

**New Jersey State Legislature  
Joint Legislative Committee on  
Public School Funding Reform  
Committee Room 11, 4th Floor  
State House Annex  
Trenton, NJ**

*Public Testimony: October 3, 2006*

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[Mark Finkelstein](#), Superintendent, Middlesex Regional Educational Services Commission

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Richard R. Dorow, RSBA  
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**Richard R. Dorow, Executive Director of the New Jersey Association of School Business Officials.**

I am pleased to be here today and share some of my thoughts in the area of cost saving measures for school districts.

For the record it should be noted that approximately 75% of the school districts general fund is directly related to labor costs and its contractual obligations.

NJASBO sponsors the following activities:

**1. Health Benefits – State Health Benefit Plan**

School districts should have the same flexibility as municipalities  
– Waiver of benefits.

**2. Prevailing Wage Threshold**

\$2,000 for School Boards (1963)

\$10,743 for Municipalities (CPI every 5 years)

**3. Lease Purchase extended to 15 years for energy improvement\ (currently 5).\**

**4. Review of Workers Compensation Law. School employees are covered for 12 months. Private sector 10 months.**

**5. Eliminate the vote on school budget if within CAP.**

**6. Alliance for Competitive Telecommunication (ACT) (over 400 schools participate).**

**7. Alliance for Competitive Energy Services (ACES)**

Electricity (25 districts participate)

Natural Gas (258 participate)

**8. MBIA-CLASS – Investment of School Funds and Asset Management (100 Districts).**

**9. Website NJASBO.Com**

A. Specifications (Samples)

B. Vendor Information

**10. Professional Services**

A. Professional Screening Services.

B. District Business Function Review.

**11. NJASBO Workshop Examples**

- A. Purchasing Practices and Procedures**
- B. School Business Administration-Best Practices**
- C. Long and Short Term Financing of Capital and Equipment Projects.**
- D. Compliance with Law and Regulation:**
  - a. Pay to Play**
  - b. Procurement-bidding laws**
  - c. S1701**
  - d. IRS Tax Compliance**
  - e. Public Record Management**
- E. Technology for School Administration**
- F. Budgeting and Cost Saving Strategies.**

**12. Assistance Program (Over 800 persons exchange ideas and information daily.)**

- A. Business Offices throughout the state share cost savings ideas, techniques, and information, i.e., Use of Building Policies, election information, software recommendations, tuition fees, management of workers comp., Sharing of bid specs and RFP's, budgeting issues and strategies, etc.**
- B. School Districts solicit and/or advertised surplus equipment for sale to other districts.**
  - a. Portable Classrooms and Trailers**
  - b. Pianos, TV's, Copy Machines**
  - c. Scoreboards, Bleachers**
  - d. Choral Risers**
  - e. Kitchen Equipment**
  - f. Library and Classroom Furniture**
  - g. Auto Coveralls**
  - h. Etc.**

**13. School District Cooperative shared services I have developed and have administered;**

- A. Transportation (10 Boards of Education)**
- B. Special Education (10 Boards of Education)**
- C. Curriculum and Instruction (8 Boards of Education)**
- D. Staff Development (8 Boards of Education)**
- E. Technology Training (8 Boards of Education)**



**NJPSA TESTIMONY BEFORE THE JOINT LEGISLATIVE  
COMMITTEE ON PUBLIC SCHOOL FUNDING REFORM  
September 5, 2006**

Thank you Senator Adler, Assemblyman Conaway, and members of the Joint Committee for the opportunity to share the perspective of the New Jersey Principals and Supervisors Association on the vital issue of school funding in New Jersey. Just as today is the first day of school for most New Jersey students, NJPSA considers today's meeting as the first of many productive conversations over how our schools are funded.

Our members, the building-level leaders in our public schools, share your concerns and your commitment to providing all New Jersey school children with a quality public education. Today, this is no easy task. Principals and supervisors face strong challenges with a student population that is diverse and growing. Added to this mix is the imposition of new educational mandates at the state and federal level and rising costs in such crucial areas as school supplies, equipment, utilities, facilities, and insurances.

Our job has become even more challenging in recent years with essentially flat funding of our public schools over the past five years, the reduction of the permissible amount of surplus funds for school emergencies or long-range planning goals, and the imposition of strict budget caps.

Understanding that we are all here to discuss school funding reform, it is important to note that any conversation about education must begin and end with the needs of New Jersey's students. The reality is that public school leaders have been cutting school costs in order to pass their local budgets, comply with state budgetary laws and meet student needs. In many districts, after-school programs and extra-curricular activities have been eliminated or "participation fees" enacted for any students wishing to broaden their school experiences outside the classroom. We are beginning to see a rise in class size in some districts. In other cases, districts with any available space are taking in out of district students to increase efficiency and provide additional tuition. Staff positions have been reduced or eliminated.

For years, districts have sought to save money through the joint purchasing of school supplies. One example is a company that approximately 180 school districts contract with to jointly purchase school supplies, saving about 27% of cost through their joint efforts. In the area of transportation, schools utilize the services of educational services commissions or other cooperative entities to cut costs. They also stagger bus schedules, purchase fuel collectively, and consolidate bus routes wherever possible.

Another cost-saving development is the establishment of educational foundations in cooperation with parent and community groups. Our members have been actively involved in the

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establishment of these foundations to raise revenues for local school needs. Often, the foundation purchases such items as technology upgrades, equipment or specialized programs that the district could not otherwise afford. In this way and through local grant-writing efforts, local leaders, parents and school communities bridge the gap between shrinking resources and rising education needs.

The New Jersey Principals and Supervisors Association supports these cost-saving efforts and urges their expansion. At a minimum, districts should be made aware of best practices in this area and of local/regional opportunities to participate in cost sharing efforts. The NJDOE has an important role to play in this effort.

Further, as this Joint Committee examines the funding of our public schools and additional ways to potentially cut school costs, we recommend that the Committee focus on the following:

### **1. Understanding the Current Costs and Components of Educating Our Students**

To develop a school funding formula that meets all students' needs, the Legislature needs to understand what it actually costs **today** to educate a child in New Jersey. Naturally, such issues as the unique needs of individual students, regional cost differences, and new educational mandates such as No Child Left Behind will all impact that per pupil cost.

Fortunately, significant work has been done in this area through the efforts of the NJDOE and professional educators from across the state. In 2003, members of our association and the groups represented here today participated in such a "costing out" study. It is our understanding that the Department has updated the results of that study, but despite our participation, we have not received the results. We urge this Committee and the Legislature to compel the NJDOE to release this critical data to the Legislature and the public to inform our discussion of school funding in New Jersey.

### **2. Consider Real Mandate Relief**

Any discussion of cutting school costs must be made in the real world context of state/federal mandates and sound educational policy. Our association certainly applauds the efforts of Senator Adler and others who began statewide discussions on mandate relief in 2004. We urge a continuation of that effort. Although many issues were raised and discussed by the Educational Mandates Review Commission in 2004, very few, if any, of these recommendations have been enacted into law. In the realm of New Jersey's public schools, it appears that we haven't met a mandate we did not keep, even where it is an outdated or duplicative requirement.

Further, we ask the State to hesitate before imposing additional curricular or operational mandates on schools without fully funding them. One example is the upcoming implementation of the new state monitoring law, the "NJ Quality Single Accountability System." The passage of this law is likely to result in increased district costs including the hiring of "highly skilled professionals."

### **3. Fund the Needs of Disabled Students**

Probably the most educationally sound, yet fiscally divisive development in our educational system in the past few decades has been the federal enactment of the Individuals with Disabilities Education Act or IDEA. This statute rightly established a disabled student's right to a free and appropriate public education as a national mandate and an individual civil right. Our members

fully support this critical law and work hard to provide the qualified staff, services and resources needed.

However, the lack of federal dollars to fund this mandate at the promised funding level of 40% of cost and the failure of the state to do likewise has led to a shift in the responsibility for these high cost students to local taxpayers. The mandated nature of these costs reduces resources available to fund programs and services for non-disabled students and causes tension among parents and school leaders.

Several years ago, the Legislature sought to address this rising problem by enacting a law (N.J.S.A.18A:7f-19(2)) requiring the full funding of high cost, out-of-district placements (those defined at above \$40,000 per pupil) by 2005-6. Fiscal difficulties and uneven priorities at the state level have stalled progress in this area. The law has not been fully funded. We urge the Legislature to do so to assist all New Jersey school districts and property taxpayers (A-1773 (Cryan)). We also urge this Committee to work collaboratively with the Special Education Funding Commission which is currently examining the funding system for disabled students in New Jersey.

#### **4. Address Costs Outside District Control**

Just as the development of the State Budget is governed by fixed costs and obligations, school budgets are largely predetermined by existing mandates, debt service and other obligations. Our school funding law and the budget cap recognize that there are high costs for schools outside their control. These include transportation, insurance, utilities and special education. Current law allows for adjustments for some of these high costs, but not others. Other cap adjustments, such as health insurance, are due to expire without legislative action. Our association supports legislation such as A-4577, A-4599 and A-3680 which provide some relief for high cost budget items. At the same time, we urge this committee to explore how districts can collectively reduce or manage these high cost areas in the future.

Thank you for the opportunity to appear before you today on behalf of the members of the NJ Principals and Supervisors Association.

Submitted by: Debra J. Bradley, Esq.  
NJPSA Director of Government Relations