
Committee Meeting

of

JOINT LEGISLATIVE COMMITTEE ON PUBLIC SCHOOL FUNDING REFORM

"The Committee will meet to consider its final Report"

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

DATE: November 27, 2006
2:30 p.m.

MEMBERS OF JOINT COMMITTEE PRESENT:

Senator John H. Adler, Co-Chair
Assemblyman Herb Conaway Jr., Co-Chair
Senator Joseph V. Doria Jr.
Senator Gerald Cardinale
Assemblyman Brian P. Stack
Assemblyman David W. Wolfe



ALSO PRESENT:

Kathleen Fazzari
Theodore C. Settle
*Office of Legislative Services
Committee Aides*

Jacqueline Burke
Senate Majority
Mary Alice Messenger-Gault
Keith White
*Assembly Majority
Committee Aides*

Brian Alpert
Christine Shipley
Senate Republican
Beth Schermerhorn
Thomas Neff
*Assembly Republican
Committee Aides*

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

TABLE OF CONTENTS

	<u>Page</u>
APPENDIX:	
Report submitted by Joint Legislative Committee on Public School Funding Reform	1x
Republican Statement submitted by Senator Gerald Cardinale Assemblyman David W. Wolfe	137x
rs: 1-33	

ASSEMBLYMAN HERB CONAWAY JR. (Co-Chair): Good afternoon, everyone.

SENATOR JOHN H. ADLER (Co-Chair): Good afternoon.

ASSEMBLYMAN CONAWAY: Welcome to this, our last meeting, where we will take up the recommendations which will have been released to the public a week ago.

The Committee members will have a chance to comment on the recommendations; and we will take a vote on whether or not this Committee will approve the recommendations.

As always, we admonish those in the audience to turn off your cell phones. This is being recorded for the benefit of the public.

And I will start with some remarks, and then we'll pass the floor to members of the Committee, in turn.

Let me, at the outset, say I give great thanks to my Co-Chairman, Senator Adler. It's been a pleasure to share this Committee responsibility with you. I honestly believe that there are few public officials who share your passion, and drive, and your commitment to ensuring that all of New Jersey's children have equal access to education.

SENATOR ADLER: I'm sorry, I couldn't hear that. Could you repeat that? (laughter)

ASSEMBLYMAN CONAWAY: I know that you have been working on these issues prior to this Committee taking up its responsibilities; and you will continue in your advocacy long after this Committee's deliberations have ceased.

To my fellow colleagues, Senators Doria and Cardinale, Assemblymen Stack and Wolfe, I wish to give and express my thanks to

you, and my admiration to you, for the individual commitment that you have made to New Jersey's children.

We may not have agreed on everything. Most Committees don't get to achieve that. And we have had heated debates, both in this room and in executive session. But I know that each of you wears your passion for improving our schools on your sleeves. And our kids are better for it, and will be better for it.

I wish also to express gratitude to the staff, who have helped this Committee, from both sides of the aisle. As Harry Truman once said, 96 percent of the men who surround presidents, and women who surround presidents, are good people. We on this Committee have been very fortunate, because we've had a hundred percent of the people surrounding us and helping us to be "good people." Each of you have been a pleasure to work with, and I think the final Report released today proves how hard each of you has worked throughout this process.

The numbers tell of the effort that went into this Committee's work. We have held nine public hearings (*sic*) and -- meetings, and two public hearings to allow New Jerseyans to address the Committee -- this Committee -- on the important topic of bringing reform to the educational process and, particularly, the funding process in New Jersey. We've heard from 142 experts from around the country. We've compiled 2,600 pages of documentation and testimony. We've received over a thousand e-mails from residents. We've boiled it all down into a 133-page Report with 28 recommendations -- some of the highlights.

We recognize that there have been years of flat funding from the Legislature for -- in the wake of rising education costs. We've had a

series of court decisions that required us to spend more money on public schools, and has made the property tax burden and problem in the state even greater. Local property taxpayers in New Jersey pay nearly \$1 billion -- excuse me, \$11 billion in costs of public education, a total of which spending exceeds \$20 billion on an annual basis. That is the local and the State share combined. In many suburban districts, where the State aid has been reduced to a trickle, residents pay more than half of the education bill through their property taxes.

It has become obvious from the outset that New Jersey needed a better school funding formula -- one that reduced property tax burdens, while maintaining the quality of education in many of our communities. We believe that our recommendations achieve that balance.

First and foremost, we recommend a new school funding formula that takes into account more than just where a student lives. Through such a formula, New Jersey can stop pitting communities against one another in a search for funding. For the first time in State history, we are recommending that the funding formula recognize districts with large senior citizen populations, many of whom live on fixed incomes; and recognize that it serve the greater share of State aid.

As part of this effort to achieve a fair, more rational funding system, we're recommending the elimination of the Abbott designation. To empower more residents to play a role in their schools, we recommend that school board member elections be moved to November, when most people vote. The April school board elections, with voter turnout numbers that would make the Founding Fathers blush with embarrassment, have become an anachronism that we can no longer justify.

In looking for ways to help property taxpayers, we have come to the conclusion that the changes must be made not just on the revenue side of the ledger, but also on the spending side as well. Oversight of the administrators who are spending public dollars on education must be strengthened. We must ask more of administrators to ensure that funding gets to the classrooms that need it most; and that they provide parents and residents alike with budget documents that spell out, in plain language, where their property tax money is going.

Budget caps have a distinct role to play in stemming the growth in spending, and they must be reformed to be more effective. Not only those schools that continue to draft budgets in excess of caps should have to put those spending plans before -- excuse me, and only those schools that continue to draft budgets in excess of caps should have to put those spending plans before voters for approval.

While we call for requiring more from our districts, we also recognize that the State has had a vital and compelling interest in ensuring excellence in schools. The State's Education Commissioner must be empowered to intervene at the first warning sign that a school is failing. Continuing to hamstring State officials from taking swift action, and allowing troubled districts to skirt swift and necessary intervention will only put more children at risk.

These are but a few of the recommendations that we'll put forward today. Now we'll begin the task of turning these ideas into legislation that can be put into effect in time for the next school year. The information-gathering work of this Committee is now complete, but there is still much more to do. Today is not our final exam, it's only the midterm.

And I hope that you and the public, in particular, will agree that we have passed this midterm. And now, as I say, the work on the final exam begins.

This Committee has drafted a plan that will restore an equitable system of funding for our schools, while maintaining -- rather, remaining mindful of the special challenges that face every community; but, most importantly, recognizes that educational progress cannot ignore the long-standing plight of New Jersey taxpayers.

With that, I would call on Assemblyman Wolfe, if he has comments he would like to make.

Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Thank you, Chairman.

I, too, am pleased to have been chosen to serve on this Committee. And I certainly respect all our colleagues. Also, I think we've had great staff support. And I'm very heartened by some of the things that Chairman Conaway has just mentioned, specifically the elimination of the Abbott designation, the changing in the date for the school vote, reforming the cap legislation, and also the ability to vote in excess of the cap.

However, I just have some things I would like to say. And I would like to say this in a collegial way, not in a derogatory or demeaning way.

The Report from the Committee, which we will be voting on today, was prepared for release on the 15th of November. As a Committee member, I did not receive that report until 8:20 in the evening on the 14th. I never read the Report before it was released. So I really wonder how it was prepared and whose recommendations are there. There is 121 pages in the Report, and there are 29 recommendations. Each of them are very, very

significant and have an impact on our total school population. And I feel that any changes in the current funding formula that we have in the State, or the way in which we fund the schools, would require some type of constitutional amendment. Because without the constitutional amendment, I fear that we will maintain the status quo in the way that the schools are funded.

The elimination of the Abbott designation, I think, is significant. But in terms of how they're to be funded -- is not there. Because we heard a lot of talk about a formula. We have not seen a formula. And as early as -- as late as an hour ago, I attempted to contact the Commissioner of Education to discuss that. And I was unable to get that information from her. So what is the formula? How much is it? How much money is it going to cost? How much money is going to be saved?

While it was never actually reported at our Committee, the newspapers throughout the state indicated that the changes that we have discussed and recommended would cost at least a billion dollars in excess of current funding. So my question would be: Where is the money going to come from, and how is it going to be appropriated?

The special ed section, I think, received a lot of attention. I think this is something we all agree on -- that the special education funding throughout the state needs to be clarified and, perhaps, made a little bit more fair. And I think the Report did indicate that there was a concern that this method of allotment for special ed had to be changed.

I know that Senator Cardinale has -- he can speak for this -- but he has made the suggestion, and I certainly agree with that. And that is that a certain minimum percentage of aid must be made available to each

district, and each district should be required to pay a certain amount for its taxes. And that is a figure that, certainly, has to be determined.

The full funding of the State education formula -- whatever formula is agreed upon, because we don't have a formula to agree upon -- I think, by statute, has to be made concrete so that, every year, the districts don't have to worry whether the Legislature is going to -- or the Governor is going to fully fund that or not fully fund an amount of money that they can expect in the coming year.

It has been estimated by several researchers that if we cut back 3 percent on a State budget, we could save a billion dollars. And that certainly is money that could go towards education. There is also a section which I certainly agree with, and that is supporting the Governor's request for the election of a State Comptroller. And I think it needs to be an elected State Comptroller, not an appointed one -- which I believe would be a political decision.

There is also a section, which I certainly support, which has to do with application of pay-to-play regulations or requirements for school officials. And I think that's certainly something that really has to be done.

Just two more things, Chairman. At the hearing in Newark, there was a gentleman -- and I don't recall what district he was from -- I'm sure it's in our testimony though -- who indicated it's impossible to track -- to compare districts, in terms of the spending, because some districts don't -- are not complying with the GAAP procedures which, by law, is required for all districts to follow. And I'd like to know if that is true. And if it is true, then what is the consequence to those districts that don't participate in that?

And lastly, at the first meeting I raised the issue of tax abatements. And again, very briefly, the tax abatements are an incentive for a developer to come and basically rejuvenate a community. But as part of the process, the developer agrees to pay a fee. And part of that fee -- or whoever owns that property in the future -- pays a fee that does not go towards the school. It goes toward municipal services and other issues. But basically, when you have a newly -- urban core being rebuilt, there's no tax incentive for the schools. So, therefore, the greater reliance on the education community -- or the full community to pay for the deficit that's left because of that.

Those are my comments. I'd be interested to hear what the rest of the Committee has to say, and to know if we're going to be voting on the full Report, or if we're going to be voting on individual recommendations. Are we going to vote to release the entire Report, or to approve it?

So it's been fun. And I look forward to the rest of our process today.

Thank you very much.

ASSEMBLYMAN CONAWAY: Thank you, Mr. Wolfe.

We will be voting on the entire Report today, for your information and the information of the public.

Next, we will hear from Assemblyman Stack.

ASSEMBLYMAN STACK: Thank you, Mr. Chairman.

I'd like to thank both you and Senator Adler for the opportunity on the Committee.

I'd like to thank all the Committee members, here, I'm serving with. Senator Cardinale, Senator Doria, Assemblyman Wolfe, it's been a pleasure serving with all of you.

I also thank the staff and OLS for the great job they've done.

I just have two comments, on Recommendation 1 and Recommendation 3. On Recommendation 1, basing State aid on student characteristics-- It's obvious CEIFA did not provide sufficient resources, State and local, to support high-quality education for all students. This is why it was declared unconstitutional by the Supreme Court, and why the Court put in place remedies for students in our high-poverty urban districts.

We need a new formula that ensures all children have adequate resources in funding, based on real evidence of student need, to achieve State academic standards. We need a formula that will provide the resources necessary to provide a world-class education to children, whether they live in Union City, Vineland, East Windsor, or West Orange. This does not, however, necessitate elimination of Abbott. In fact, it requires continuation and strengthening of our historic commitment to our children. The children in our Abbott districts are overwhelmingly poor, children of color, and children with special needs. They also attend schools which the Court has found suffer from severe educational neglect over decades. The Abbott remedies were put in place to meet these special challenges, the challenge of improving schools that have the daunting task of educating most of our state's poor and disadvantaged children -- something we should always remember.

These factors distinguish our urban schools from our other zip codes -- all other school districts. And we are morally and constitutionally

obligated to provide them with the extra help that they need, or at least until we can be assured these schools and districts are meeting State academic standards. And besides, the evidence shows that Abbott remedies are dramatically improving education in our urban communities.

Just last week, the Association of Children released, in its report -- New Jersey Kids Count report on child poverty. In a study of the 10 cities -- including my own, Union City -- the report found that, by far, the brightest news for our poor children is the improvement brought by Abbott. High-quality preschool programs, significant gains on State tests, and a substantial increase in graduation rates-- Ceil Zalkind, ACNJ Director, said, and I quote, "Our sustained commitment to improving education in our poorest urban districts is reaping real returns. We must continue this commitment to provide supports to these children so they can succeed in school."

In short, we must find a way, in the new formula, to provide needy students in all our communities the resources they need, while sustaining and deepening our special commitment to the students in our poorest schools and communities.

My other comment I had was basing the formula on Recommendation 3, by a 2003 professional judgment process. The Committee heard testimony concerning the state-of-the-art methods for determining education resources and costs used recently in other states, notably Maryland and New York. The work done in these states is indeed impressive and should serve as a standard for New Jersey. I'm disappointed that the Committee never received a full report of the effort, in 2003, by the Department of Education to determine education costs in New Jersey.

I fully support the Committee's recommendation that the DOE prepare such a report, release it publicly, and hold public hearings around the state. I'd like to see extensive hearings in various communities. And I'd be happy to host one of them, at least, in Hudson or in North Hudson, sharing that meeting with my colleague, Senator Doria. We must also -- need to make clear that the DOE prepares a full record of these hearings and submits those to the Legislature for review.

From what we do know about the 2003 costing-out process, I have several concerns that I would like to see addressed. Number one, it appears that the DOE prepared the resource models, and then gave them to outside professionals, one time, for comment. It appears the DOE made the final determination of needed resources, not the professional panels like in other states. Second, it appears -- it does not appear that any professionals were brought in to look at the Abbott remedies and requirements to make sure that those issues were addressed. Thirdly, a report is usually written upon completion of a study and presented to the public; and that was never done. That disappoints me somewhat. Fourth, it's now going on four years since the DOE did this work, so it may be stale and out of date.

I'd like to reserve comment on those issues until the DOE actually issues a report and we can analyze it in detail -- something I look forward to in working with the DOE. However, if it does not meet the rigorous standards and address all the issues, or is possibly out of date, we may now need to authorize a new or revised study before we can work on a formula.

I really believe that the Committee's work here has been tremendous. I think it's historic in the State of New Jersey. I think there's a lot of work to be done. And, obviously, when I came on this Committee, I made it very clear: I'm concerned about all the children in the State of New Jersey. But I want to make sure that the children who live in our Abbott districts, in our poorest communities, are not forgotten, once again, like they once were in our state.

Thank you, Mr. Chairman.

ASSEMBLYMAN CONAWAY: Thank you, Assemblyman Stack.

Next, we'll hear from Senator Cardinale.

SENATOR CARDINALE: Thank you, Mr. Chairman.

It has been a very informative process. Serving on this Committee has given me an opportunity to hear and renew some of the things I had known previously about education, having served on a board myself. But that was many years ago.

Senator Adler, at the outset, talked about this being a bipartisan process. And I was hopeful that, in fact, it would be. It has turned out to be anything but in the end.

According to the media, this Report, which we are about to, I suppose, approve or release -- I'm not sure exactly what we're going to do with it -- was discussed with lobbyists long before it was released to our staff or to us. That's hardly a bipartisan approach. The Republican members had no part, and neither did our staff, in the creation of this Report. That's hardly bipartisan. I've served on committees that were truly bipartisan. I served on one with Senator Adler on auto insurance. And we had

discussions that included members of both parties before the final Report was issued. That would have been bipartisan. This is not.

At this point, at this juncture, I believe this Committee, from looking at some of the recommendations, still does not understand the nature of the problem in certain suburban areas.

In thinking about what I was going to say, I ran across a letter that I received from a constituent. It's fairly brief. I'm going to read it so that you can understand what's going on in some of the towns that I represent. And they're not unlike many other towns in similar situations.

It comes from a resident of Hillsdale. For your information, I do represent some very wealthy towns: Saddle River, Ho-Ho-Kus, Upper Saddle River, Alpine. Hillsdale is not in that category. Hillsdale is a working-class town.

"Dear Senator Cardinale: We've been residents of New Jersey since December 2003. And I'm disturbed with the fact that our real estate taxes have escalated at an excessive rate of over 27 percent. At the time of showing, our home's real estate taxes were \$8,827. As soon as we closed on the house, the taxes became \$9,277. A recent estimated tax statement received from the Hillsdale Assessor's office indicates that the taxes will rise to \$12,100. And this does not even take into consideration the reassessment that our town is currently going through. Bergen County is a wonderful region of New Jersey; we love our quaint town. But something must be done to prevent the rising costs from getting out of hand.

"The cost of utilities is out of control, as well. But our paychecks are not keeping pace with these rapid expense increases. Our mayor and other local officials are trying to come up with solutions to

defray some of the tax burden. But, unfortunately, politics gets in the way of progress. However, you, as a representative of the people, have an influential voice in State government--”

I wish that were true.

“--and we request that you challenge those individuals that are mismanaging the State’s funds. It seems that our government has forgotten that this once great country was built on the premise of freedom of speech, religion, and taxation without representation. It is tyranny. The continued escalation of taxes and utilities will force good people to relocate if it no longer makes sense to live here.

“Senator Cardinale, for your review, I have attached an analysis sheet that shows the tax history for our home since 1986. The earlier increases were not as high. But later increases clearly outpaced the rate of inflation. Your assistance in voicing this message would be greatly appreciated. And I would also appreciate your thoughts on what is being brought to the table.”

And what particularly impressed me was the table that was attached. The house was apparently built, completed in 1987. At which time, the taxes were \$3,243.94 for that year. You heard that the anticipated taxes for next year are \$12,100. They’ve given me a break down of the taxes each and every year.

This is not a mention. This is not atypical of many suburban communities in New Jersey. And the things I read in this Report will exacerbate the problem for this Hillsdale resident and others like this Hillsdale resident. And let me go over some of those things.

You've chosen to accept a thoroughly discredited presenter. I gave this Committee an analysis of what that presenter did in Kansas. The professional judgment panel method must result -- despite what he said-- And the example that I gave of Kansas proved that -- the example that was given to me of what happened in Kansas proved that. It is simply unreasonable to assume that educators who have devoted their whole lives to education would have a rounded judgment with respect to what costs should be undertaken. That's what the professional-- It is going to be a wish list. And if we are not experienced enough to understand that it's going to be a wish list, we don't belong here. We don't belong here.

We do nothing to address waste, fraud, and abuse. And as a matter of fact, when I attempted to bring examples of waste, fraud, and abuse from Superintendent Sanger, I was shut down. I was not allowed to complete the questioning. And when I did get one question in, he refused to answer it.

Our suburban districts have had their aid frozen for five years. That's one of the reasons -- primary reason why Hillsdale's taxes have gone up so much in the recent years, in that chart. But the State budget has not been frozen for the last five years. It has escalated dramatically in the last five years. It's just that we have established priorities that did not include educational aid.

The Chairman, in his remarks, talked about many districts paying more than half of their educational expenses out of their own taxpayers' pockets. That's true. But districts like Hillsdale pay 95 percent -- not half, 95 percent. Your recommendations do not address that problem.

You don't talk about how we're going to fund what recommendations you make that are positive. Because you do make some positive recommendations. I'm not saying that this Report is totally without any merit whatsoever, at all. There are meritorious portions of the report. But are we going to have property tax relief in those areas -- where you're going to have property tax relief -- which, in my view, are the areas that need it least, because they're the areas where they are already getting significant State aid? But even that is going to be illusory, and very temporary.

Further, your report has ignored the thought that there ought to be a minimum contribution from every local community to their own education expenses. And there is a validity to requiring a local commitment. Because if one has a local commitment, one is more careful about how one spends money. One does not have 320 lunchroom aides with 12 schools if you're paying for it yourself. But when your rich uncle in Trenton is paying for it, you can put your political patronage system on the backs of the State taxpayers. And there is no incentive not to.

If we are going to correct the problems in education, we have to incentivize the local boards -- particularly the appointed local boards -- that there is a downside to overloading their budget with noneducational expenses.

You make a recommendation about special education funding. In the executive summary, it seems like it's a pretty good recommendation. When you look at the details -- you talk about it being wealth-weighted. I'm worried about Hillsdale. Because if they have to pay more -- a greater percentage of their special education costs -- you're going to drive those

people right out of New Jersey. They're going to face very severe property tax increases.

And I think you've missed the boat on not requiring -- and probably because you didn't allow questioning on the topic. You've missed the boat on allowing -- on eliminating political patronage by strengthening the code of ethics of the boards. The code of ethics of the boards have to include protections against the waste and mismanagement that we have seen in the Schools Construction program, about allowing properties to be built on while they are about to be condemned, so that we have spent-- What we thought, when we passed that school construction bill, was we were going to correct all of the school construction problems in New Jersey. And that money was wasted. It was thrown away. We created a pool of money that a lot of greedy people got their hands into. And we failed to learn. Yes, it's one thing to make mistakes. It's another thing to fail to learn from the mistakes that we have made.

Assemblyman Wolfe and I have created a Minority report. I am prepared to vote to release your Report for evaluation by the full Legislature if our Minority report is attached to it. But I will never vote to approve the report as you currently have it drafted.

Assemblyman Wolfe asked a question. I don't think he got a specific answer, Mr. Chairman. And the question he asked is: Are we going to be able to go over this Report, on an item-by-item basis, so that we can -- all of us, Republican and Democrat alike -- have input into those individual line items that have been created, essentially, by staff? We all know how that works. Or are we going to be treated to the thought of having to vote for or against this Report as a whole?

I would make a strong suggestion to you -- that we can accomplish a great deal. We might have to stay a little later today. But if we took each item, item-by-item, at least we would know the points on which there is agreement and the points on which there is disagreement. Because there really is no rush. We really can take another week or two to clean up the rough spots in this report.

I made a recommendation before a school group in Bergen County, that had invited both Republican and Democratic legislators -- and there were both Republican and Democratic legislators present. It received-- I called it the "35-35." If we required 35 percent local contribution from all municipalities, and we required the State to have a minimum contribution of 35 percent to every school budget, and in between those numbers there is plenty of latitude to take care of the problems of special needs children-- And if 35 is not the right number, we can talk about what the right number is. I'm not wedded to any particular number. But you know, we can do that. We can do that without raising one tax. And if you want the total rundown, we can give you the total rundown. You don't have to raise any tax in order to do that -- the "35-35." We haven't had a chance to have an intelligent discussion about that kind of formula.

Yes, Senator Adler and I had a couple of off-hand, brief discussions about some of these items. But this Report does not seem to have been created by this Committee. This Report seems to have been created by some folks -- I don't know who they were. But I don't think they were the members of the Committee who listened to all of the testimony.

I thank you very much. It has been a pleasure, despite my remarks, serving with all of you and getting to know all of you a little bit better. But we could have done a better job.

ASSEMBLYMAN CONAWAY: Well, there was a question in there, and that had to do with the Report. And as I said, we are going to release a Report. The Minority report will be appended to the Report, so that will be available to the public for their review -- for your information and for the information of those who are gathered here and watching on television. I think that was the only question in there.

So with that--

SENATOR CARDINALE: No, the other question-- Mr. Chairman, you missed one.

It was the same question that Senator (*sic*) Wolfe -- Assemblyman Wolfe asked. And that is: Are we going to deal with this Report on an item-by-item basis? Or are we just going to make our statements and vote on the thing in its entirety? And are we going to be voting to approve or to release?

SENATOR ADLER: Senator, why don't we let Senator Doria talk. I'll talk. We'll each have our opening remarks, and then we'll move forward. How about that?

SENATOR CARDINALE: Thank you.

SENATOR ADLER: That was your cue. (laughter)

SENATOR DORIA: That was my cue. Okay.

Thank you, Mr. Chairman.

I want to begin by, first, commending and congratulating our Co-Chairmen, Assemblyman Herb Conaway and Senator John Adler. I

think that they did an outstanding job in a very difficult situation. Because we were presented with so much valuable information. We spent a great deal of time listening to so many points of view, and so many different opinions, and different experts on the educational process. So I want to thank them.

I thank my fellow members of the Committee: Assemblyman Wolfe, Assemblyman Stack, Senator Cardinale. I think everyone here wanted to do a credible job, and wanted to make sure that we were able to get the information we needed to provide the public of New Jersey some answers to the questions that relate to the funding of education in the State of New Jersey.

I don't think we're going to come up with the permanent, final solution. I think that there are many issues that, no matter what we try to do, will never be totally solved or settled. And there will be disagreements about how we should do it. But I think that the important part of this process is that we allowed for public input not only from organizations, but from members of the general public on many issues of concern. And we probably could have dealt with more issues of concern, some of which I notice -- having just received the Minority report as I entered the room -- seem to be addressed in the Minority report.

Unfortunately, we can't get to all of those issues. But I think, as we work on the finalization of a formula, all these issues will be dealt with. And we can begin to move forward in coming up with an equitable system of funding education for all the children of the state.

I think the priority here should be that we will try, as best as possible, to develop a formula that will benefit all of the children of the

state. And we need to do that. And we need to understand that there are different needs. And, thus, in certain areas, as it relates to children who live in communities which are poorer, who suffer from a lack of home support -- especially as it relates to speaking a foreign language, as it relates to problems of developmental disabilities -- that we need to understand that there are different needs. And, thus, the funding formula has to take into consideration these needs. And it is dependent upon the needs of the children, not necessarily the geography of the children. And I think that's important.

Obviously, the Abbott issue is an important issue. I don't think we need to call a student in the district an Abbott student. The designation and the nomenclature is not important. I think, rather, what's more important is the fact that the benefits would accrue to those students who have the need. And we should be taking that into consideration.

I think one of the emphases of this Report is the need for greater efficiency and accountability. There is a need for an accountability, as we discuss and review education in the State of New Jersey. We're spending over \$20 billion -- \$10 billion at a State level, and \$11 billion from the local school districts. That's a lot of money -- more than any other state in the union is spending per capita for the children within that state. We need to make sure that the children receive the benefits of that education funding and that they are learning.

You know, we spend a bit of time trashing our system and talking about how bad it is. But, in reality, if you look at the results, we have many more successes than we have failures; many more school districts that are doing well than are doing poorly; many more students that are

achieving at a higher level than are not achieving at a higher level; many more students from poorer backgrounds -- from backgrounds that are educationally disadvantaged -- who are succeeding in the districts that they're in because of the programs we run. So we spend a lot of time downgrading our educational system, and downgrading the people who run it.

I think sometimes we need to look at the successes, look at the fact that we have one of the highest SAT scores. You know, we always talk about low SATs. But then, when we compare it to other states -- that over 80 percent of the students take the SATs -- we're actually ranked number five in the nation, when you look at that factor -- the 80 percent of the students taking SATs. Now, if you're looking at some states that only 25 percent of the students take SATs, well, obviously, they're going to do much better, because less students are taking them. So if we discouraged our students from taking it, and discouraged our students from going on to higher education, we might have better scores. So we need to look at those variable elements in determining what is success and what is not.

When we talk about the formula-- Let me begin by just making a comment about Senator Cardinale's discussion of the professional judgment panels. There is no question that professional educators want to provide the best possible education at the highest possible cost. I'm not going to disagree with that. But when you look at the methodologies that are available to us in developing the formula, the other major methodology is the successful school model. And if you take that model -- and we were presented with that as we had the discussions. And if I remember correctly, the discussion from Professor Augenblick from Denver, when you look at

the numbers created from both formulas, the successful school model and the PJP model -- professional judgment model -- were almost exactly the same. So to me that creates a validity, based upon the fact you have two formulas -- two methodologies for formulas, because there's no formula yet -- but two methodologies for the creation of a basic education cost that are very similar. And they're both accepted models nationally -- the two most accepted models. And then, when you deal with the numbers in New Jersey, they're almost exactly the same. So that tells me that the numbers are valid, and that we need to deal with those numbers, realistically, as we develop a formula.

Now, how do we develop a formula? Well, we need to develop a formula that's realistic, that's financially feasible. We need to have the money to fund it. And that is an important question. And we need to make sure that funding is sustainable. It's no good to create a formula that, this year, will be a great formula; and next year will be not so great; and the year after won't be able to be funded -- as we have in the past with CEIFA, when it was never really funded at the fullest possible level. And when it was taken to court, it was thrown out immediately. We need to develop a formula that is sustainable over time, and that is realistic over time, and that we can look at and see that it is helpful to all the students within the state.

I don't think anybody has a prejudice against students, whether they live in rural areas, suburban areas, older suburban areas, or urban areas. I think the priority is to make sure that the students get what they need, and that the property taxpayers can deal with the problem.

Property taxes are up in all areas of the state, not just in suburban areas -- in urban areas also. And the problems are related to many other issues in addition to education. Education is one of them, there is no question. And it's probably the major driver in the cost of property taxes in this state and the reason for increases. But there are many other reasons.

In the Minority report, we talk about a lot of issues that have nothing to do with education, but probably relate to other issues that do drive up property taxes. But that really falls within the purview of the other -- in the Joint Committees that have been created.

So in the end, what I'd like to say and emphasize here is, I think we've spent a great deal of time working, on an cooperative basis, on a bipartisan basis, to get the best type of input that we can get to develop the concepts that are -- should be reviewed and should be recommended.

The Report is not perfect. No report is ever perfect. Can we agree on most of it? Yes, we can. Do we disagree on some of it? Yes. I probably would disagree with some of it also. But the point is that we made an attempt and, I think, a very good attempt. And we've done this in the past. I served on the Joint Committee on Auto Insurance Reform. And we solved some problems. We didn't solve all of them. It was a bipartisan committee. It did a good job, but it took a number of more years to permanently solve the problem.

So what we have here is a working document -- a document that I believe has been developed through the input from all those people who have testified, based upon the goodwill of those who have come before us to testify and to provide input, and the goodwill of the members of this Committee and the Chairmen of the Committee.

I end by saying, I want to thank the staff -- the partisan staff, the staff from OLS -- for the job that they've done. This has not been an easy task. It was a difficult task. But it's one that I think is beneficial, in the end, to the citizens of the state. Our priority should be the children of the state. It should be that they all receive a quality education not based on the geography of where they live -- I want to emphasize that -- but upon the needs that they have -- the unique educational needs that they may have, no matter where they live in the State of New Jersey.

Education funding should follow the children, it should not follow the geography. But yet, in many instances, the geography is determinative of their needs because of the fact that there are many instances where the poorest, and most needy, and most educationally disadvantaged students do live in urban areas. And that is something we have to be realistic about and accept. Whether we call it *Abbott*, or we call it *special needs*, or we call it whatever you want, again, the priority should be the needs of the children of the state and, at the same time, taking into consideration the property taxpayers of the state.

Mr. Chairman, I thank you for allowing me to speak -- Mr. Chairmen, Assemblyman Conaway, Senator Adler. And I thank you for having done an exceptionally good job in directing this Committee.

SENATOR ADLER: Senator Doria, thank you for your kind comments with respect to Assemblyman Conaway and me as Co-Chairs.

Let me start by saying, I really relished the opportunity to serve as Co-Chair with Herb Conaway, who I thought brought energy, and intelligence, and decency, and a sense of fairness to the public hearings, to the private discussions that members of this Committee had, to dealings

with staff, and dealings with the Governor's Office, and the Office of Legislative Services.

So, Herb, thank you on behalf of the other members of the Committee. I thought you did a marvelous job.

To my fellow Committee members, I thought you brought such a diversity of perspective and interests. And a couple of you have been deeply involved in education issues. Assemblyman Wolfe and Senator Doria have been deeply involved in education issues. And you brought such a wealth of experience, and intelligence, and insight that was invaluable to each of the other members who don't spend as much time, legislatively, dealing with education issues.

To the folks who aren't as adept initially -- or weren't adept initially in education issues-- Senator Cardinale, with great respect, from your school board service some years ago; and Assemblyman Stack-- I thought you brought so much insight from your different perspectives, representing all the kids of New Jersey, but from very different perspectives geographically and socioeconomically. And I thought that was also critically valuable, as we sort of balanced the needs of all children and of taxpayers throughout the state.

And I thought the staff members, on a bipartisan basis, were enormously helpful to me. The folks I knew before, I appreciate working with closely -- Ms. Shipley and Ms. Burke, in particular, on the Senate side; Mary Messenger and Keith White on the Assembly side. Beth, thank you very much, again, for your participation in all this, too.

And I think the public should know that while we were meeting routinely, I guess, on Tuesdays, staff people were meeting routinely on

Wednesdays, every day, and having very intelligent, in-depth, bipartisan discussions that were also invaluable in this process, in shaping the nuances, some of the recommendations that appear in this report.

And working alongside the Office of Legislative Services, that spent an enormous amount of time assembling the personnel, handling the logistics of these meetings, bringing in outside experts, and working so closely with DOE.

And the Department, which is already probably understaffed and overtaxed, in terms of human resources, was very, very gracious of their time and their expertise to try to make this work to the extent they could.

And in working with the Governor's Office, I think we had a lot of intelligent people working in very good faith and putting personal biases and partisanship aside in trying to figure out ways to help children and help taxpayers. And we didn't lose sight of the fact that we were trying to help children and help taxpayers at the same time.

I think there was a concern by some that we would favor just children or just taxpayers, and have a set of recommendations that were biased against some segment of our society in ways that would be very hurtful. But hearing from committed educators, hearing from passionate parents, and hearing from angry and frustrated taxpayers, I think we heard from the folks who, by and large, represent the correct cross-section of stakeholders for this set of issues that really affect kids in all parts of New Jersey and taxpayers in all parts of New Jersey.

I heard Senator Cardinale read that letter from the folks in Hillsdale. And we could have had a similarly passionate letter from folks in Hillside, or Pine Hill, or Short Hills. Because in all of our different

communities, there's a sense of pain and frustration that they can't afford their homes anymore. And we have to do something about that.

I share Assemblyman Wolfe's frustration that we couldn't deal with more of the issues that, together, drive property taxes throughout our communities. The way these Committees were set up, we were allowed to consider some of the issues, and not talk about things which clearly are factors in property taxes in all our communities. I would have liked to talk more about consolidation and regionalization; more about the cost of pensions; more about the tax exemptions, and pilots, and tax abatements, and the lack of impact fees that, together, have negative impacts on taxpayers throughout our communities.

This Report, as Senator Doria said a moment ago, represents a consensus. I don't think I agree with every single recommendation in here, or some of the paragraphs within some of the recommendations that I may agree with. I suspect every member of this Committee -- Republican and Democrat, Assembly and Senate member alike -- likes some aspects, and doesn't quite agree with some aspects; and maybe is opposed philosophically, or morally, or politically, or otherwise to certain recommendations in here. But, by and large, I think this set of recommendations reflects what we heard from the various stakeholders in our community, particularly taxpayers and all the valid representatives of children's interest in the education context. And I think we did a good job trying to eliminate a couple of tensions in our society that have grown up over the last number of years.

There is a very unfortunate tension created by the *Abbott* decisions, between the Abbott districts and the non-Abbott districts, in

terms of funding, in terms of jealousy of who gets the money, of who gets how much money. And I think that has been hurting our sense of one common New Jersey. And I'm hopeful that the recommendations -- as implemented, I hope, very soon by the Legislature -- will eliminate that sense of tension and make us all feel like we are one New Jersey, once again.

I think, within communities, there's been a sense of tension every time there is a school budget election. Because there are some folks who just cannot afford higher property taxes. And they vote against the school budget, because that's their only voice. That's their only opportunity to vent their frustrations about the growing unaffordability of their home because of high property taxes. And so that pits people against one another within a community in a way that -- like our Abbott and non-Abbott tension -- is not good for bringing us together as one society. And I think this is a good-faith effort on the part of members of this Committee to try to eliminate both of those tensions and make us more whole, more one community, in a positive way.

I don't think members of this Committee ever lost sight of our most important thing. We have a constitutional mandate to give each child a thorough and efficient education. That's in our highest law, our Constitution. And that's truly a moral imperative. And I'm proud of that. That's one of the things about New Jersey of which I am most proud -- is that we actually care about children without regard for how much money they have, their parents have, or the communities have; that we want children to have a chance at life. And so we try to empower children -- even our poorest children in our rural and urban communities -- we empower children through education to have a chance, have an opportunity for

success in life. And I'm proud of that. I'm proud that we did not try to tamper with that. In a way that was tempting, and tempting for suburban communities that might want more money at the expense of some rural and urban communities, that have far greater needs on a child-by-child basis than some of our suburban communities do.

I think the formula that we've been talking about -- which is not in final form yet -- is close to very, very good. And I'm hopeful -- as we continue working in the next few weeks with the Office of Legislative Services, the Department of Education, the Governor's Office, the partisan staffs, the Democrats and Republicans on the Senate and Assembly side -- that we get a formula in written form that we can comment on intelligently, as members of the Legislature, and as members of our New Jersey community, so that we can actually get past some of these distinctions that have pitted us against one another, that have pushed people out of their homes, and away from their children and their grandchildren, and have driven people out of our state in a very, very negative way.

I'm hopeful we'll have a sustainable formula, as Senator Doria said just moments ago, which is predictable, year by year; which is fair to communities -- to all of our communities in the state -- in a reasonable way. I think we will look at and try to incorporate some of the suggestions that Senator Cardinale had just made about some minimal levels of support and some required local contributions from communities that can afford it. Because, right now, we have to do a better job of making it a fairer, more rational system. I'm hopeful we're to get there, and I think we're very, very close. We're not quite there yet, in terms of the actual formula. And while we have lots of bills specifically identified in the set of recommendations --

and there will be, I'm sure, a few more bills emerging very, very soon in the next couple of weeks -- it looks like our formula is not quite ready yet. With great efforts from people on this Committee, and the staff people, and OLS, and DOE, and the Governor's Office, and the Treasurer's Office, it looks like we're not quite there. But we have to get there.

And as some members of this Committee have said, and as taxpayers have said, we have to get there for this coming school year. We have to have something in place so we don't have school budget elections in April, and a school year starting next September, with this same formula, which is unfair to too many communities and too many kids.

So I'm hopeful that, as we continue to press on -- I think realistically, probably with one or more meetings of this Committee going forward -- but press on to actually get things done, so the Legislature can vote on real bills -- so that we can have something in place for kids and, as importantly, for taxpayers, for this coming year, that's sustainable, that lasts for a long time -- even not, as Senator Doria hopes, wistfully, forever -- but for some long period of time, so that for a generation we sort of have some sense of where we're headed, year-by-year, in terms of funding. So as school districts' enrollments change, that they know the money is going to be there from the State to meet the needs.

So I thank the members of this Committee.

I thank the public for participating.

I, frankly, wish we heard more from members of the general public, not so much the stakeholders in the education community. But for those few taxpayers who participated, who came here, we do know that your plight is dire, and that you have neighbors moving out of towns in

every part of our state every month. And we understand we have to do something real. And I think this Committee's recommendations are a very significant step forward that will make New Jersey affordable for many, many homeowners for years to come.

Thank you, Chairman.

SENATOR DORIA: Mr. Chairman.

SENATOR ADLER: Senator Doria.

SENATOR DORIA: I would make a motion that we accept the Report as presented, together with the Minority Statement, as the Report of the Committee at the present time.

ASSEMBLYMAN STACK: I'll second that.

SENATOR ADLER: Can we have a roll call vote, please?

MS. FAZZARI (Committee Aide): Assemblyman Conaway.

ASSEMBLYMAN CONAWAY: Yes.

MS. FAZZARI: Assemblyman Wolfe.

ASSEMBLYMAN WISNIEWSKI: Before I vote, I would like to--

I agree with Assemblyman -- I'm sorry, Senator Cardinale's suggestion that we vote to release, not to recommend. Are we voting to recommend or to approve this Report? What are we voting on -- to release it or to recommend it?

SENATOR ADLER: We're voting to recommend or to adopt it.

ASSEMBLYMAN CONAWAY: We're recommending release, like we usually do.

ASSEMBLYMAN WISNIEWSKI: All right. I'm voting no then.

MS. FAZZARI: Assemblyman Stack.

ASSEMBLYMAN STACK: Yes.

MS. FAZZARI: Senator Cardinale.

SENATOR CARDINALE: Like Senator (*sic*) Wolfe, I could vote to release it. I cannot vote in any form that would be taken as an approval of the content of this Report. Because the content is, frankly, disastrous for people who live in districts such as those I represent.

So I will vote no.

MS. FAZZARI: Senator Doria.

SENATOR DORIA: Yes.

MS. FAZZARI: Senator Adler.

SENATOR ADLER: Yes.

ASSEMBLYMAN CONAWAY: Thank you, Committee, for recommending and releasing both the Majority and Minority reports.

We are adjourned.

(MEETING CONCLUDED)