other questions of Mr. Calabrese? (No questions) Thank you very much. We do appreciate your testimony.

Dr. Hartman is next. We hope you will make your meeting too. For the record, will you tell us where you are from.

D R. P E T E R H A R T M A N: My name is Peter Hartman. I am Superintendent of Schools, Hamilton Township, Mercer County. I was asked to represent the New Jersey Association of School Administrators. I am sorry I don't have prepared remarks to hand to you. I was requested to make this appearance late.

Mr. Triverio is the Assistant Superintendent for Business Services and Board Secretary in our district, so you are getting Hamilton Township twice this morning.

I don't know whether to start at the end or at the beginning, if there is an end or a beginning. Unit control has come up several times and I am tempted to comment on the accountability remarks that were just made. I think I will start there.

I have a Doctorate degree from Stanford University with a PhD minor from the Graduate School of Business at Stanford, which is somewhat unusual for most people in my position. I deliberately set out in my career to have depth and strength in both curricula. I have a Bachelor's in English - not English education, but English. I think it gives me a little different perspective than many.

For three years I served as an Assistant Superintendent for Business Services in a 16,000 pupil school district, the largest one in the State of Delaware, which went through the PPBS effort while I was there, and I would like to stress and emphasize what Vince Calabrese said, there is a difference between program budgeting and program accounting. I think we have to be careful to recognize those differences. My first Professor at Stanford was Leon Lesinger who was known as the father of accountability in education and I recently voted for Leon as President of the National Association of School Administrators. He is running as a maverick outsider. He is not part of the mainstream. I am sympathetic to his attempts. I worked with him in the Office of Education for a year in Washington. I am concerned, though, that our expectations may exceed reality, both for accountability and program budgeting. I think the attempt that is underway in New Jersey is a laudable one. I will do everything I can in encouraging my colleagues to support it. I think we have a rational model for the planning side of the program budgeting and evaluation system.

I think the State Department is down the right track in providing leadership where there might otherwise have been a vacuum. The fact that they are going to make mistakes, and we are all going to make mistakes, is inevitable. If we can work together to minimize those and to catch them as quickly as possible, that is the key aspect.

This comes back to unit control. Although there may be some research that shows for school districts there is a better model for one than for another, I am not aware of that research. My area of emphasis on the school of business was organizational behavior and Stanford, I think, is one of the better graduate schools in the business sector. I also attended some AMA national seminars on management effectiveness, and seminars with business officials. I think the key is that it comes down to the people that are working. If Mr. Triverio and I can't get along, it wouldn't make any difference whether we have unit control or dual control. It would be inefficient. The fact is, if we can get along, I think the best of all possible worlds may be unit control where we can work together. Working together means re-establishing that working relationship daily. You just don't do it once or weekly or monthly. It is a difficult thing. It is a little bit like a marriage. You don't establish that once. You have to constantly work at that daily. And if you have dual control at home, in your family life, I don't think that is as important as working together, however you decide to divvy up the responsibilities.

The New Jersey Association of School Administrators does agree with the State Department of Education that unit control does appear to be the more sensible way to go, and as an official position, that is their position. I would like to comment on Board Superintendent relationship positions too, and as it relates to the tenure situation, I think the tenured board member is something we need to look at. As I see it, I have worked with some of the finer school districts in the country, I was in California for nine years, and I was with the Fremont Union High School District, which for years either was ahead or immediately behind Beverly Hills or Palo Alto as the highest paying school district in the country. I worked as Assistant to the Assistant Superintendent for Business there. The Newark, Delaware, school district is considered one of the finest school districts in Delaware. Those school districts had board members who were there for ten years or fifteen years, and that wasn't unusual, just as years ago it wasn't unusual to have superintendents with long years of tenure. The pressures on boards of education as well as superintendents, middle management, and business officials has increased, and demands and expectations have risen. The turnover in board members, I believe, has also risen. I don't know what the answer is. I think four year terms or five year terms would be better than three year terms, quite frankly. It may be necessary to tie some kind of salary to the position of board member. That sounds like something that maybe a little dangerous, but I don't think boards are attracting the lawyers, the people from the medical profession, college educated people. As I see it, the board of education does run the school district. I work for the board of education, whoever that might be, and I accept part of the responsibility for educating board members in terms of what their role is, along with the New Jersey School Boards Association - which I think does an excellent job in that area. But when you have to do this every three years for people--- We have board members there now who have been there for six years, and these are, in my opinion, fine board members, and I would like to see

them go for another three years, just to have some stability. So I think we have both kinds of problems in terms of the top leadership of the district.

I didn't know New Jersey had tenure for superintendents when I came here. I found that out after I got here. I was used to a situation where you had a three-year contract, and after the first couple of years if you were satisfactory, the board could decide to extend your contract for another year, and eventually they would give you a five-year contract that could diminish down if they considered your performance unsatisfactory or could renew it each year so you are always working on a five-year contract - if they thought you were doing a good job, they could give you that as an incentive to stay.

I am concerned if tenure is revised for superintendents that it should be revised for those who report to the superintendents. If he is going to be accountable to the board of education, as he should be-- I personally think the industrial model or private sector model of having a board with a chief executive officer does make the most sense. I think it would be very difficult to put a superintendent in a position where he has people working for him who have tenure. Now, regardless of whether we like it or not, there is a seamy side of life, and when you come in from the outside - as I have seen through traveling around the country - you normally run into the situation where people within the district have been applying for your job, and they didn't get it. You may be fortunate enough in one sense to have some vacancies in top management underneath you. You may fill those within or without, but you normally have more than one applicant within and you can only make one person happy, and every time you make an appointment you make two or more people unhappy. So it is very easy to build a coterie of people who wouldn't vote for you in a popularity contest for that reason alone, just because they don't get promoted.

So when you have these people with tenure and you have to go through the detail to document a poor performance - and usually in most cases it boils down to poor attitude or lack of cooperation - it is very difficult to document. In our district we have instituted an evaluation of all employees down to subsidy teachers. When I arrived, only non-tenured teachers were being evaluated and then not well, and not in any kind of system. All employees, all tenured teachers and non-tenured teachers administrators, custodians, cooks, everyone is evaluated formally. I am evaluated. There is a formal written evaluation system jointly developed with the various groups. It was not dictatorially mandated, except that it was mandated that we were going to have one. There was cooperation in developing it. So we have been able to dismiss employees. People have taken early retirements or have left in mid-career. I believe we have dismissed more people in one year than evidently the State has dismissed through formal tenure hearings in all the years that this has been going on, according to what I read in the papers.

I guess this may be true in other districts, but I have seen many employees with tenure who are dismissed one way or the other in the process of evaluating and trying to help improve their performance and documenting difficulties. I think we have only looked at a very small tip of the iceberg in terms of what actually happens out there. I will just repeat that if there is going to be an overhaul of the tenure system, I think it should be an overhaul of the tenure system for board members in a positive way. There should be an overhaul of all top management and middle management. Now, if we are going to keep tenure for teachers - and I am personally not against that - I think we need to have the staff to help us do those evaluations.

I am not saying that teachers and principals should have been doing it all along. That is easy to say. I have one principal with 160 professional staff members in one high school. He has three people to help him do those evaluations. He has everything else to do to keep that school going. We have two schools this year that have gone on double sessions. There are 5,000 students on double sessions. We have had three bond issues in the past 10 or 12 years, and they have all failed for a third high school. We did pass two years ago the first building program in 10 years for two new elementaries - and if you have been reading the papers, on the editorial page and the first couple pages every day for the past few weeks, they are trying to close down some schools to be more efficient. We are using a state paid for study, Englehardt and Englehardt, to abandon some of the schools, and I am holding steadfast on that, and I think the board is going to support me. But it is not easy to get the public to go with you on that kind of issue. By the way, we did receive excellent support from the State Department of Education on that just recently, and I appreciate that help.

I think we could receive more in many of these areas if the State Department had more adequate staff. I find no fault with those who are there, I just don't think there are enough of them to really do the job. I don't think we have enough help at our high schools to evaluate tenured teachers and do the documentation they have to do, to either help the teacher improve or to go through the tenure dismissal procedures. I don't think the State Department has enough staff, quite frankly, to properly administer the T & E bill. I think they need more help.

We have very severe mandates which the Commissioner of Education does not wink at in terms of budget appeals. I am going to a budget appeal on Friday. But, you know, we are into the middle of October for our hearing, and I am sure there has been no foot dragging down in the State Department. They just don't have the hearing officers to do this, and do everything else. Although we prepared our budget last winter and submitted it to the voters, and it was defeated, it is now the middle of October before we can have a hearing, and I don't know when we will get the answer. They should be staffed so they can hopefully at the very latest hold the hearings and get an answer back to us before school starts, because if you have much of a budget cut at all, that is going to involve personnel, and it is very difficult to add teachers in mid year or cut teachers in mid year, or add classes or consolidate classes.

So I think in terms of overall efficiency of the operation, the State Department needs more adequate staffing. That is not a criticism. That is support to help them do the job. In bussing, in Delaware, we had 100% funding of bussing. I am not convinced that having 100% state funding of anything leads to more inefficiencies or lack of incentive for efficiencies. Hawaii is 100% state funding. I think we have many ways to make sure the various aspects of the school district in Hawaii are efficient. I think we had many methods for assuring efficiency in our bussing operation in Delaware. Delaware also provided 100% state funding for hazardous bussing. We don't do that here. I am in the process of doing a report which I would liked to have had some assistance from the state on, or a grant, to identify those areas where we bus because of hazards, because students literally have to walk on the highway with no shoulder whatsoever between them and the car, to walk to school. Some places this is only one block, but that block is an extremely dangerous block, so we bus students at \$5,000 a year a bus, or whatever. I think it would be a lot cheaper even if school districts paid for that sidewalk.

The municipal government should pick this up. The Commissioner's decisions have indicated that. We have sent copies of those Commissioner's decisions to the municipal government. They cut our budget because we are not efficient enough. We tell them how they can help us be more efficient, but they have their own problems. This is not to knock the municipal government, but I think the State overall might save total bussing costs to the taxpayers - whether it is state taxes or local taxes - by having some way to reduce those areas where school districts feel compelled to provide bussing out of local resources because of hazards, and where those hazardous conditions could be corrected by some law and capital development project, it should be done. I think it is something that is worth looking at. This may have been mentioned by someone else, but I want to mention it because it is something that is very pressing in our area. I know all the districts in Mercer County have had board meetings swarmed by these people. Mr. Harclerode, you ought to tell us about that.

PPBS, I don't know if I dare say this here, but one time I was very enamored with PPBS. Someone at one time told me it was just BS. I don't believe that. I think there is something to it. I think it can be a rational approach. I am sorry I did not bring a Phi Beta Kappa article on the PPBS situation in California, but I will be glad to send it to you. It is not lengthy. I recently sent it to Jim Moran, NJASA, and I think if the Committee is not familiar with that article you should look at it. It was written by Michael Kirst who was one of my Professors at Stanford. I think it is a very good article - not because Mike Kirst wrote it; he is also a member of the State Board of Education in California now, and is Professor at Stanford both in the School of Business and School of Education. - because the article refers to literally rooms full of documents sitting in the archives of the State offices in California following that five-year effort. It was really more than a five-year effort. It quotes Henry Levin, Professor Levin, who is in the Department of Economics and School of Education, another one of my advisors, talking about the inefficiencies in estimating benefits from program accounting - PPBS - efforts in the California experiment. That was a highly funded effort in California. Pete Warington Mitchell, and Pete Perkins who worked with him helped develop the Handbook II, which is a federal accounting manual which we follow in most states. It was key in that development. I also worked with Pete Perkins in Delaware to help develop a program accounting system down there, and that has since been abandoned in Delaware. Districts around the country have abandoned these efforts because they have found that the benefits were not worth the effort. They found that the inefficiencies that could be spawned by an attempt to apply procedures which work well in the industrial sector, in some areas, did not always prove fruitful in education.

Now, I think New Jersey perhaps can avoid some of these problems and I know that most school superintendents are willing to work with the State department to try to avoid them and try to find a way that is going to be useful and provide a management tool. I was pleased to see that Vince Calabrese indicated that he sees this PPBS effort eventually shifting to the instructional side, where it preferably belongs. I was a member of the ASBO - the American Association of School Business Officials of the United States and Canada - for several years. I served on a number of national conferences with Dr. Preuss and Dr. Thompson, and it ended up to be a three year study.

I think it was a \$3 million study sponsored by the Office of Education on Program Budgeting, and it ended up in a publication called Educational Resource Management Systems. That was a name they came up with for program budgeting. But their recommendation from the School Business officials in the United States - which incidentally is not into this unit control versus dual control argument - was that the thrust and the location for any major effort in program budgeting should be on the instructional side, so Bernie Weiss who is the new Assistant Commissioner for Education in the State Department - previously superintendent in Englewood - who I think is an excellent new addition to the state department should put an effort forth primarily for this. That should be the thrust of his effort. Now, he is new and he is overworked like everyone else, and I am not trying to put an onus on him - and I know Vince Calabrese is going to work well, and I am glad to hear that this thing is meshing - but this is where the effort needs to be if we are going to be more efficient in the application of this new management tool. In PPBS - usually there is an "E" in there for evaluation, Planning, programming budgeting evaluation systems - four of those five letters do not have to do with accounting or budgeting. They have to do with the other side of the program. That is where the benefits are going to come, I think, rather than costing out the cost of pencils by programs or some other kind of method we can estimate those costs, I think, just as productively in terms of giving us management information. We can actually estimate the average teacher cost without doing an accounting procedure, but having one teacher for one class who gets paid \$15,000 and another teacher for the same class in another high school who gets paid \$9,000 or \$10,000 can throw off your cost estimates drastically, and it has been proven many times.

So if you really want to get some sort of an average cost of a program, you have to use an average teacher cost. It is the same kind of problem with the comparability studies from Title I that the Federal government financing has been involved with in the past few years.

In terms of the efficiencies, I think our State Department could be useful in helping school districts form more special districts, providing special services for computers or special education. We have a new handicap law which was just passed by the Federal government that will probably get into pre-school type programs being mandated if we are going to be a part of receiving federal aid. In Mercer County it is my judgement that we need some kind of county-wide or regional computer service assistance. For nine months, I headed a \$100,000 study, an evaluation of the first three years of data processing - statewide - application education in California. Our contract on that study was Arthur D. Little, and Arthur D. Little is available to help school districts. A previous witness said he didn't know where to get help, except from I.B.M., but you can go to contractors. I am not specifically recommending Little, but that is one of the companies. There are many others that have expertise in helping a district or a State decide the best way to go. I worked with Oregon, Texas, California, and I did direct that study for about nine months. I did, I think, change what happened in California. They have 12 regional centers, or did, in California a few years ago providing computer services, much like the EIC. We have three EIC's to help us with planning and education in New Jersey now. I personally believe we could benefit by a similar kind of service. I think it would be much more cost effective, and I think we could get better services both on the

business side and the management side, as well as using the computers as a teaching tool, not in terms of teaching students how to run a computer only, but in terms of using it as an application in simulation games in social studies, history, mathematics, science, and a number of areas.

I think New Jersey is the most--- Well, let me put it this way: You would almost expect or have a suspicion that everybody is a crook because we have so many controls in our budget and expenditure process compared to my experiences elsewhere. First of all, the board approves the budget, and then they approve bids, and then they approve bill estimates and then it is audited. Well, I am used to some systems where a board approves a budget and after that budget is approved, management is held responsible for administering that budget, and of course you are audited. Now, you have to comply with public bid laws. I am inclined to think the public bid law should be \$5,000 although we bid many things, if it is feasible, much less than that. We bid almost everything because we buy so much of everything. We bid most things ourselves, and we are able to get things less expensively than the State bid list because we are a large district and we are small and the state bid list has to deliver it for the same price to Cape May as they do to North Bergen or some place else, and in smaller quantities.

The place where I think we should look for greater efficiencies in taking better advantage of discounts from vendors, proving our relationship with vendors, and getting more vendors interested is to speed up the process for paying bills and being able to take advantage of specials that might occur.

One final comment, the Robinson versus Cahill, T & E, Thorough and Efficient Education, we often use that term T & E to talk about something that happened in the last year or two. I guess it is something that should have been happening and I guess was happening by and large ever since it was passed in the Constitution many years ago, and before that. A part of that was an equalization effort, and the other part was to improve a quality of education. On the equalization side, it was my understanding an attempt was made to bring state aid up from an average of 28% to 40%. The last time I looked at our figures, when I first came to Hamilton three years ago, we were getting 18% aid. We dropped down to 14% the following year, and we thought we were going to be between 10% and 12% this year. Now, that is still up for grabs because we did follow the recommendation of the State Department of Education and the New Jersey School Boards Association. We thought we were being conservative. That is what I have learned to do in terms of budgeting, and it turns out the quality of education that students might receive in our district and many other districts, not only depends on how much wealth we have in our community, but it also depends on how well we guessed.

If it is unconstitutional for the quality of educational programs to depend on how much wealth there is in a community behind each child, I would think it would be unconstitutional for the quality of education to depend on how well we can guess. I am concerned in terms of my estimates of getting Hamilton Township up to 40% state aid; that is going to take us about 20 years with the present caps. Now, I understand that the New Jersey Supreme Court retained jurisdiction in the T & E bill and it is my understanding at least one member of the Supreme Court or one of the members of the staff had some figures showing similar results - 15 or 20 years for districts like ours. Of the 600 districts, approximately, we are the 10th largest in New Jersey. Of the 56 districts in Group IV, the largest districts in the State,

we spent almost the least. Two spend less than we do, but they get a lot more federal aid, so we are a very low expenditure district for New Jersey. We like to think we are very efficient and very thorough. But if the overall aim of this T & E bill and the funding bill that went with it is that it is going to take us 15 to 20 years to get up to the 40%, something is not quite right. Our budgets are routinely defeated every year. We give the information to everyone that we can that we are a very low expenditure district, and our administrative expenses are the lowest in the county, either per pupil basis or as a percent of our total budget, any way you want to figure it. I think we can be more efficient. I think we keep our costs down because we are a larger district. I think that is true. I would hate go back to being a district where I am the custodian of everything else. It would drive me nuts, and I think it would be very inefficient.

Personally, I can see districts up to 30,000 being efficient, and maybe larger. So I think that is an advantage. I raise that last point as a question in terms of the overall thrust. If we look out five years from now - when we get there five years from now, if any of us are around - whether or not we will really reach 40%, I don't think we will with the present formulas, and so in terms of whether or not we have accomplished what the Supreme Court said we should, I am concerned. I am sorry I took so long for not being prepared.

SENATOR DUMONT: Thank you very much. Dr. Lataille, any questions?

DR. LATAILLE: No questions.

SENATOR DUMONT: Mr. Harclerode.

MR. HARCLERODE: No questions.

SENATOR DUMONT: Assemblyman Martin.

ASSEMBLYMAN MARTIN: No questions.

SENATOR DUMONT: Mr. Alexander.

MR. ALEXANDER: Just one thing that particularly interested me about your formal written evaluation system across the organization. Has this evaluation system which you are using enabled you to dismiss those who might be charged with inefficiency who are tenured personnel?

DR. HARTMAN: I will first emphasize that the primary benefit of an evaluation system like that is that you have improved staff members, and we believe we have improved many staff members, and we believe we can document that clearly, unequivocally. The result has been also, though, there have been a number of individuals who have tenure who have left us for one reason or another. None of these cases so far have gone through the formal hearing procedures. Our evidence, after helping the individual, has been so overwhelming that these individuals have voluntarily left. I might add, many of these cases inevitably involve physical or emotional problems that have been allowed to sit there and these are people who at one time maybe were very good, and in most cases well-meaning, but they just are not physically or emotionally capable of doing the job. A lot of times it is just class control. They may technically know the material, and they might do fine in a college setting where they have the technical expertise, but you have to do more than that in public school. I am not trying to imply that you don't in higher education, but we have found --- I am just trying to run through my mind right now. I can think of only one case that is still open where we have somebody challenging us, where the same may go through the formal procedures, but in the past year

we had over one dozen employees alone and we have maybe 950 or 1000 professional staff members - but a dozen employees with tenure who either left us voluntarily or found they were eligible for disability retirement or have just retired early. And this is not the first year. This is the third year of this procedure. We have many, many more who have improved, administrators as well as teachers.

MR. ALEXANDER: Might I then observe that those who have left the system voluntarily may have been those which would be least bemoaned by their absence, in most cases - most cases?

DR. HARTMAN: We have not had any situation where we had large groups of parents coming to us wanting to know why they were leaving and asking that they be retained. In fact, we have had the reverse, quite frankly. Most of these cases, or many of them turn out to be human compassion cases, and it is not that anybody is really trying to harm anyone. It is just that children deserve a thorough and efficient education and that does take precedence before continuing someone in a job that they are no longer capable of performing.

I would say our public support and the support of the other staff members, professional staff members by and large, generally understand these problems. We found, quite frankly, when I came, it was clear to me that the board wanted an evaluation system for everyone, and some place I guess I told them I knew Leon Lessinger, the father of accountability of an education, and they made it clear that when I came in they expected that we were going to have an evaluation, and if you are going to evaluate teachers, you can't develop that and go through all the procedures democratically, so I came up with a system that I thought was pretty good. The teachers grieved that; we were going to go to binding arbitration on it, or try to. We were going to try to block that. Meanwhile, while going into the evaluation, we reached a compromise before we got to arbitration - I don't want to criticize, but we said, "You know, if you have a better idea, we would be glad to hear it." And by gosh they had a better idea. In fact, their better idea was more demanding of teachers than our idea, and we were trying to phase this in. We had a joint committee and they really did an outstanding professional job. There is just no doubt about it. If you would look at what we were going to do and what they eventually came up with and agreed to, they really did want to be evaluated. I know NJEA has said that, but I have found it to be true in our district.

MR. ALEXANDER: Thank you.

SENATOR DUMONT: Mr. Notvotny.

MR. NOTVOTNY: How often do you evaluate your tenured teachers?

DR. HARTMAN: Tenured teachers, once a year, but I mentioned earlier that we have to use management by exception especially when you are not overly staffed; so if a teacher is having some problems that we think could benefit by some additional help, he gets more than that, obviously. In extreme cases, they may get a lot more than that, but every individual has to be evaluated once a year.

Now, with our administrators, last year we went off teacher salary ratio where the administrator's salary was tied to a ratio to the teachers, and put it on a marketplace system where we tied it to what is the going rate in the competitive area where we have to compete for individuals with similar training and experience, and partly based upon merit, their evaluation, and this is an MBO, management by objective system where we develop from its objectives jointly and the individual is evaluated three times during the year. We have more evaluation mandated of tenured and non-tenured administrators than we do of teachers. I am not going to

kid you. It has not been easy. When you are not used to something, or any time anything is changed there are always some problems, and we have had our share of the problems, and we are in the process of revising this system. But the agreement with the administrator called for a revision and assumed there would have to be revisions after the first year. We are in the process of doing that. We think it basically worked well, and some administrators were paid more last year in our district than others because we thought they performed better, and some were paid less, some didn't get any raise.

SENATOR DUMONT: Assemblyman Martin has a question. How much time on the average does it take to evaluate a teacher?

DR. HARTMAN: Well, you have to be in a teacher's class at least one class period. Normally we try to have a couple of administrators observe the teacher, in a high school, at different periods and different times of the year. Non-tenured teachers - although the State mandates three evaluations, we have required four in our agreement of the teachers. If the teacher is really doing an outstanding job, my guess is we might have five or six hour's worth of time there over the course of a year, and an average new teacher who has things to learn probably is going to require more than that. It could be maybe twelve hours. I am giving estimates here in terms of what I know about the process. That doesn't sound like much, but we hired 60 new teachers this year, so that keeps us busy right there, and we do have a number of other requirements. Maybe T & E isn't to blame for all the additional paperwork, but we have the state immunization records that we are having to really bear down on, and we are excluding students for that, and we get a lot of flack on that, and we have the pupil record law where we have to review all pupil records every year, and we have the new special education student rights laws, and there are just a lot of things all up and down the system - and our principals and vice-principals feel this weight, so eight hours here or six hours there during the course of a year does add up, and it is a job that nobody is saying we shouldn't do. Everybody is saying that we should do it.

I would like to just echo something that Mr. Triverio said in terms of some oversight function on the part of the Legislature. I think the U. S. Congress has started this, and maybe you do this here too. I am just not aware of it. Every time a new law is passed, I would like to see some impact study done in terms of additional reporting requirements or additional staffing requirements. It costs to do that, and if something else isn't going to be dropped, I don't think we should just assume that we can keep adding and adding additional requirements on to the system. I think there has to be some provision in those laws also to administer those laws from the State Department level on down. Maybe that is done, but if it is not, I would like to encourage that it be done, as we think through new legislation. I think that would be a valuable service that the Legislature could perform.

SENATOR DUMONT: Are there any other questions of Dr. Hartman? Thank you very much, sir.

DR. HARTMAN: Thank you very much for your time.

SENATOR DUMONT: There are a couple of letters to be read into the record. Do you want to make a motion?

ASSEMBLYMAN MARTIN: Mr. Chairman, I would appreciate very much if you would read the letter that we received from the Superintendent of the Park Ridge Schools, Superintendent Bob Balentine. He also sent me a copy of the letter and requested

that it be specifically read into the record.

SENATOR DUMONT: This is a good letter. It was sent to me dated October 11, 1976.

Park Ridge Public Schools

2 PARK AVENUE, PARK RIDGE, N. J. 07656 • (201) 391-8000

ROBERT G. BALENTINE
SUPERINTENDENT OF SCHOOLS

RICHARD M. McMANUS
ADMINISTRATIVE ASSISTANT

October 11, 1976

The Honorable Wayne Dumont
Chairman, Task Force on Business
Efficiency of the Public Schools
Office of Fiscal Affairs
State House, Suite 232
Trenton, New Jersey 08625

My dear Mr. Dumont:

This letter is to comment on your invitation to a hearing by the Task Force on Business Efficiency of the Public Schools, on October 19th. I am unable to attend that hearing, but wish to express directly to you several comments relative to the study of the Task Force.

1. Certainly any study regarding the internal organization of the districts, particularly in relationships among Boards of Education, Superintendents, and Business Officials, would be of interest to all. However, each district is different in that the individuals on the Boards or in the positions are different, and it seems unlikely that any general statement would be made which would apply to any of the districts specifically. Furthermore, the relationships in any one district change as the people involved change each year or two.
2. Regarding the business activities and efficiency, again the situation must be different in each district. Much has been said regarding efficiency and the size of operation. I suspect that very small and very large operations are probably the most inefficient, with our "average" size districts the most efficient. Again, this is no doubt an individual situation depending upon the demands of the local citizens and Boards and the skills of the particular administrators.
3. In regard to the regionalization of certain services, to some extent this is already done. For example, seven Pascack Valley districts, including Park Ridge, join in providing transportation for special education students. We utilize both the County and State purchasing plans to take

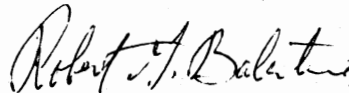
October 11, 1976

advantage of bidding at that level. We run our own food service program however, and are able to do so with one of the lowest cost to pupils in Bergen County and a minimal cost to local taxpayers.

I write primarily with great concern for possible action of the study of the Task Force. Already local school districts have been given great additional burdens due to court decisions, legislation and State Department regulations. Many school officials believe that these have made us less thorough and less efficient due to the vast amount of paper work and the misuse of our administrators and other school specialists.

I strongly urge that any suggestions from this Task Force result in permissive legislation rather than more of the mandatory type.

Sincerely,



Robert G. Balentine
Superintendent

RGB/pz

C: Mr. James Moran, Exec. Dir., NJASA
Dr. Mark Hurwitz, Exec. Dir., NJSBA
The Honorable Raymond Garramone
The Honorable John W. Markert
The Honorable Harold Martin

SENATOR DUMONT: The other is a letter addressed to Victoria Smalley, a member of our staff, and a Legislative Program Analyst from the American Insurance Association, Government Affairs Department. This is dated October 15, 1976.



AMERICAN INSURANCE ASSOCIATION

GOVERNMENT AFFAIRS DEPARTMENT

October 15, 1976

1025 Connecticut Ave., N.W.
Washington, D.C. 20036
(202) 293-2440

Victoria B. Smalley
Legislative Program Analyst
New Jersey Legislature
329 W. State Street
State House - Suite 232
Trenton, New Jersey 08625

Re: New Jersey Legislative Task Force on Public Affairs

Dear Ms. Smalley:

As you will recall, I spoke to you subsequent to the meeting regarding school board liability insurance on Friday, October 8th at the Insurance Department in Trenton.

Enclosed for your information, is a pamphlet published by the Insurance Information Institute in 1967 regarding the pros and cons of self-insurance. In essence, the pamphlet points out that self-insurance has not worked over the long term for most governmental entities that have tried it. The base across which the risk must be spread is simply too small. Also enclosed for your information, is a summary of the present New Jersey situation that should be helpful to your legislative task force.

If you feel it would be helpful for myself or someone from the insurance industry to appear at your task force October 19th hearing, please let me know and I will see what I can arrange.

Sincerely,

Grover E. Czech, Vice President
Mid Atlantic Region

enclosure
GEC/dgd

SENATOR DUMONT: This letter didn't arrive, I think, until yesterday, and therefore it was impossible to make contact with him in time. He can certainly come to one of our meetings in the future.

Are there any more witnesses? Thank you very much, particularly the five gentlemen who testified. That is all for today. The hearing will be closed.

* * * *

(Hearing concluded)

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