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# *Committee Meeting*

of

## JOINT LEGISLATIVE COMMITTEE ON PUBLIC SCHOOL FUNDING REFORM

*"Testimony from representatives of various education organizations  
on cost cutting measures that could be instituted in public schools"*

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

**DATE:** September 5, 2006  
1:00 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:**

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

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

Brian Alpert  
Christine Shipley  
*Senate Republican*  
Beth Shermerhorn  
*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***

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

Thank you for joining us today for part of our ongoing session of finding a way to maintain the high quality of education for children throughout New Jersey, in a more affordable way, that's sustainable for the next couple of years or maybe for the next generation.

Today's hearing is geared specifically for ideas on sustainability of affordability, which means cost savings, or cost constraints, or ways to make it affordable for us to educate kids to a high level -- to a thorough and efficient level, about which we can all be proud, for all of our school districts throughout the state. So my hope is that we will get ideas from the panelists and maybe from people in the audience, as time allows today, understanding there will be public hearings and other hearings beyond today's hearing. But today's idea was specifically to try to get ideas from some of the education stakeholders about how to make education highly productive, but at the same time more affordable in a long-term sense.

So I'm going to ask the witnesses and I'm going to ask the members of this Committee to limit themselves in their testimony, in their questions, in their answers, in their commentary to ideas regarding sustainable measures with respect to cost. In the extent we stray beyond that, we saw last week how short-tempered Chairman Conaway was -- and I suspect he will be just as harsh with people today, asking me to be a surrogate in that regard -- but just as harsh today as he was last week in that regard. (laughter)

**ASSEMBLYMAN CONAWAY:** I've got the toughest job in the state.

SENATOR ADLER: Don't get him angry -- that's all I'm going to say.

So I would urge the witnesses today to try to focus on today's topic, understanding that we all care about the quality of education, we all care about maintaining the highest-quality facilities, and curriculum; and faculty members, teachers, and administrators, and supervisors, and superintendents -- all those issues matter enormously to all of us. And they are all things we need to hear from you, at some point. But I'm going to suggest respectfully, on Chairman Conaway's behalf -- we don't need to hear those other issues today. There will be a time for those other topics -- I mean, this Committee and in other committees -- but today is about cost savings and cost constraints that are consistent with high-quality education for public school students throughout New Jersey. But I think I've kind of hinted that I'm hoping, on Chairman Conaway's behalf, that we talk about cost savings and cost constraints.

Does anybody have any confusion about that admonition before we begin?

ASSEMBLYMAN WOLFE: Yes.

SENATOR ADLER: Thank you.

My second suggestion for today is that we turn off, or turn down our cell phones to vibrate. So take as long as it needs, each of you, to turn off or turn down your cell phone to vibrate. This camera is actually panning the audience to make sure you all do that right now. (laughter) See this camera in front of me? It's literally doing that right now. (laughter) It's frightening. It's like a brave new world has come to Trenton.

Assemblyman Wolfe, I know that Chairman Conaway wanted you to say something. Please.

ASSEMBLYMAN WOLFE: I just wanted to say something on behalf of the entire Committee, as a bipartisan Committee looking at school reform. When we first met, we were given a draft of the proposed topics that we would be considering, and I think that it was very all-encompassing and things we needed to consider. But at two of our previous hearings we've heard concerns expressed regarding the special needs districts. I would like to know, specifically, when we'll be discussing that topic, because I think it is germane to the entire issue of school funding.

SENATOR ADLER: Special needs districts -- you mean like Abbott districts or--

ASSEMBLYMAN WOLFE: The special needs districts, that's correct. Yes.

SENATOR ADLER: I don't think of a particular answer in that. My own expectation is whatever we recommend to the Legislature would remove this Abbott, non-Abbott distinction and treat districts equally throughout the state and treat kids relatively equally throughout the state. And so while I understand the concern about Abbott funding and how it's driven much of our State budgeting, my hope and my personal expectation is that I wouldn't be supporting bills that didn't eliminate that distinction and didn't treat kids, subject to the restraints of the Constitution, of course -- treat them all equally and fairly and give each kid a fair shot at a thorough and efficient education.

ASSEMBLYMAN WOLFE: Well, I appreciate that and I certainly support that. But I would request formally then, if we're not going

to have a meeting on that topic, that we do schedule a special meeting on the issue of the 31 special needs districts.

So I thank you.

SENATOR ADLER: I'll think about it. I'll talk to Chairman Conaway and the members of the Committee. But I guess I'm sort of baffled about it, because I think we're looking to the future and about getting rid of the districts. And if, in fact, our goal is to get rid of the districts, I'm not sure we need to have the discussion about how we continue to structure 31 districts somehow differently than the other districts.

ASSEMBLYMAN WOLFE: All right.

Thank you very much.

SENATOR ADLER: But I'll think about it.

ASSEMBLYMAN WOLFE: Thank you.

ASSEMBLYMAN CONAWAY: I would just say -- and I guess by way of response -- that the hearings and the hearing topics, as we have outlined them, leave ample opportunity to discuss the situation, the status of Abbott districts in the broader context. As the good Senator has pointed out, we are looking at education as a whole, and our charge is to develop a formula, develop a reform which will address and encompass all students throughout the state. Having said that, if there are particular concerns that you have as this process proceeds, by all means bring them forward. We'll discuss them as we have, this Committee, and we will try to accommodate those concerns as we can.

We are going to start: To my right, your left. For the benefit of the public, we are having a roundtable discussion today. We have several

stakeholders in the education establishment, if you will, who are going to offer us testimony on cost savings.

And we're going to start with Mr. David Sciarra of the Education Law Center -- my right, your left.

Mr. Sciarra.

**DAVID G. SCIARRA, ESQ.:** Well, thank you, Mr. Chairman.

Is this on? (referring to PA microphone)

**SENATOR ADLER:** Push the button.

**MR. SCIARRA:** Thank you, Co-Chairmen Adler and Conaway, and the entire Committee for this opportunity to appear today. I know we're limited to five minutes, so let me try to talk a bit about how we can ensure greater accountability for the use of school funding, to ensure rigorous standards-based education for all New Jersey students.

I want to focus my remarks primarily on the experience since '99, 2000 with implementing the Supreme Court's Abbott rulings. Those rulings are generally thought of as only about school funding. But, in fact, if you read them and look at the history and experience of implementation, you'll see that the Court understood that funding alone would not produce the educational improvements for low-income and disadvantaged students we all are seeking.

Even more important in the Court's rulings, frankly, than funding is the effective and efficient use of funds and sustaining school reform efforts. So the Court, in '97 and '98 rulings, made it clear that the Commissioner of Education was to take affirmative and aggressive action to make certain that urban schools use their funds effectively and efficiently to enable students to meet State standards. That's an explicit directive of the

Court. This grant of accountability is constitutional, unlimited, and immediate. The Court's directive to take any action means just that -- any action.

Overlooked in the public discourse about Abbott has been the intense scrutiny of Abbott budgets and spending by the DOE, aimed at containing costs, achieving efficiencies, and minimizing the need for additional funding. The DOE has devoted substantial resources to this effort, drawing upon the \$14 million in parity funding it receives annually to manage and supervise Abbott. Unfortunately, the Department has provided almost no information or analysis of the results of its work.

So what I'm going to suggest today are some essential areas of further inquiry that are critical to understanding this issue of cost efficiency, or cost-savings if you will, not just for the Abbott districts but for all school districts. And a lot of this has occurred in the Abbott districts under the mandate of the Court, that I've just explained.

The point is, is that the Department has been laboring for the last five years -- a lot of it which found its way into S-1701, in terms of the spending caps. A lot of that work started out in the Abbott districts. We need to know what they've learned through this effort. And so here are the following areas that we would recommend you conduct further inquiry:

One is cost efficiency in the Abbott budgets. Since 2002, the Department has adopted detailed efficiency standards for Abbott budgets and used those standards to review the budgets. The cost efficiency standards cover almost every spending area from energy to administration to vacancies to surplus. They've developed and applied comparative

spending data, audited districts, and taken other actions to achieve efficiencies.

I've attached a small set of the efficiency regulations in last year's Abbott code for you to get a sense of the standards that have been applied to the Abbott district budgets, and developed by the Department. But the question is, what's been the result of this five-year effort?

Two, suburban spending since '97. As you know, the Court's parity remedy requires the Department to calculate the regular education spending levels in our successful suburban districts or our lighthouse districts. The Court adopted the average spending level in our I and J districts not because these were the wealthiest, but because they were the most educationally successful, and established that as the benchmark for foundation funding for our urban districts, which is approximately \$12,000 per pupil this year. We need to know what the Department has learned from its review of suburban district spending. How do our lighthouse districts use their funds to achieve such high-quality educational success?

Third is Abbott preschool program. The budgets for the Abbott preschools are zero-based, built from the ground up annually to provide a high-quality program for urban youngsters. The average per pupil cost has held steady over the last couple of years at about \$10,000 per pupil for a full-day educational program. What lessons have we learned from building those budgets from the ground up for both preschool providers who are operating under contract with Abbott districts, and the districts themselves who are running in-district programs? That's an experiment that we've been engaged in for the last four or five years that we need to learn more about.

Fourth is the DOE's budget format. You heard about this last week from Ms. Attwood. The DOE's Web-based budget format was developed 15 years ago to capture general spending categories, and it does not link -- this is the critical point -- funding to a specific program, staff, and positions. It just doesn't do that. It wasn't set up to do that. The result is a district budgeting process -- and this is across the state, frankly -- that does not allow for in-depth understanding and examination of spending at the school and classroom level, and a DOE comparative spending guide, frankly, that's almost useless in terms of promoting efficiencies. How can the State's budgeting framework be modernized?

Fifth, the DOE capacity. We know from Abbott that the DOE lacks the technology, staff, and expertise; and we know from a lot of other areas, quite frankly, it can't exercise its responsibility. It doesn't have the capacity to do that to ensure efficient spending, let alone evaluate program reforms for effectiveness. What improvements do we need at the DOE to build sufficient oversight capacity?

And lastly, the Education's cost study, that was done in 2003, that we participated in. With the help from school finance expert Jon Augenblick, from Denver, the DOE did cost out a high quality education for all students -- I know you heard from Ms. Hunter and Mr. Griffith about this a couple of meeting ago -- using both the professional judgment and successful schools methodologies. Efficiency factors were part of that study. I know, because we participated in that study with many of these groups that are here today. We should get this study released now and we should examine it for what does it tell us about the issue of cost savings and cost efficiency.

So I think it's important to understand that Abbott has not only provided adequate funding to our poorest communities. It has also launched a concerted effort to promote cost efficiency and hold districts accountable for using their funds effectively and efficiently. We frankly need a full-scale inquiry into those efforts in order to understand what has worked, what hasn't, and frankly what do we need to do to move forward in this most important topic.

Thank you.

ASSEMBLYMAN CONAWAY: Well, we're going to save questions until the end.

With that, next we have Ms. Betsy Ginsburg of the Garden State Coalition of Schools, who will make a presentation.

**B E T S Y G I N S B U R G:** Yes. Good afternoon, Senator Adler, Assemblyman Conaway, and members of the Joint Committee on Public School Funding Reform.

As you mentioned, my name is Betsy Ginsburg, and I'm on the Board of Trustees of the Garden State Coalition. I'm pleased to be here on behalf of our 350,000 students in 110 districts.

Today, at your invitation, we're offering suggestions from our members on ways of trimming education costs. We also look forward to continuing the conversation with you, as these ideas will certainly give birth to other constructive ideas along the way and will need to be flushed out as the process continues.

In your handout, we focused on several areas, and I will summarize these quickly. The first is benefits. The current State Health Benefits Plan is inflexible and limits local boards' negotiating ability,

resulting in increased costs for local taxpayers. Do not restrict districts' current ability to shop for cheaper plans by requiring all districts to participate in the State Health Benefits Plan. Doing so would only create a rigid, monolithic system that does not promote competition in the health benefits marketplace. The nearly 300 districts that are currently experiencing savings, including 40 that dropped out of the State Health Benefits Plan recently, would see an immediate cost increase if they were forced into the State Health Benefits Plan.

Under special education: Right now, there are over 500 private providers delivering mandated special education services via out-of-district programs for disabled children and only a few DOE auditors assigned to review the books of these providers. It is past time to increase the DOE auditing staff to a level where private providers, who are paid millions of dollars for special education services, are held accountable to the public. We also encourage decreasing litigation costs by establishing a mediation system for special education beyond what is in place already. And we would like you to consider expanding the county superintendents' offices to provide legal services to school districts for special education costs, if it's possible to do so at a fee less than those currently charged by private firms and solo practitioners.

With regard to facilities, we'd like to ask that you consider reducing the paperwork and approval process that the State requires for capital projects, particularly those that are district funded. As you know, we have to complete our capital projects in the Summer, usually. Excessive paperwork sometimes will hold up a project for a year, sometimes more. If we can't get it done in the Summer, it has to go over to the next Summer,

thereby increasing the costs quite a lot. We also hope that you would provide incentives to reduce energy costs. Energy costs are a big cost driver for us. We also would encourage districts to use qualified in-district personnel to do repairs and maintenance tasks, such as painting. We do this in my home district of Glen Ridge. It is often cheaper than using outside contractors.

With regard to shared services -- again my experience in my home district and witnessing others -- we encourage sharing with municipalities. Many districts do it already and many more could benefit from sharing services with their municipalities. Our district, Glen Ridge, shares some snow removal responsibilities and equipment, and we also piggyback on projects such as the repaving of school parking lots. Glen Ridge alone saved \$40,000 on one project where we piggybacked with our municipality. It makes sense. Municipalities pave roads every year. If you have a parking lot to pave, you piggyback.

Many districts are already part of consortiums or group buying-plans for supplies, energies, etc. Incentive should be provided to encourage this process. Create grant programs that would finance feasibility studies and implementation costs to help encourage a greater level of shared services among school districts. And help districts to better and more efficiently analyze their cost efficiencies through a coordinated service on shared information. Those things are somewhat repetitive.

With regard to negotiations, there are a couple of points: Revisit the scope of negotiations law to eliminate imbalances that magnify the David v. Goliath situation that now exists in negotiating situations; and

revisit the last-best-offer law, which can cost time and money during labor negotiations.

With regard to privatization, consider using the county superintendent's office to explore privatization of services, such as food service, maintenance, and custodial service, as well as transportation. And also analyze the experiences of districts that have privatized services already.

With regard to mandate review, implement recommendations from the Mandate Review Commission to eliminate many expensive mandates; and legislate-- Make it possible or legislate, so that new mandate legislation would come accompanied with a price tag -- not just to the State, but to local districts.

Transportation, with regard to nonpublic school services: Administration of services to nonpublic school students, such as transportation technology, nursing, and nursing services are administered now on a district-by-district basis. In situations exclusively relating to reimbursement, this often means that a number of different districts will be sending pass-through funding to the same school. Explore the possibility of centralizing administration of nonpublic services on a countywide, regional basis. If the county were allowed to provide the same supervision, it would free up local staff to do local work. And I will refer you to the Education Mandate Review Commission report.

Implement the recommendations set forth by the Commission on Business Efficiency Task Force, under the chairmanship of Senator Doria.

You see several other points with regard to data analysis and collection, which somewhat mirror what Mr. Sciarra has already said.

With regard to finance -- or I should draw your attention to one -- the last point under data analysis and collection. Modeling: identify districts in every DFG that are both high achieving and cost-effective. Use detailed information about these districts to assist other districts in the same DFGs to improve performance, both fiscal and academic.

And finally, finance: Increase the amount of fund balance, sometimes know as surplus, the districts are permitted to hold. Decreasing fund balance actually costs money, as you have to budget to the max for -- in categories where you have variable expenses every year, like energy, like transportation, and other costs. And also seek legislative action, which I know is the end product of all of this, in areas that can improve efficiency. Base legislation on factual evidence and fiscal notes before moving bills ahead.

For example, ongoing conversation about regionalization being an effective and efficient avenue to improve costs and delivery of education falls flat when existing tax laws are an immediate disincentive to districts seeking to combine. It is also known that the combining of districts will impose higher salaries in the districts' salary guides that are not the highest in the potential regional district.

And that concludes our suggestions/recommendations.

Thank you.

ASSEMBLYMAN CONAWAY: Let me say, just from the sideboard conversations, that this is -- your presentation is right on point,

specific and, as to the detail, just the kind of thing we're looking for. I say that as a backhanded suggestion to those who follow you; but well done.

Thank you.

Next we have Judith Peoples, Joint Council of County Special Services School Districts.

Ms. Peoples.

**J U D I T H B. P E O P L E S:** Thank you, Chairman Conaway, Chairman Adler, members of the Committee. Thanks for the opportunity to be here today. My testimony is much more limited than the previous testimony, because I represent eight county-based special services school districts that serve approximately 4,500 students with multiple disabilities, autism, behavioral disorders, and severe cognitive and physical impairments.

At countywide receiving school districts, one of the first countywide shared services systems in New Jersey, the districts were designed to meet the specialized needs of these students with low-incidence disabilities requiring highly specialized services not usually provided by local school districts. Providing these services at the county level helps to eliminate duplication and ultimately reduce the cost to taxpayers.

Although most of the special services schools districts provide a building at the county level for services, it is not true in all eight counties. There are many different arrangements for delivering services. Salem has two facilities and uses sites in local school districts. Warren provides all of its services in local host-school facilities. Bergen County has a long history of providing special education services within its technical schools and local host schools. In Gloucester and Mercer counties, freeholders recently made

the decision to combine the administration of the special services school district with the administration of their county vocational schools.

In addition to providing direct services to students, these districts provide special education services to local districts on a contractual basis. This also reduces duplication of services and saves local tax dollars. A prime example is the coordination of transportation routes and services; also staff training, consultation, shared employment; transition planning for students moving from one level of services to another; crisis intervention education; career centers, vocational assessments, coaching; occupational therapy services, evaluations; speech therapy services; physical therapy services; counseling; home instruction; preschool programs; nonpublic school services; assistive technology; business services, grant writing; educational programs for incarcerated juveniles.

As everyone involved in education is keenly aware, special education is a high cost item. Many of the high costs are dictated in the form of mandates established by the Federal Government, court decisions, or by New Jersey's administrative code. An examination of existing mandates and careful consideration before establishing new mandates would help greatly in holding the line on the growth of special education costs.

Utilizing existing countywide public structures to deliver services wherever possible would also help in that regard. Perhaps a state policy similar to the one that currently requires the use of generic drugs first on pharmacy prescription forms would be helpful in holding down costs. If all local districts were required to explore public placement of special

education students before a private placement could be considered, it could help to stem the growth of special education costs.

I have attached two pieces to my testimony that I'll let you read at your leisure. One is about a mandate that was recently adopted.

ASSEMBLYMAN CONAWAY: You don't want to talk about that now, while you have a moment?

Okay, we'll move on then.

Thank you, Ms. Peoples.

Next, we have Dr. Barry J. Galasso, New Jersey Association of School Administrators.

**B A R R Y J. G A L A S S O, Ed.D.:** Thank you, Chairman Conaway and Chairman Adler, and also to the Committee, and thank you for letting us participate in today's discussion. Our written testimony has been provided. What I'd like to focus on are five specific recommendations that NJSAA would like to recommend.

Number one is: We'd like to recommend the voluntary consolidating of school districts and municipalities, to maximize the effective use of resources, by providing incentives over a five-year period of time. We encourage and support enabling legislation that would completely give an opportunity for both school districts and municipalities to move into that venture.

We also recommend a careful review of all current and future mandates and look at the impact that they have. There's a difference between what is envisioned at the state level and the reality of what it costs at the local school districts.

We recommend that private special education costs be reviewed very carefully, audited, and capped so that they are maintained at the same level that school district budgets are allowed to increase on an annual basis.

And we also recommend that whatever school funding mechanism is chosen in a state as diverse as New Jersey, that it allows for entrepreneurship. And just let me elaborate on that: Currently, in order for a school district to be considered to have busing efficiency, it has to have a formal jointure in public transportation contracts. School districts have been successful for years in tiering their bus routes -- without formal jointures that would cost them the opportunity to maintain the current bid that they have in public school transportation -- without a complicated formal jointure, and have saved thousands, if not millions, of dollars across the state informally. But for bureaucratic reporting purposes, they are seen as inefficient in transporting public school children.

Whatever school funding formula that we come up with, we have to allow for schools to use the creativity and the ability of the administrative leadership to save dollars, both in-district and to encourage the regionalization of services, which is imperative to reducing property taxes in the state.

ASSEMBLYMAN CONAWAY: Sorry, Dr. Galasso. Could you just explain *jointure*? I don't understand it. I don't know if anybody else has that problem, but just--

DR. GALASSO: Okay, let me give you a perfect example. Fifteen years ago, I became a new superintendent in the district. And when I realized that we had a \$54,000 surplus and a \$25 million budget, I was concerned. Well, we had just also let a four-year bidding contract to a

transportation entity. So we were stuck with this bid. What we did -- I was a superintendent of a regional school district. We brought the sending districts together. We said to the bus companies, "We don't want to disband the contracts, but what we need is relief." We were able to work at a school schedule that allowed for elementary kids, middle school kids, and high school kids to go on a triple-tier and four-tier system without a formal jointure. There were hundreds of thousands of dollars saved in that regional school district. Two years later, the Department asked us -- with regards to busing efficiency. Most of the sending districts were inefficient in their busing formula because we did not have a formal jointure. In other words, we didn't have a legal agreement amongst the four school districts and a legal agreement amongst the bidding contracts that we had.

So what I'm saying to you is, we're trying to point out the fact that people are creative, they're intelligent. What we need to have is an opportunity for us to be creative.

A second example: If we were running a regional special education program, as was suggested earlier by people giving testimony, initially under 1701, we would have been penalized because we would have had the administrative cost for operating a special education class of -- or classes of five or 10 -- classrooms in the event that we had the space to operate that particular program. The Legislature saw the wisdom and eliminated the penalty. But initially, under 1701, it was a penalty for excessive administrative costs.

So whatever school funding formula you come up with, it has to be -- it has to induce the entrepreneurship of the people that operate school districts and the governance team that works together with the board

and superintendent. And to that point, I'll make my last point, and that is that we're recommending a five-year contract for superintendents. I know some people on the dais may say, "Well, that's self-serving." But we recommend it for a reason. The latest research that's out there talks about the effectiveness of school governance teams and stability in educational leadership and student achievement. And if we're going to spend billions of dollars in education in New Jersey, then we ought to be sure that leadership is stable, that people are forced to work in good governance teams to support quality teaching and services, and that student achievement is at the highest level.

And we believe, with a five-year contract with superintendents, that we would not have school districts that are now losing superintendents after 18 months, two years because of their own desire to move on or maybe the board's desire for them to move on, and then hiring temporary help. And in some cases, we have interims, we have paid superintendents, and we have a third superintendent who has been hired. So we believe stabilizing educational leadership will reduce costs with regard to long-term efforts.

And more importantly, statistics now prove clearly that it will improve student achievement, and that's the basis of what a public education is all about.

Thank you.

ASSEMBLYMAN CONAWAY: Thank you, Dr. Galasso.

Next, we have Mr. Richard Dorow of the New Jersey Association of School Business Officials.

Mr. Dorow.

**RICHARD R. DOROW:** I wish to thank you for having the opportunity to come before this Committee. It's always difficult to be the fourth or fifth speaker, but I'll try not to be redundant, because many of the ideas shared, with the individuals who spoke before me, I share as well.

But let me be specific in some of the areas. Again on health benefits, that was mentioned, the majority of school districts are in the New Jersey State Health Benefits Plan. And I certainly support flexibility, which school districts do not have in that Plan currently. Municipalities have greater flexibility, where an individual or the municipality can reject that hospitalization coverage and get remunerated by whatever contractual agreement is with the municipality. So I certainly would share with you an opportunity -- the health benefits costs going up so high, that we give the State Health Benefits Plan the opportunity to better serve the state.

Another specific area that we've been concerned about for a number of years is the prevailing wage threshold. Any school district contract in excess of \$2,000 -- and that's a very small threshold -- requires that prevailing wage be paid to the contractor. Municipalities currently have that at a threshold of \$10,743, and it's reviewed every five years with the CPI. So all we're looking for in school districts is, please, give us the same latitude where, in particular, small school districts have an opportunity to use local individuals, highly talented, that would well serve the school district.

Another recommendation I would have is the extending of lease purchase for energy improvement. We know what energy costs currently are doing to school districts. Currently, the legislation only permits lease purchase in this area for five years. We're trying to extend that to at least

15. You can imagine the magnitude of that expenditure if you're doing a window replacement, or a boiler replacement, or pneumatic tubes, or whatever they may be. Five years is a short term for a district to afford that kind of capital expenditure. So what we're looking forward to is the long-term, in terms of saving for school districts.

Another area is in the Workers' Compensation Law. We are treated differently, in the private sector, as the public sector. We're required to pay full salaries for up to 12 months for employees that are injured on a job; the private sector deals with, I believe, a maximum of 10 months. So we're just looking for being on an equal playing field.

Obviously, we're very much in favor of legislation on a funding formula that would eliminate the vote on a school budget if it's within cap. I think most of our associations agree with that.

The cost savings that we're involved with now, we wish to even expand further. We run a program called Alliance for Competitive Telecommunications, commonly called the ACT. We sponsor that, the New Jersey Association of School Business Officials. We have over 400 schools in that. And what we do is, we bid telecommunications, and we're able to get a very favorable rate, basically a permitted rate, and that's available to any public school district in New Jersey. It was just bid recently and our current rates were even lower than our preceding contract, which expired.

We also led, in partnership with the New Jersey School Boards, New Jersey Association of School Administrators, with the ACES program -- and that deals with natural gas and electricity. We bid, for the first time, natural gas. We locked in a two-year contract, which I think is extremely

favorable -- of course we don't have a crystal ball as to where energy costs are going. But we currently have 258 school districts participating in that.

We also go out for bid on electricity, and will be doing that shortly. Our contract ran out and it's not favorable right now to go out for bid on that, because the major suppliers have been locked in. The rates, if we bid now, would be in excess of where they are.

We also have a partnership with MBIA-CLASS, that's a major investment house, and we just signed a renewal agreement with them where they actually come into school districts and advise them on investment of money, cash flow, and also situations with bond proceeds, etc., that the cash flow could be properly invested and therefore bringing money back to the school district.

NJASBO runs an outstanding Web site. I must brag a little bit about our Association. On our Web site, we have specifications for numerous projects -- architectural, custodial supplies. So anybody who wishes to go out for bid on an item certainly can go to our Web site and get an idea of what a good specification might be, and hopefully they will extract favorable information from that. We also have, in our Web site, a lot of information on vendors. So as a school district needs services in a particular area, they can get it from our Web site.

We're looking at expanding that Web site for best practices. And to be honest with you, we're looking for some grant money in that area, because we are a small Association, but we do believe that if we could advance that, that there's certainly a savings to the school districts in New Jersey. So we're looking towards that.

Our Association also offers professional screening services if a school district wants to hire a school business official. We can participate in that because we know what people are in our Association, what characteristics a good school business administrator should have.

And very importantly, we offer to school boards throughout the state a district business function review. So if a school board of education thinks that they would like to have an outside agency such as ours to review the effectiveness of their business function, they can certainly contact our Association. I would meet with that board of education. I would meet with that superintendent. I would find out exactly what they are looking for, what the focus is, and I would recommend consultants from our Association to go in and to do a rather elaborate report on the effectiveness of that school board and what they may do to advance themselves in terms of their business efficiencies.

New Jersey ASBO is very active in doing workshops, and we've done workshops on best practices, school business administration best practices, purchasing practices. We've done workshops on long- and short-term financing of projects. We've done workshops on Pay-to-Play, procurement bidding laws, S-1701, IRS compliance, public record management, technology, and budgeting.

And all of these workshops that we do, do have a very cost-saving effect to that school district, as an individual goes back after these experiences.

We also have something that's very unique, that perhaps nobody else has--

SENATOR ADLER: Mr. Dorow, can I interrupt you for one second?

MR. DOROW: Yes.

SENATOR ADLER: I apologize.

MR. DOROW: Sure.

SENATOR ADLER: I'm hoping you're going to give us ideas on what we can do to help the school districts maintain a high level of education quality for the public schools throughout New Jersey--

MR. DOROW: Right.

SENATOR ADLER: --in a more affordable manner.

I don't mean to suggest any--

MR. DOROW: Absolutely.

SENATOR ADLER: --criticism of what you do and what your Association does to help school business officials do their jobs better. I guess what I'm hoping to get from your testimony is a little bit less about what you do and a little bit more about what we could do, by (indiscernible) of good ideas -- if you have good ideas you want us to put into legislation, or if you want the Department of Education to put good ideas in a regulation, or if you want us to just trumpet good ideas -- but I guess I'm hoping to sort of narrow your testimony a little bit. I know you're at least halfway done, so I apologize for not jumping in sooner. But I'm hoping you'll give us ideas on what we should do to curb costs, to slow the growth of spending, to make New Jersey education both as excellent as it's been, but also affordable for property taxpayers, knowing we have a limited amount of money the State's going to put into public schools. And it's grown enormously in the last years, and we're proud of that fact, but it

can't keep growing at the same rate going forward. So I sort of have a narrow purpose of our invitation to you and the other valued stakeholders, which is to give us ideas on what we can do governmentally to make it work for taxpayers in New Jersey.

MR. DOROW: Okay.

SENATOR ADLER: So I don't mean to be rude to you, but--

MR. DOROW: Not at all.

SENATOR ADLER: --that's our request of you for today, knowing there will be other opportunities and other stakeholders to speak on the other vital issues facing New Jersey education.

MR. DOROW: The last item I'll touch on, and then I'm just about done with my testimony here. I appreciate your comments on that.

I believe so much in shared services. Senator Cardinale knows I've worked 30 years in districts that were in the 39th Congressional District, and we did a number of shared services. In my 30-year career as a business administrator, I did transportation for 10 boards of education, special education for over 31 districts. I think there's so much that can be done in curriculum and instruction, staff development, and technology. So I would suggest that there be some -- in a funding formula -- some initiative that would encourage the participation of school districts joining in areas where they can be very efficient, and also very helpful in education. Because I think as you coordinate your staff development, your technology training, your curriculum instruction, you have a better program if it's administrated correctly.

So my last commentary is certainly on the joint services that boards of education have. I think that there should be something that encourages that efficiency, both in dollars and the quality of education.

And I'm sorry my testimony ran a little over, but thank you very much for this opportunity.

ASSEMBLYMAN CONAWAY: You did very well.

I think you're on. There you go.

Thank you. You did a fine job.

Next, we have Ms. Jessani Gordon, New Jersey Chapter of Public Schools Association (*sic*).

Ms. Gordon.

**J E S S A N I G O R D O N:** Good afternoon, members of the Committee and fellow Association representatives. My name is Jessani Gordon, and I'm the Executive Director of the New Jersey Charter Public Schools Association.

The Association represents the families, teachers, and leaders of New Jersey's charter schools. And on their behalf, I thank you for the opportunity to participate in this discussion. Before I share with the Committee some of the Charter Schools best practices around cost efficiencies, I'd like to provide a very brief description of Charter Public Schools, and put into context the environment which has compelled them to be very resourceful in their operations and creative bargain hunters.

New Jersey Charter Public Schools are free public schools that are open to all children and typically offer their students more individualized attention, longer school days, longer school years, and

innovative programs, with substantially less funding than other public schools.

We now have 53 operating charter schools in New Jersey, serving approximately 16,500 students, with thousands on waiting lists. And the vast majority of our children come from low-income households.

These uniquely accountable charter schools, which are authorized and evaluated by the New Jersey Department of Education, are created and sustained by the communities they serve.

Charter schools face serious challenges to their long-term survival, stemming from the inequities of charter school funding, which I will not go into today. But I do want to say that, as a result, many charter schools receive a fraction of the funding that their neighboring district schools receive.

Charter school operational budgets are 70 percent lower than in non-Abbott district schools. In Abbott districts, the disparity is much greater, up to 50 percent lower. So, out of necessity, and by their nature and design, therefore, charter schools have to do more with less. Some of the cost-saving measures can be viewed as best practices that stretch taxpayer dollars and result in smarter spending. Some, however, are necessary adaptations that charters have had to make due to lack of resources, and have a negative impact on the schools and the quality they serve to attain -- strive to attain.

I'd like to share some examples of cost efficiencies and necessary adaptations. I'd also like to stress that many of these practices are not unique to charter schools. District schools are doing some of them

as well. And none, in and of themselves, is a magic bullet. It's a cumulative effect of many of these that adds up to real savings and cost efficiencies.

Number one: Charter public schools have lean administrations. Most charter administrators cover multiple jobs. For example, at Academy Charter Higher School, near Asbury Park, the lead administrator is also the Title I coordinator, curriculum coordinator, does all the teaching observations, and teaches a science class. At TEAM Academy Charter School, in Newark, nearly every administrator, including the lead, also teaches.

Number two: Teachers are doing more. They pitch in because they share a collective vision. Some schools also have pay-for-performance programs. Within their contracts, without extra pay, teachers work longer hours and longer school years, and often do multiple jobs. They often supervise the before- and after-school programs, they supervise clubs, coach sports teams, and some teach Saturday and Summer programs.

Number three: Charter public schools cut waste and spend wisely. There are many examples of what schools do to stretch their dollars through efficient purchasing practices and revenue maximization. Some participate in buying cooperatives in which they save on general supplies. Others participate in textbook sharing programs, where they purchase textbooks that have been used by district schools, and then use them in charter schools.

Many schools look for alternative sources for many of their needs. For example, Greater Brunswick Charter School, in New Brunswick, purchases furniture from Rutgers and Princeton University surplus warehouses; they furnish their computer lab from Middlesex County

College, saving tens of thousands of dollars; and many pursue different grant funding sources, such as Federal, State, and private foundations, in order to leverage their -- the efficiencies and effectiveness of their programs.

Charter schools share services. This is number four. Examples of shared services are nurses, business administrators, child study teams, and special education services, as well as cleaning services.

Number five: Charter public schools rely on parent involvement and tap into community resources. Parent volunteers provide critical services to charter schools. At Unity Charter School, in Morristown, parent volunteers help with food preparation and serve the lunches. At Marion P. Thomas Charter School, in Newark, parents run the entire food service program for a small stipend. At Greater Brunswick Charter School, parents perform administrative tasks, such as mailings. They also paint the furniture, they help set up the technology, and donate furniture and supplies.

Charter schools are able to access more resources by partnering with community organizations. Greater Brunswick has a very small library in their school, so they partner with the city's public library and bring their students there. Ridge and Valley Charter School, in Warren County, has a science education partnership with Genesis Farms. And Academy Charter School has a career-based internship program, where students intern at local businesses and community organizations.

In the best of circumstances, these measures work, and charter schools survive and their students thrive. How are charter schools able to achieve these savings? We believe it boils down to a shared commitment to the school's vision and mission that administrators, teachers, parents, and

community members buy into. When stakeholders firmly believe in the school's mission, it fosters additional commitment and dedication. Staff is willing to put in more time. Parents understand that the school's success can be impacted by their involvement so they step up to the plate. And the community gets involved and provides valuable resources.

I appreciate your hearing my testimony today. And I'm happy to answer any questions.

Thank you.

ASSEMBLYMAN CONAWAY: Thank you.

Next, we have Ms. Judy Savage, New Jersey Council of County Vocational-Technical Schools.

Ms. Savage.

**J U D Y S A V A G E:** Thank you very much, Mr. Chairman, and members of the Committee.

I appreciate this opportunity to speak to you on behalf of our county vocational schools, regarding our ideas about reducing school district costs.

The county vocational schools applaud this Committee and the legislative leadership for tackling the very difficult issue of property tax reform. Developing a fair and equitable funding formula that supports the needs of New Jersey's diverse student population, while encouraging efficiency, is indeed a formidable task.

The 21 county vocational schools are established in statute to provide essential career and technical education programs on a cost-effective, regional basis. They are market-driven schools of choice, and their survival is depending on attracting students. They offer a range of quality

programs that meet regional economic needs, and prepare young people for college and today's competitive workplace.

Career and technical education programs are significantly more expensive than a regular high school class, because they require technical equipment, specialized materials, and a smaller class size. Whether they are traditional programs, like construction or cosmetology, or a new high-tech program in computer technology or health care, the vocational schools incorporate lots of state-of-the-art technology -- because if they don't keep pace with industry standards, they can't possibly prepare today's students for today's jobs or tomorrow's jobs.

So as career and technical education becomes more technology-driven, it really makes sense to offer these programs on a regional basis. Quite simply, it's no longer cost-effective for every local high school to offer expensive specialized programs that serve a relatively small number of students. With so many other priorities, it's very difficult for local districts to continually upgrade programs and equipment to keep pace with advances in the workplace. So offering specialized programs at the county level provides access to the broadest population.

While we understand that districts, students, and parents may wish to retain certain programs in the local high school, the Council of County Vocational Schools recommends that local districts carefully examine those that duplicate offerings available at the county vocational school. If it's less expensive to send students to the county vocational school, then it doesn't make sense to maintain the same program in the local high school. When there's a need for a new program, local districts

should collaborate with the county vocational school to offer it on a regional basis.

In Salem County, for example, the county vocational school partnered with four local school districts to offer career academies in local sites that are open to all students in the county. A similar approach holds some promise for Abbott districts that are trying to create small career-focused high schools. Why not tap the recognized expertise of the county vocational school to create a locally based program that meets a regional need?

Similarly, the county vocational schools have demonstrated success with at-risk and special education students. Very often, students who don't succeed in a traditional high school can do very well in a smaller environment that provides hands-on training in meaningful job skills.

County-based special education programs that prepare students with disabilities for success in the real world are less expensive than many specialized placements. They can be more cost-effective than trying to meet the student's needs in the local high school. And they provide the added bonus of offering critical job training opportunities that are not available in a regular setting.

Though the time does not permit a full discussion of some of the other ideas that we've included in our written testimony, I do want to touch on two of these. The first is collaboration between school districts and colleges. This is something that can enrich the high school experience, while actually saving money. County vocational schools offer a number of dual-credit options that enable students to take college courses in their high school building or on the college campus. It provides them with highly

specialized opportunities, without increasing the size of the local school district staff. It gives students a jump start on college, which can save substantial tuition dollars for their parents. Another area with lots of promise for education is distance learning.

In conclusion, the new funding formula has to balance adequate support with increased demands for cost-efficiency at the local level. The county vocational schools offer an established infrastructure and delivery mechanism to reduce local spending by meeting specialized needs on a regional basis.

We'll continue to seek new ways to serve -- to develop the workforce, challenge talented students, and serve specialized populations in each county. While we don't advocate a radical shift to county-based school districts, we do support incentives that will transcend artificial barriers to collaboration among school districts. There's tremendous potential for successful partnerships between county vocational schools and local districts. And a new funding formula should encourage collaboration to meet common needs on a regional basis.

Thank you very much for the opportunity to speak today. We look forward to a continuing dialogue with the Committee as you move toward a new funding formula. And we hope there will be additional forums to talk about the particular funding needs of county vocational schools.

Thank you.

ASSEMBLYMAN CONAWAY: Thank you very much.

Next, we have Joyce Powell, New Jersey Education Association.

Ms. Powell.

**J O Y C E P O W E L L:** Good afternoon, Chairman Adler and Chairman Conaway.

It certainly is great to be here this afternoon.

As you know, I represent about 196,000 school employees throughout New Jersey.

And I'd like to thank the Committee, as well, for giving us this opportunity to talk with you this afternoon about some of our ideas on how we can cut some of the costs associated with public education.

Understand that this is a very difficult topic: that the members that I represent really are not the individuals who authorize any of the school expenditures, that they are not the individuals who set the school policies, that they are not the individuals who get to strike the budgets in local school districts. And, basically, the members -- the school employees that I represent -- really are, kind of, the recipients of all of those decisions that are made by other decision makers.

If this were an easy task, I think that we would know -- we would see that there would be some easy solutions. And we've all talked about ensuring that we have high-quality public education throughout our state.

But there is a lot of-- As you've heard this afternoon, there's a lot of transparency with our public schools, probably more so than with any other governmental entity. We see how schools receive their money. We understand how they spend the money, how they budget. Everything about our schools, certainly, is public information. There's an annual comparative spending guide, there's a school report card, there's a school budget election. And each district is required to have a yearly audit. So we

probably know more about our schools and the expenditures in our schools than we know about any other governmental entity in our state.

In my written remarks, I've listed some areas that will discuss spending and some contacts for spending. But I'm a pretty good student. And I understand that you really would like me to talk about some other things. I just would like to point out to you -- and I think you can read all those things for yourselves. So, as I said, I'm a pretty good student, so I don't want to--

SENATOR ADLER: You don't want to get him mad.  
(laughter)

MS. POWELL: I don't want to give you all those statistics.

But I do want to point out about -- property taxes have increased dramatically in the past five years. But the proportion of taxes that goes to schools has remained constant, at about 55 percent.

I'd also point out to you that the Federal government's share of cost in New Jersey is 2.9 percent. And we rank 51st, nationally. The average Federal share is 4.8 percent. So we are not getting back our share of the Federal dollars that we really should be getting back.

And we also need to ensure that-- I believe that we have an obligation to make sure that all of our resources are directed to areas where they will help students the most. And so we need to-- We will look for some areas that we can provide, that will help with efficiencies.

But I will also mention-- And I think, as you've heard this morning, that because we have had five years of flat funding, many efficiencies have already been put into place. These have been five difficult years with little or no State aid -- increases in State aid. Many districts

have already scoured their budgets, line by line, looking for ways to save money without sacrificing services. And while school districts no longer receive aid according to CEIFA, they are still subject to the CEIFA spending restrictions. If there is, then, any excess in local school districts, in their budgets, it's long gone. And I don't believe that we will find a silver bullet or a magic formula that will allow for major reductions in spending. Because if we have major reductions in spending, that will affect the quality of our public schools.

But we do have some very specific recommendations that will help, we believe, in school costs. First of all, we would encourage long-range planning and budgeting, by providing State aid on a more predictable basis. We believe that that's a cost factor to school districts, when they've had an unreliable understanding of what their revenue will be from year to year. Schools are only permitted to retain a 2 percent surplus, when inflation exceeds 4 percent. School districts can't rely on a formula to determine how much State aid they will receive. And, in recent years, districts did not receive their State aid figures until days before their budgets needed to be published. We believe that the time factor is critical for local school districts. So they're unable to take a long view of their budget to determine how they could actually save the taxpayers in their municipalities some money. We think that we should even begin to look at a two-year budget cycle -- that that would help in cost-efficiencies.

We think that, number two, we should protect investment in capital expenditures and equipment. Certainly, schools need to make the most of what they have. And this means that -- budgeting for regular building maintenance to avoid costly repairs that occur in the future.

The Legislature should also consider extending the useful life of school buses -- of a school's buses. Currently, school buses in New Jersey are retired after 12 years of service, regardless of their condition. We know that some of those buses are still in very, very good condition. And we don't think that we should relax any health or safety regulations, or environmental standards. But buses should be allowed to continue in use, as long as they are -- they meet the State's stringent standards to continue in use.

Everyone, I think, this morning has talked about special education. Certainly, we have some concerns and some understanding in the arena of special education, particularly out-of-state placement costs, because of the related transportation costs -- that we should be able to determine whether or not these are appropriate, and if there are some appropriate in-state options available. Also, that we might be able to regionalize some of the special education services. I know, from experience as a special education teacher, that there are areas that -- where we have a lot of paperwork that's associated with special education. We ought to look at that paperwork reduction, and the redundancy that occurs with some of the delivery of the special services -- some of it is excessive. And we need some reforms. And we believe that that will increase some cost savings.

Fourth, as other folks have mentioned, we need to study existing shared services agreements and disseminate best practices. We also believe that the existing shared services agreements -- and we should look at those. We should evaluate their cost savings. And when agreements result in a measurable cost savings without negative impacts on educational quality, the State should disseminate that information. We don't think

there's any clearing house that allows for that information to be utilized in other areas. It could be replicated in other districts, if they were aware of it.

We also would concur -- number five -- that we should make the State Health Benefits Plan more efficient. Certainly, medical benefits are an important part of school employees' compensation, and they should not be reduced, nor should they be diluted. But we believe that the State could provide the same level of benefits for less money by instituting some reforms in the State Health Benefits Plan.

Specifically, the State should conduct a thorough audit of the program to ensure that only eligible individuals are enrolled, to ensure that there is encouraged bulk-purchasing, to hire a pharmacy benefits manager, and to encourage greater use of generic and mail-order drugs. And I will tell you that we have had a year-long educational campaign with our retirees to do just that, with encouraging greater use of generic and mail-order drugs. And certainly, we believe that if we could lower some of the costs, the State Health Plan would be more attractive to more districts. And then it would make the overall costs of the plan -- would further be increased (*sic*).

And, last, we think that the Federal government should provide the aid that New Jersey deserves. The Federal government has been dramatically underfunding the cost of education in New Jersey, particularly the mandates of the so-called No Child Left Behind Act. We should demand the millions of dollars that it costs to implement the expensive -- and I would also add, the excessive -- demands of No Child Left Behind, particularly the standardized testing that's called -- required for by the law. And the Federal government should be required to pay 40 percent of the State's special education costs. I'm sorry, they are required. But, right now,

the Federal government is only paying 12 percent of those special education costs. That is shameful. We should not allow that to continue -- the shortfall for New Jersey between what the law authorizes and what the President has put in his proposed budget is \$327.8 million for No Child Left Behind; and \$199.3 million for IDEA, which is the special education funding.

So I would consider-- I would encourage the Committee to consider some of our solutions. And I also would encourage you and urge you to -- not to assume that the State can solve all of its fiscal problems by reducing the amount of spending that goes on in public education -- that we do have effective and efficient districts, and that we believe there is proof of that in place.

We know that the job of this Committee is to design a formula which fairly distributes the resources of our schools and to continue to build on the success of our schools.

Certainly, I look forward to continuing to work with you in the future to provide any other materials or any other testimony, and to share any other ideas that NJEA has.

Thanks.

ASSEMBLYMAN CONAWAY: Thank you, Ms. Powell.

Next, we have Ms. Debbie J. Bradley, New Jersey Principals and Supervisors Association.

Ms. Bradley.

**DEBRA J. BRADLEY, ESQ.:** Good afternoon, Mr. Chairman.

I'm Debbie Bradley. I'm here on behalf of the New Jersey Principals and Supervisors Association. We represent the building-level administrative staff in our public schools.

I'd like to cut through some of the beginning parts of my statement and get to the issues you'd like to see addressed today. What I'd like to do is start with talking about what we are doing at the local level to try to cut costs. Because we recommend that these efforts should be improved and expanded, either on a local level or on a regional level.

For years, school leaders have sought to save money through the joint purchasing of school supplies. One example that we're aware of is a company that approximately 180 school districts contract with to jointly purchase these supplies, saving about 20 percent -- 27 percent of costs through their joint efforts.

In the area of transportation, schools utilize the services of educational services commissions, or other cooperative entities, to cut their costs. They also stagger bus schedules, purchase fuel collectively, and consolidate bus routes wherever possible. And we recommend that all of these efforts continue. And we agree with the recommendations of Joyce Powell, to look at the regulations that govern our school buses. Because we can try to extend the life of our school buses as long as we ensure that the safety of students is preserved.

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 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 educational needs. And, in this area, we would recommend that the State, or the Department, provide technical assistance to districts who are seeking to do that.

Our 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 and regional opportunities to participate in cost-sharing efforts. And we believe the Department of Ed has an important role to play in this effort.

Further, as the 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:

First, we need to all understand 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 impact this per-pupil cost.

Fortunately, significant work has been done in this area through the efforts of the Department and the professional educators from across the state. And in 2003, our Association also participated in the costing out studies. It is our understanding that the Department has updated the results of that study. But despite our participation, we haven't received the

results. And we would urge this Committee and the Legislature to compel the Department to release this data so we can all talk about what it really costs to educate a child today.

Secondly, we recommend that the Legislature consider real mandate relief. Any discussion of cutting school costs must be made in the real-world context of State and 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. And we urge a continuation of that effort. Although many issues were raised and discussed by the Educational Mandates Review Commission in 2004, few, if any, of these recommendations have been enacted into law.

Further, we ask the State to hesitate before imposing additional mandates, or operational mandates, on schools without fully funding them. One example is the upcoming implementation of our new State monitoring law, New Jersey QSAC. This law is likely to result in increased district costs, including the hiring of highly skilled professionals.

Third, and our real focus of our membership, is helping us 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 student right. Our members fully support this law, and we work hard to provide the qualified staff, services, and resources needed. However, the lack of Federal dollars to fund this mandate, at the promise level of 40 percent of cost, and the failure of the State to do

likewise, has lead 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 requiring the full funding of high-cost, out-of-district placements. Fiscal difficulties at the State level have stalled progress in this area, and the law has not been fully funded. We urge the Legislature to assist all New Jersey districts and property taxpayers by funding it. We also urge the Committee to work collaboratively with the Special Ed Funding Commission, which is currently examining the funding system for disabled students.

Specifically, our special ed committee, which is comprised mostly of directors of special ed services, have several policy recommendations that would save money. But they're real educational policy choices that the State of New Jersey has chosen not to do. For example, one concept that has been out on the Federal level, and the Federal government would allow states to adopt as a pilot, is a three-year IEP, which is an individual educational program.

The State of New Jersey, in its recent regulations, which were adopted this Summer, has chosen not to do that as an option. What that would save is staff time. We spend a lot of time. New Jersey's IEP document is about 20 pages, compared to a Federal document, which is about five. In the area of special ed services, it is highly labor-intensive. Not only are there teaching staff members, but we also handle medical functions. And I think part of the problem that we see in the high cost area

has been the lack of a clear definition between medical and educational functions. And that has led to a lot of problems for districts.

I just spoke to a director, before I left this morning, who was telling me about the whole explosion of related services -- students who need occupational therapy, physical therapy -- in their district. And she has proposed to save money hiring a full-time person. Unfortunately, several parents have challenged that, claiming that they need one-on-one services for their student. And those are at high costs, because there is a shortage of individuals doing those functions. So in that area, we recommend that we consider some of these policy choices that New Jersey has made.

Another area that has come out of State regulations that we have concerns with is-- In several areas, what the Department has chosen to do is raise the class size for students in a placement area, but has eliminated our right to seek a waiver. The result of that is a cost. If we have a student-- For example, we're allowed to have a certain amount of pupils in a certain setting. And a student moves in mid-year. That pushes us above -- one student above the program-allowed amount. What happens is, we have to hire new staff. And that costs a whole lot more money for districts. When, in fact, the educational quality might not be so impacted for that student.

Another area we need to examine in special education is due process. In New Jersey, we've recently had changes in that, as well. And what has happened is, we've pushed, to the local district, the obligation to do the early dispute resolution meetings. In many ways, that's been a positive piece, according to our directors. But it also has put a bigger burden on the district in terms of staff time, because we have to do all that

work up front. And anything that the district does at that point is subject to litigation and questions. Because in this process, attorneys are involved.

The state of Pennsylvania uses a different process. And they use what's called a *peer-related system*, where peers can -- an appeal can be made to a peer board for educational decisions for special education. We think that's something that should be explored.

In short, our last area was addressing district costs that are outside of our control. And in this area, what we recommend is a reexamination of some of the statutes that you have proposed in prior sessions, including cap relief in certain areas like utilities, insurances. These are beyond our control. And we need some short-term relief in the budget cycle and long-term examination of the issues.

Thank you.

ASSEMBLYMAN CONAWAY: Thank you very much for those very specific suggestions.

Next, we have -- and last -- we have Michael A. Vrancik, New Jersey School Boards Association.

Mr. Vrancik.

**MICHAEL A. VRANCIK:** Thank you, Mr. Chairman.

Good afternoon.

My name is Michael Vrancik. And I'm here today on behalf of the New Jersey School Boards Association, a nonpartisan federation representing all New Jersey's school boards. We're grateful to have the opportunity to testify before you today to talk about ways to cut costs in local district operations.

My comments today will address two areas -- many of which you've probably heard, but I think it's important to read these into the record: what school boards are doing across the state on a basis to operate more efficiently, and what the Legislature can do to help us to become more cost-effective.

First and foremost, a critical area for local school boards is negotiations. Public education is a labor-intensive operation, with an estimated 75 percent of the costs directly related to items negotiated in the collective bargaining process. In particular, health benefits are a significant driver of local district operating costs. In the mid-1980s, approximately 80 percent of local districts participated in the State Health Benefits Plan. Since then, the number has steadily declined to the point where less than 40 percent of local districts now participate. Local districts have reported that their decision to leave the plan is due largely to its inflexible structure. This structure prohibits negotiations over the most basic cost-containment measures that are available through private carriers. Specific examples are listed in my testimony.

School boards have been frustrated by the fact that other public entities have been given a certain degree of flexibility under the plan, which they have not. The same potential for cost savings could be provided to districts, but it so far hasn't. For example, the State government has the authority to negotiate different levels of benefits for its employees; local boards do not. Municipalities and county colleges have the right to institute waivers for duplicate coverage. This opportunity is not available to local boards of education.

School boards that have left the State Health Benefits Plan have had impressive success in containing health benefit costs. One district negotiated waiver of coverage for staff members with health coverage under their spouses' plans. This district reported \$2 million savings within one year, and an additional \$800,000 in savings the following year. For another school district, negotiating a managed-care option as its basic coverage resulted in saving nearly 1 percent of their total salary base. Reports of boards' successes in this most difficult area have increased each year.

The Legislature can help promote more savings by implementing reforms that would permit greater flexibility to negotiate within the State Health Benefits Plan. Reducing the impact of uncontrollable and unpredictable increases in health insurance premiums would go a long way in addressing the cost of school operations and the concurrent effect on local taxpayers.

Sharing services is another key area which deserves focus. New Jersey has yet to realize the full cost-saving potential of shared services in areas such as transportation, special education, administration, maintenance, and recreation. The New Jersey School Boards Association believes that the Legislature should consider expanding and funding a State grant program that encourages school districts and local governments to develop shared-service arrangements.

New Jersey School Boards Association supports the establishment of collaborative purchasing agreements and the voluntary sharing of back-office operations, especially in smaller districts, where economies of scale can be realized to the advantage of local taxpayers. To this end, we have begun a study of local district shared-service programs

across the state to determine what works and recommend their expansion to other districts who could realize savings. We expect this to be a fairly exhaustive study. And we're going to look at each and every school district to find out how they're operating and make these recommendations.

New Jersey's local boards of education have a long history of working collaboratively to share services and reduce the costs borne by local taxpayers.

In Bergen County, for example, the Northern Valley School District shares special education services, staff training, and curriculum development with seven independent elementary school districts, whose students attend its two high schools. The result: The seven communities are able to control costs and ensure continuity of curriculum and educational quality for their students through high school. At the same time, they retain governance over their independent elementary school programs, costs, and staffing.

In addition, Northern Valley operates a program for autistic children from 30 school districts. Northern Valley officials say the initiative saves significant costs over the only other alternative, private school placement.

These types of cost-saving efforts can be implemented through current school district configurations without the forced, cookie-cutter consolidation favored by some State officials, but which makes little sense locally. Examples of shared-services initiatives can be found throughout the state. Last year, the Somerset County Business Partnership estimated that shared services among school districts, municipalities, and county agencies saved county taxpayers in Somerset County approximately \$13.6 million.

Local school districts have responded enthusiastically to the Alliance for Competitive Energy Services -- otherwise known as ACES -- a large, energy-buying cooperative for public schools, coordinated by the School Boards Association, the School Administrators, and the School Business Officials. In previous years, ACES districts -- over 400 right now -- have saved an average of 13.75 percent, or a cumulative total of \$5.9 million of their entire electric bills, about triple the savings of the average consumer. Last January, the ACES program was expanded to include natural gas purchasing. Thus far -- and I think Rich Dorow corrected my testimony -- 258 school districts have signed on as members of the ACES' natural gas procurement program.

This is just one example of an instance where the State Legislature paved the way for local boards to operate more efficiently and reduce the burden on local taxpayers. In February 2004, the Education Mandate Review Study Commission identified State statutory and regulatory requirements imposed upon local districts, and made recommendations regarding ways in which those mandates could be altered or eliminated to provide additional opportunities for cost savings to local boards of education.

The Commission's report outlined a series of proposals to streamline district operations, improve service delivery, and reduce costs. Proposals ranged from the elimination of specific mandates and activities which involve the directed use of class time; the elimination of circulars and other printed items to be replaced by Web sites, libraries and/or media centers; to more general proposals in the areas of business services and data

collection. We urge the Legislature to revisit these recommendations, which could save districts additional millions in operating costs.

Special education, which everyone else has talked about, receives special mention from the Commission. In fact, while noting that care needs to be taken to guarantee no weakening of important services, the Commission recommended careful study of the myriad of Federal, State, and judicially imposed and interrelated requirements, which could yield significant cost savings. It should be noted that legislation enacted to address the extraordinary costs of special education at the local district level has never been completely funded. NJSBA has commissioned the study of special ed programs in each school district to identify cost drivers and make systematic recommendations to improve the delivery of these services and reduce operational costs.

Just as a side note, that study is just underway. And we intend to survey each and every one of our districts, to find out exactly what their experiences are, to come back before you and make some very detailed recommendations in that area.

There has been much discussion lately about school district consolidation. At face value, the idea of consolidating school districts seems like a logical progression of the shared-services approach. Although many communities have considered expanding educational and extracurricular offerings by merging with their neighbors, the deal breaker has always been property taxes. New tax rates resulting from adjustments to each town's contribution to the newly formed regional school system, based on varying levels of property wealth, have been the deal breakers when it comes to school district regionalization. When one of the towns discovers that the

merger would result in an increase in their property taxes, the measure fails to win approval. If the Legislature is serious about encouraging consolidation of school district, it needs to address this financial obstacle. Otherwise, a tax reform initiative could turn into a tax increase nightmare for many New Jersey communities.

In closing, I'd like to thank the Committee, once again, for allowing me to testify. And we welcome additional opportunities to come before you on other specific topics, and to have some of our board members to testify so they can provide direct experience about their local district operations.

Thank you.

SENATOR ADLER: Mr. Vrancik, thank you very much for your testimony today.

And I thank all the different stakeholders for, I think, staying within time constraints. And while wanting to talk about what they or their members do to provide superb education to children, and to better our communities and our entire state through your own associations' efforts, I think you met the mandate that we set out for you today, which was to talk about things we can do to make things affordable for New Jersey taxpayers.

I know it was probably enormously frustrating for some of you up here who wanted to say you need more money for particular districts, or particular types of districts, or for all districts. And the fact that you met our challenge speaks well of your good faith in trying to meet the children's' needs, as you always, I think, all of you have -- but also taxpayers' needs in a changed climate, where we're very, very pinched.

I also give enormous credit for the members of this Committee who were chomping at the bit to ask questions of the first speaker, and the second speaker, and the third speaker. And to go through 10 speakers without bursting in with a question or two speaks well of your understanding that this is a patient process, leading to a good consensus result, I hope.

Having said that, I now know that each member has questions for one or more members of this great panel today.

So, Assemblyman Stack, you put your hand up first.

We'll take turns party-wise and house-wise. But everybody should feel free to ask questions.

ASSEMBLYMAN STACK: Thank you, Senator.

I just have a quick question for Mr. David Sciarra, from the Education Law Center.

I'm just puzzled about Jon Augenblick's study of the cost out. What is the logic behind having the study in 2003, you feel, and not being released so far -- especially now for this Committee to be reviewing?

MR. SCIARRA: I think you're going to have ask the administration that question. I mean, we-- And I know it's been mentioned here. A number of groups at this table participated in that study. We spent a lot of time, a lot of energy. The Department paid a substantial amount to Mr. Augenblick, who is a nationally recognized school finance expert, to work on this study. The study was, as far as we know, done. It was updated, I think, as has been mentioned here earlier. And we've been asking for its release. And, unfortunately, we've had to go to court, which is, I think -- which we didn't really want to do.

But I think the point that was made here is a good one, which is, there was a lot of work done in that study: it used the most modern methods that we have; it's been updated; there was a lot of issues related to efficiency. And we're anxious to see it so we can dig in, and look at it, and come back to this Committee, and have an in-depth discussion of what it says, and so forth, and so on.

So we're just anxious -- as anxious, I think, as many of you are to get it released to the public so we can have a vigorous and healthy debate about what it says, and where we need to go from there.

ASSEMBLYMAN STACK: Mr. Chairman, if I may.

SENATOR ADLER: Sure.

ASSEMBLYMAN STACK: You mentioned that you had to go to court. Where does that stand right now in the court?

MR. SCIARRA: Well, we have been in--

SENATOR ADLER: Can I stop you?

Assemblyman, I think we're going to have the Department actually here. And they can talk about that very, very soon.

ASSEMBLYMAN STACK: Okay, great.

SENATOR ADLER: So I think there are other productive areas of inquiry for Mr. Sciarra and all the other good panelists. And I think we should focus on things that we can get from them today, respectfully.

I didn't mean to cut you off. And I'm going to come back to you, Brian.

Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Yes, I share the Assemblyman's concern over that particular report, especially since the State paid for it.

I don't really have any specific questions. But I just was really impressed by the similarity of the presentations, having to do with mandates and special ed.

The five-year contracts, I think, is very interesting. Although, I do know, in Asbury Park, they're trying to buy out a contract after one year. But I think that's something that's very important.

And I know, in my years in the Legislature -- and I'm sure Senator Doria, who is not here at the moment, would back me up on this. There have been a number of suggestions for two-year budgets. And I think that is a very positive step.

The charter schools-- Again, I want to come back to Senator Doria.

Is that he coming through the door? No, it's not.

Anyway, when Senator Doria was in the Assembly, he sponsored the charter school bill, which was very controversial. There was a lot of opposition to that bill. I happened to support it in the Education Committee. And I'm very pleased to hear from your report.

Although, I was a little distressed that the Academy Charter School is still located in Asbury Park, when it's actually in Lake Como -- that is actually south Belmar. I know they're kind of-- I worked very closely with those folks when they started that school. And I know it's been very successful.

The collaboration that Ms. Savage mentioned of both the vocational schools and the community colleges, I think, is very good. I know that Assemblyman Malone really was involved with some of those programs. I know where I work, at Ocean County College, there is going to

be a dedication of a building that was built on the college property for the vocational school, for a marine studies program; where the vocational school children are there during the day, and after 4:00 the college students use the labs. And that's a great cost savings to the public.

And I want to go back to something that Chairman Adler said at the very beginning -- from the first person to testify -- the second person, from the Garden State Coalition.

I think that two- or three-page bullet points that you had of, really, what needed to be done, basically, was almost a consensus of what other folks had to say. So I think as we go forward with our deliberations, you've certainly given us an excellent working blueprint -- from all the groups. And I really want to thank all of you.

I'm not the chairman, but I think you've really provided us with some great work.

Thank you.

ASSEMBLYMAN CONAWAY: Great.

Senator Cardinale.

SENATOR CARDINALE: Thank you, Mr. Chairman.

I want to compliment all the speakers. They all had great things to add for our deliberations.

Mr. Vrancik, I'm puzzled by one of the points that you made, if I understood it correctly. You said an impediment to regionalization -- I'm just rephrasing it -- is that the various property tax values in the various communities that might be regionalized would be an impediment, as some would realize that they have more to pay, and others would have a better bargain.

I know that's true in many of the existing regions. But I thought we passed a statute -- actually I was the sponsor of it -- think we passed it -- I know it passed the Legislature -- it was signed by the Governor. But is it somehow not working -- that would allow a new region to be formed, based on either property tax valuations or a per-pupil charge to each of the included municipalities, or a combination of those?

Now, that was how I understood the legislation that passed. Is that not working for some reason?

MR. VRANCIK: Through the Chair, I think the experience of the last dozen or so years speaks to the fact that there have been no instances where districts have voluntarily put forward a question, notwithstanding the opportunities to come up with a scenario that works. No districts seemed to have been able to come up with a scenario that works in such a way that there aren't some winners and some losers.

In fact, unfortunately, it seems that the only scenario that's in place right now are districts trying to deregionalize.

I understand what your question is, and I agree with you. But I think the fact is that, unfortunately, there haven't been any districts -- notwithstanding the current statute that gives them this flexibility -- that have been willing to move forward in this direction. So I think the issue needs to be revisited.

SENATOR CARDINALE: I would agree with you that-- And it's been a puzzle to me that none have taken advantage of that law that we passed, while there had been many complaints which led to the introduction of the bill and the passage of the law.

You also mentioned negotiations in your written statement. Would you believe that we should have either a statewide, a countywide, some regional type of negotiations process, rather than the individual school board process that we presently have?

MR. VRANCIK: Once again, through the Chair, I think that's a hard question to answer. Because the specifics of how those negotiations would work have yet to be determined. I was in some discussions with some of my counterparts around the table. And I think one of the issues is, if we went from the current scenario to a countywide negotiation process, for example -- which I know some legislators have proposed in favor -- the question becomes: What happens in instances where there are a multitude of different contractual negotiation rates established? Would there be a default to the highest rate in that region? And what would -- who would come up with the cost to cover that difference in the districts that have negotiated a lower contract?

So I think the answer to your question is: It sort of depends on how that can be worked out. I think if the purpose of all these Committees is to look at the property tax issue, and a countywide negotiation process would, across the board, save local boards, local taxpayers money, I think it's certainly something we'd have to give serious consideration to. But, right now, I can't see where, unless-- The answer to my primary question -- can we establish-- I can say that we would support that.

SENATOR CARDINALE: Thank you.

ASSEMBLYMAN CONAWAY: Senator Doria.

SENATOR DORIA: Thank you, Mr. Chairman.

I just want to, again, agree with my colleagues -- that I thought that the presentations were very good, and very important, and that we hit a number of the issues that are extremely important as it relates to the spending of the citizens' money, especially property tax money, for education.

One of the issues -- and I'll throw this out to the panel from the various organizations -- that was discussed was the issue of special education, and the issues that relate to how we can provide the special education in a more effective manner. And one of the problems has always been -- is the outplacement of students to programs out-of-state, number one; and, in some instances, programs that are run by private entities. And what do you believe is the reason that we find ourselves continuously having to outplace special education students? Why is there less of a desire on the part of local school districts to join together -- whether it be through a jointure commission or some form of regional program -- for special education, that it be run through the public schools, rather than going to the private schools?

I know, in my community, we have an autistic program that other school districts send children to. But that seems to be the exception rather than the rule.

Can anybody-- Why do you think that there is this hesitation? Obviously, it's a big cost.

Joyce.

MS. POWELL: Senator, I'll give it a shot again, through the Chair.

But I think that many of those out-of-state placements are legal decisions that are made. They are-- The decision making has been taken out of the hands of the local district. And it goes through the legal process. And that's why you find that many of those types of-- I don't know if anyone else has found that to be the case. But, primarily, that's what we have found. When parents have been requesting a highly specialized program for their child -- and, in many cases, they are students who have very, very specific and very difficult needs that have to be met -- school districts-- There's usually a disagreement. And during the dispute resolution, the ALJ determines that -- the winner and the loser. You don't seem to be able to get to mediation. I mean, mediation is a hard -- is a very difficult situation. So I think many of those cases are legal circumstances that prohibit the district from really trying to even make a decision.

SENATOR DORIA: Yes.

ASSEMBLYMAN CONAWAY: Mr. Sciarra.

MR. SCIARRA: A couple of points, I think, on this. One is that New Jersey has a history, going back, of -- this is before IDEA -- of creating specialized schools -- special service districts, and specialized schools. That history is still with us, even though IDEA came along later and mandated children be placed in the least restrictive environment, and all efforts be made to include them in the regular education classroom. So we have a history to contend with.

Related to that, New Jersey has one of the worst records in the nation, in terms of placing kids in regular education settings, regular classroom settings. We continue to have a problem getting kids into-- And I'm not talking about out-of-state placements. I'm talking more about

specialized classrooms within schools, as well, which is really where most of the cost goes, as opposed to the students that are going out of the district or out of the state.

And I think there are a number of things that we can do to focus on getting schools to get kids into the least restrictive environment, or into regular classroom settings. It has a lot to do with teacher training and other issues, which we have to modernize.

The third thing I want to mention is Abbott. I mentioned-- And a lot of the issues that we've talked about here -- from health benefits, mandated participation in ACES, teacher contracts -- I think the question about negotiated teacher contracts-- All of these types of cost-saving measures have been implemented in the Abbott districts through the Abbott rules in the last four or five years, one of which has been special education -- trying to get districts to bring kids back and get them into regular education settings.

So I renew my call that we need to get the Department in here to ask them what's been the experience, through the Abbott mandates, in getting kids into least restrictive environments, into regular education settings, so forth, and so on. What's been the experience? What kinds of cost savings--

And, frankly, that's true with respect to all -- mostly all of the recommendations that have been made here, now. If you look at the Abbott regulations, most of these recommendations have been mandated already in the Abbott districts. We need to find out what the impact, for example -- health benefits, and the State -- participation in the State Health Benefits Plan -- what savings have districts made because they've gone to

alternate plans? All of that work has been done over the last three or four years. And we need to bring them in here to talk about these issues that were in Ms. Ginsburg's summary.

And the last point I want to make is about space. One of the lessons from the Abbott districts is, it's hard to get kids into least restrictive environments and regular education classrooms because districts don't have the space.

Now, the good news in the Abbott districts is, we've begun to link up the need to get kids in less-costly, better settings for them and the school construction program. So one of the things I think we need to do is look at the linkages. Are we using our school construction dollars in a way that gives the districts the opportunity to create the space they need to get kids in the least restrictive environment, which is what IDEA calls for? Which, by and large, is going to be a lot cheaper than putting kids either in self-contained classrooms, or sending them out-of-district or out-of-state.

ASSEMBLYMAN CONAWAY: Anybody else on that--

SENATOR DORIA: Mr. Chairman.

ASSEMBLYMAN CONAWAY: --topic, while I answer that question?

Yes, please.

MS. BRADLEY: Just quickly.

I agree with what David just talked about, in terms of the facilities issue. One of the big problems, where directors of special ed try to bring people back into the districts, is there's no space, and they have trailers. And based on the history of New Jersey's segregated setting problem, the last thing that folks want to do is place a special ed student

out in a trailer. So what happens is, it reconfigures the whole school classroom assignments.

And the other factor is the fact that parents in New Jersey are pretty savvy. They know what they want, and they believe that an out-of-district placement is somehow better than what the district can offer. And if they're not happy with the direction the district is choosing to go, they immediately go to due process. And we're in court. And districts settle out, because they figure it's cheaper to settle than going all the way through an ALJ hearing. And that's what happens, often.

ASSEMBLYMAN CONAWAY: Senator.

Ms. Ginsburg.

MS. GINSBURG: Just briefly.

I agree with that. The private -- many private institutions who take special ed students market themselves. And parents are very vulnerable. And when you have a student who requires services, a district has proposed services, but either by word-of-mouth or other means these institutions -- private institutions -- market themselves, parents are in a quandary. And that quandary eventually ends up in litigation and usually not -- the litigation does not end in favor of the district. So it's not a lack of desire, I would say, on the part of districts to have inclusive classrooms. It is factors that are beyond the districts' control in many situations.

ASSEMBLYMAN CONAWAY: Excuse me just one second, Senator Doria.

Thank you.

Just so I understand, there's no intermediate step. It's right-- There's no mediation, there's nothing-- You're right into court, with costs going through the roof. Is that correct?

MS. GINSBURG: No.

ASSEMBLYMAN CONAWAY: There is an intermediate step?

MS. GINSBURG: You can--

MS. POWELL: There's a process.

ASSEMBLYMAN CONAWAY: There's, I guess, an appeals process for the IEPs.

MS. GINSBURG: Yes, there's a whole process. But you still, frequently, end up in court.

ASSEMBLYMAN CONAWAY: And we have no--

I'm sorry, again. Pardon me just while we're on this strain of questioning.

And that is, we don't regulate any of these out-of-state (indiscernible). That is, we can't say to them, "If you want to offer services here, you've got to be on some kind of pay scale that meets--" I mean, we don't regulate them in any way as to cost, as to quality, as to anything? Is that right? And maybe we can't.

MS. GINSBURG: That's my understanding.

SENATOR DORIA: Quality, yes.

SENATOR ADLER: We regulate quality.

SENATOR DORIA: Quality, yes.

We do, Mr. Chairman--

ASSEMBLYMAN CONAWAY: Senator Doria.

SENATOR DORIA: --quality, but not as it relates to cost. Many of the costs-- Because they're total placements -- they're residential placements, the cost is very significant.

I'm glad that we had this discussion. And through you, Mr. Chairman and through the Co-Chairman, I think that it's important to understand that the mainstreaming that David spoke about is an important part of the process. And even with that mainstreaming, it is -- many instances -- cheaper, less costly, and a better educational process, to have the students with -- stay within the district, than for them to have the outplacements.

One of the things that Mr. Sciarra -- and, in a way, it ties to what Assemblyman Wolfe had said earlier. And that is a discussion of what's been successful in the Abbott districts, as it relates to some of the recommendations that the panel has made today; to talk about how they've worked in the Abbott districts, and to see exactly what was recommended, what procedures have been implemented in those Abbott districts, following the recommendations and requirements of the Department of Education; and the studies that have been done -- for us to review that, to then determine, Mr. Chairman, Mr. Co-Chairman, what we should be looking at that could possibly work, based upon these recommendations. So, in a way, it follows up on what Assemblyman Wolfe said earlier. And that is that we should be looking at some of what's taking place in the Abbott districts that have worked effectively, that are actually beneficial, and then to use some of those lessons learned and best practices to then take back to all of the districts in the state.

Because some of the questions that have been brought up, I think, are legitimate. And I'm not going to go into the remainder. But I think special education is just an example, Mr. Chairman, of issues where we need to pay attention, and where the cost is spiraling out of control and will continue to spiral.

One of the things that someone brought up -- and I don't remember exactly who -- was the issue of setting up a mediation process, rather than going to the ALJ. Because that is so expensive. And most districts, rather than dealing with that, will settle, and sometimes settle for a program that's not best for the student or for the school district. But because the parents have been sold by a private school that tells them this is the best program -- and they've bought the marketing -- in the end, their child doesn't do as well as it should, the district is paying more money, and no one is willing to follow through with the ALJ, because the cost of the lawyers, and the process, and the time is so, so, so excessive that you can't deal with it.

So that's one of the issues I definitely think we should deal with.

Thank you.

SENATOR ADLER: And just to remind you and the panelists who had some thoughts on that particular topic, we are going to have a separate hearing date on special education, and cost containment, and changes we could make to the system to maintain the highest level of quality education for these children, but at the same time define cost-containment measures that are realistic and responsible, going forward.

So, some of us had this conversation in the past. And I'm hoping you'll come back and share with us your good thoughts on that for things we could impose, statewide, that would be fair for children, first of all, but at the same time fair for taxpayers and for districts.

ASSEMBLYMAN CONAWAY: I had a couple of questions, if I may. And I guess they're -- anybody, again -- I'd be pleased to get an answer.

It was mentioned by Mr. Dorow -- the Alliance of Competitive Telecommunications, the Alliance for Competitive Energy Services -- that these are, sort of, broad-based compacts designed to reduce costs. But not everybody's in them.

So just one question -- two questions on that. One, how do the rates that the districts are getting under those two programs-- How do they compare with what the State is able to do? And would it or would it not be advisable for the State to say, "Look, you've got savings for this number of districts. Why not make everybody -- put everybody in so we can spread those savings to taxpayers?" Is there a reason not to do that?

MR. DOROW: No. My comment is: We certainly make the rates available. When we bid that commodity, we give that information to all the school boards. Obviously, they have the opportunity to analyze that data with their local supplier of natural gas or electricity, and it's up to an individual board -- or telecommunications, if you will -- to see whether or not that savings is there. I think just the numbers indicate, themselves, that 200 or 300 participating school districts -- that they are favorable, in terms of joining it. But it's an individual decision of a local board to take the data

-- the results of our bids and compare it to the competitors that are out there and particularly their natural suppliers.

So we don't mandate it, but we certainly offer the service. And we think it's very favorable.

SENATOR ADLER: Is there a reason why we should not mandate that districts either join that consortium or be able to prove they can do it more cheaply by sharing service with a municipality or some other regard?

ASSEMBLYMAN CONAWAY: Over the long-term, by the way.

SENATOR ADLER: Right. And not just have it-- I think Abbott districts are mandated. Why don't we have--

MR. DOROW: I think they are. The Abbott districts are mandated, correct.

SENATOR ADLER: Let me just finish up.

I don't know why it's just-- If it's working for Abbott districts, saving them some money that could otherwise be put in classrooms with kids, why don't we do the same in all districts, unless they can show they can do it cheaper doing it with their municipality, or some other way?

Dave, did you want--

MR. DOROW: It's mandated by the Abbott's. And, certainly, if you go forward, maybe that base can be enlarged. That's one of the charges of this commission, if you will, to make those recommendations.

SENATOR ADLER: I guess the question is, is there a reason why we should not do that?

ASSEMBLYMAN CONAWAY: Yes.

SENATOR ADLER: Could someone tell me why we should not do that?

ASSEMBLYMAN CONAWAY: Mr. Sciarra, go.

MR. SCIARRA: Well, I just want to make this point, Senator.

SENATOR ADLER: Are you going to answer my question about the *should not*?

MR. SCIARRA: I will.

The Abbott regulation is mandated. The Abbott districts must participate. And they must document. If you look at the regulations, they have to document the cost savings with the Department. They've had to do this for the last couple of years.

There's a simple answer to this question. The Department can come -- ought to be able to come in here and give you that data to show what the cost savings has been, overall, to the 31 Abbott districts by mandating them to participate. And I think that would-- That would, I think, give the definitive answer to your question.

ASSEMBLYMAN CONAWAY: I have to say, thematically -- and I want somebody to correct me if I'm wrong.

I'll get to you.

And that is-- You know, what I've been hearing from the Senator, and Mr. Sciarra, and perhaps from others is that-- You know, I look at the Abbott districts as a highly regulated set of districts in the State. Of course, there's a lot of money going in there. And you can imagine, as the money goes, the State mandates follow in. And mandates certainly have their problems.

But what I've been hearing -- and perhaps it won't be borne out by the facts as they might be presented later -- but that where you have this more highly regulated structure, there are cost savings that the State has been able to mandate in there that might be very useful outside the Abbotts.

Is that what I thought I heard you say, Senator?

SENATOR DORIA: Definitely. And, again, that's the reason why we need to have the Department of Education come in and provide a report on the reviews that they actually have done. Yes.

ASSEMBLYMAN CONAWAY: I think we just have one more witness on this -- I think one more.

SENATOR ADLER: Gerry wanted to talk on this point.

ASSEMBLYMAN CONAWAY: Mr. Vrancik.

MR. VRANCIK: Just to follow up on what the School Business Officials said-- I think these programs are relatively new. The cooperative gas purchasing just started this January. I think some districts probably already had contracts when they expired. We certainly, along with the School Business Officials, encourage our boards to look at every way to reduce their costs. And I suspect that since the ACES program has started, there are now two-thirds of the districts; and the number grows each month. So I think part of the reason why some districts aren't in it is they already had a contract. There may be a few exceptions where they negotiated a better deal. I doubt it, but I'd have to take a look at that and get back to you.

ASSEMBLYMAN CONAWAY: Senator Cardinale.

SENATOR CARDINALE: Trying to meet your challenge, and trying to think of why we might not want to mandate it--

A lot of people have talked about health benefits, for instance. We have a State system of health benefits. Many individual entities that can withdraw have chosen to withdraw. Were we to mandate that everybody be within that system that the State has set up for health benefits, we would be actually increasing costs.

Now, that might not be true in this other circumstance, but I think we need to be very careful before we put in a mandate, to write in the kind of escape clauses -- for instance, if it turns out to be more expensive, as a result of the fact that it is mandated. Sometimes, when you change the condition, you change the results.

ASSEMBLYMAN CONAWAY: I agree, except it's hard to imagine that you can't, with volume, get savings in almost every instance. And that suggests to me that the State is not negotiating those contracts well enough -- if you can't say, "I'm bringing more folks into the system and, therefore, I'm demanding a lower cost," and an individual district can go out there, with less people, and get a better price. To me, something-- That, in my view, calls for an examination of how the State folks are negotiating these contracts of our health--

Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Yes, I'd like to keep on this vein of shared services, and similarly what we talked about with fuel costs.

Is it possible to have nonpublic transportation provided on a county basis or a regional basis? Because I'm very well aware -- I'm sure most of you are, who work with school districts -- when school years begin,

very often, it's a convenient time for the nonpublic transportation provider to have a problem with providing buses, and people screwing around. I mean, is it possible to have a countywide, nonpublic transportation program?

DR. GALASSO: Most of the counties do have services commissions that do provide the bulk of the nonpublic transportation costs. You do have isolated instances where the provider, because there aren't the appropriate numbers of students for a route -- and they find it to be a route that they wouldn't serve. So there's a possibility that could be expanded to a more regionalized -- since we do have counties that border each other.

ASSEMBLYMAN WOLFE: Right. Okay, thanks.

Thank you.

MR. DOROW: I just want to add to that, if I may.

ASSEMBLYMAN CONAWAY: Mr. Dorow.

MR. DOROW: The situations are different in each school district. I'm glad that Mike mentioned the success that we had in cooperative services in a district I worked with for 25 years.

Some districts, geographically, are better off in a smaller territory. The one that I work in bordered on Rockland County, New York, on the north, and the Hudson River on the east. So it was very difficult for a county, because you either go south or you go west. So some of it has to be determined on the cooperation of the districts within your geography. And maybe a county-based, in that particular instance, may not be good. So I don't think that we can *boilerplate* and say county-based for the whole state is good. I think many counties -- yes, it would be very fine and very

good to do it. But it depends on the geography and the area you're serving for maximizing efficiencies.

We did it very well. I did it for 25 years for 10 boards of education. That was all inclusive transportation. And we found it very, very cost-effective to do it by that region -- that 10 boards of ed -- just by the geography we were serving and the nature of the districts.

SENATOR DORIA: Mr. Chairman.

ASSEMBLYMAN CONAWAY: Senator Doria.

SENATOR DORIA: Just to follow up on that, the Commission on Business Efficiency has spent a great deal of time over the last two years -- Assemblyman Wolfe serves on it with myself -- in developing a report on the whole question of efficiencies in transportation, both for the public schools and, also, those private schools that are serviced by the public school districts. And that report has a number of recommendations, one of which deals with the length of service for school buses. Some of which has been introduced in legislation.

But I think that we need to look at that report, because there are significant savings in transportation. But some of it requires that school districts stagger their starting times, and also that they run the same calendar. And that's a big issue, but that's an issue that we need to look at. Because there are significant savings in transportation costs if that were to take place. And that report is available online. And we can get you a copy. I'm going to ask the staff person for the committee to get every member of this Committee a copy.

ASSEMBLYMAN CONAWAY: Thank you, Senator Doria, for that.

I had a question about how county superintendents might be empowered to help save costs. I had a situation locally where clearly budgets weren't being reviewed, and a lot of money went out the door. And the State then had to step in and bail a district out. And we've seen that around the state.

And questions were raised about accountability, locally, and particularly at the county superintendent level. And there has been a suggestion that we might, as a State, be able to save costs in education by moving responsibility, power, and accountability into the county superintendent's office. And I wondered what folks thought about that suggestion, which is out there. And there are certainly folks who think that's a reform that we ought to do. So you'd have a county superintendent, perhaps, at the top. Then you'd have -- maybe you wouldn't have a superintendent in all of the various districts. You might have principals or other assistant superintendents, perhaps, at some of these county districts; aggregation of financial services; aggregation of transportation services at the county superintendent level; your accounting of these school budgets, etc.

Thoughts on that?

Ms. Ginsburg.

MS. GINSBURG: I think that-- I've read those proposals. And in my experience as a school board president, I know our budget already goes to the county superintendent. It has to be approved by him. It also has to be approved by our local board, obviously constructed by our business administrator and superintendent. We give approximately 15

budget presentations to various segments of the public. We televise our budget presentations.

I think the accountability really lies with the public. I don't think you can-- Well, you can legislate accountability. You can legislate anything you want. But I really think-- Our budgets are put to a public vote. And I know the more budget presentations, the more you get the information out there, the bigger your budget participation -- the vote participation is. In my home district of Glen Ridge-- In the last budget election, we had a 27 percent turnout. That's approximately twice the State average.

I think when you put accountability squarely in the lap of the public, you have much more true accountability than you do with a county superintendent, whose office -- as proposed by the Governor -- would be a political appointee; whose office -- whose staffing -- the staffing of whose office would be subject to the vagaries of the State budget. I think that there are-- I think accountability should be with the public.

ASSEMBLYMAN CONAWAY: Well, these are political questions, as I'm sure I don't need to tell you. And 27 percent turnout on an election over a budget, I would say, is poor, at best. And the 27 percent isn't accountability for anything or for anybody, in my view.

Any other thoughts on that?

Yes, Mr. Vrancik.

MR. VRANCIK: I think there's a couple of issues here -- the previous subject that we talked about -- the countywide transportation for nonpublic schools.

You get into this issue of, once you make a change in one part of the equation, it has impacts on other parts of the equation. I think, notwithstanding the staffing issues that Ms. Ginsburg mentioned, which I agree with, I think the issue has to be studied very thoroughly. Because there may be instances where there can be economies of scale achieved, but there may be other instances where there's that one, or two, or three boards who, for whatever reason, got a better deal. And there needs to be some fail-safes so, if there's a requirement, there's an opportunity, if a district can do it better, maybe everybody can learn from that district. But they shouldn't be penalized because they've got a better situation in place by being forced to go to some other process. That's a concern I have.

ASSEMBLYMAN CONAWAY: Mr. Sciarra.

MR. SCIARRA: Just let me make a brief comment. It's a comment I made in my opening remarks.

I think, on this question of the county superintendent versus the State Department, and so forth, and so on, we need to step back. One thing we've learned from Abbott -- if you're paying attention to it -- is that it has taxed the capacity of the Department of Education to fulfill its ultimate responsibilities. And I think local accountability is critical. But also, ultimately, under our constitutional -- under our education clause -- the Commissioner is responsible to ensure the effective and efficient use of all funds to enable kids to meet -- all kids to meet State standards. That means it's got to get to the school, get to the classroom, and do the job.

So the question really is a bigger one. And I think we've got to confront it. And I don't know whether it's in the context of this Committee or some other venue, but we need to do it. And that is that we've got to

take a look at the Department of Education. Our Department of Education is operating under standards and procedures that are 15 to 20 years old. And the world has changed. We have standards-based education, we've got school reform, we've got cost efficiencies issues, we've got Abbott reforms, we've got NCLB.

The responsibilities that they have, have dramatically changed. And the infrastructure hasn't been built to accommodate that. And what I mean by that is, the technology, the data collection and analysis, the expertise, the staff, the strategic management that is essential to assure that the Department--

You could put the county superintendent in charge right -- today, and I don't think it's going to make that much difference. Because the fundamentals of the way the State implements its responsibilities, through the Department, are still 15 to 20 years old. And they have to be modernized.

So at some point, if we're going to get to this issue -- and a number of other issues -- we've got to confront the fact that we have to do a long, serious look at our State Department of Education. This is not a knock on any individual. It's just that it's antiquated. And we've got to figure out what's our goal, what's our mission, what are our objectives? Do we have the data, do we have the analysis, do we have the staff, the expertise to do that -- to make sure that local districts can meet their responsibilities, and that you all, as legislators, can do your job -- and so the public can do its job, ultimately?

So, to me, I would step back from that question of whether it should be the county superintendent or someone else -- and step back. And

we have to have a much deeper conversation about what kind of Department of Education do we need.

ASSEMBLYMAN CONAWAY: Thanks.

Ms. Powell.

MS. POWELL: Thank you.

I would like to weigh in on this question, as well.

I think that we should be very cautious about looking at what might seem to be a very easy solution. Well, we have 21 counties, 21 county superintendents, a bunch of assistant superintendents, and probably cut our costs dramatically.

But I would suggest that we really do need to look at our whole situation, in terms of the leadership of schools. Right now, out of the 600 districts, we have about a hundred interim superintendents. A hundred districts can't even put in full-time superintendents, and have them under contract, and have things running efficiently and effectively. And then we wonder why we have some difficulties in many areas, when it comes to-- We don't even have, in 100 districts, full-time employees that are in charge, that have a commitment to the district.

I was surprised, a few years ago -- when you attend the September meeting of the State Board of Education -- to hear that we had an interim county superintendent in charge of Cumberland, Cape May, and Salem Counties. Out of the 21 counties, we only had about 15 full-time county superintendents. Now, I think that they've rectified that, to some extent. But we have a real-- We really need to look at the whole way -- the way that we obtain leadership, how we place people into leadership

positions, and the pre-service that comes along with ensuring that we have high-quality leaders running our school districts. So I'm not so sure.

Again, I would just say to you that, in the old days, the county superintendent, the county offices, were seen as an arm of the Department of Education. But they had more employees in those county offices. They were able to go around and to monitor. They had program monitors that actually would go into districts to ensure that there were high-quality programs.

We reduced that over the years and said-- Somehow we figured out we didn't want to incur that kind of a cost. So now, when you look -- go into a county office -- we've taken away all of the certification from the county office. That now goes directly to the Department of Education. It's been abominable. It's taken people six months or more to become certified.

So I agree with David that we must look at the delivery system of our Department of Education and ensure that we have a high-quality delivery system before we can just determine that we can have these 21 offices that will then be able to, again, have this kind of silver bullet.

Certainly, we ought to look at some of the smaller districts. And we ought to look at some pilot program that might be able to occur in some counties, that we might be able to look at. And I believe that's happening right now, in Cumberland. I think Shiloh and Stow Creek are looking to consolidate. Again, it's a voluntary measure that's being considered. In Salem County-- I'm from, obviously, Exit 1, so I know much more about the South. But I don't know how you would do that in a Bergen County, with about 78 local districts. I mean, you might have to have three county superintendents in order to do that.

But, certainly, we ought to study that and take a look at what the delivery system -- before we make any decisions -- what the delivery system would actually look like.

Thanks.

ASSEMBLYMAN CONAWAY: Thanks for that.

And you raised a concern in your comments about the number of people that are available at the highest level to do these jobs. I mean, as I--

One of the things we've had in these other hearings is that leadership is important. And there are only so many people, it seems to me, that can function at that very high level to drive success in these schools. And we are trying to spread these folks around this number of districts, which is twice the national average. I think there's a real concern about getting the talent there to really drive educational outcomes.

Ms. Savage.

MS. SAVAGE: Thank you very much.

I just wanted to, sort of, point to the distinction between a county superintendent and a district superintendent. While they both have that term *superintendent*, the county superintendent really does function as an arm of the Department of Education. And they serve an accountability function and a technical assistance-type function, which is really distinct from the local leadership function. And if county superintendents start to take on some local leadership functions, I would question whether they can also be fully successful in also fulfilling the accountability function. You can't have the county office in charge of monitoring school districts and also in charge of running school districts.

ASSEMBLYMAN CONAWAY: Who's next?

Dr. Galasso.

DR. GALASSO: Thank you.

I just also wanted to weigh in on the county superintendent idea. The broader question is, what do we want New Jersey public schools to look like in five years? And I think we do need to step back and take a look at what the Department can do, what its functions are. Is it a monitoring function; is it a technical assistance function? And I think we need to take a look at a broad-based program of how do we bring back some stability to educational leadership. We've talked about it as a necessary void. There are between 75 and 100 interim superintendents. That number will probably maintain itself, because we have a perfect storm. We have demographics that indicate people are going to retire. We then have superintendents who are moving from *A* district to *B* district, and then we have some superintendents who are not being renewed. So this is almost like a perfect storm, as far as demographics.

The broader question is, what do we want New Jersey public schools to look like in five years? And I think we ought to look at it from a broad-based way -- the way to fund it, the way to provide services. We can exact the savings right now the way the county offices are designed; and they have. County superintendents will share with this Committee, because we'll ask them to provide it to you, the number of millions of dollars that they have saved by coordinating county services, by sharing best practices. There's good data out there. And I think, as the panel has suggested, if we step back and look at what do we want public schools to look like, then I

think we could better answer that question as we review, and as we study, and as we weigh in over the next six months or a year.

I think it's critical that we don't jump forward and say, "Wow, if we make 21 county school systems, it's going to be a Maryland. It's going to be a Delaware." That isn't going to work in New Jersey. New Jersey is different than Maryland and Delaware.

ASSEMBLYMAN CONAWAY: Yes, but you said yourself there's best practices. And then what happens then if you want to drive those best practices? Does a county superintendent now have the power to drive best practices based on the data that's collected there? We're trying to make sure that kids are moving forward and that educational programs of high quality-- Who's there to drive the changes and the reform of the school system?

DR. GALASSO: I can only respond that, as being a superintendent for 23 years and working with a number of county superintendents in Camden County, they've always had their respect because their message has always been one of technical assistance and collegiality. If a process or a program to save money is there and they can pass on that best practice, they will get cooperation from district superintendents. There is a really fine collegial relationship amongst superintendents and county superintendents in most of New Jersey. So I don't believe that they need an absolute power to achieve what you're attempting to get. I think we can get that.

ASSEMBLYMAN CONAWAY: Ms. Peoples, and then-- She had wanted to answer this question.

On this question, Senator Doria?

SENATOR DORIA: Yes.

ASSEMBLYMAN CONAWAY: Senator Doria.

SENATOR DORIA: Yes. I just want to follow up on this question, because I think it's important. I think that the issue of collegiality, as Dr. Galasso brought up, is very important. And most counties have something called the *county round table*, where the superintendents come together to discuss best practices and share their ideas. And it works well, and there is a voluntary process. And in addition, the legislation which we just passed, the QSAC Act, will allow the Department to then be able to review and to implement a number of the processes and best practices in districts where there are problems to the system. We've established the difficulty -- again, and I want to just echo what David said, what Mr. Sciarri said, and Joyce Powell also said -- is that the Department at the present time has not sufficiently manned or updated their systems. The difficulty that we've had over the years is whenever we want to save money we cut all the Departments across the board. And the Department of Education has been cut. That has been a negative impact on their ability to do their job. And as we put more money into education -- and I'm going to say this, and I know some of my colleagues might not necessarily agree with me or like what I'm saying -- as we put more and more money into education, we raise the amount of money that we're spending in the school districts, we keep on cutting back on the accountability at the State Department and the county offices.

So we spend more money at the local districts, which we should be, and we're giving to provide quality education, but we have nobody updating the systems in the Department or in the county offices, or the

staff to make sure that the money is being spent properly. And so the problem is a two-fold problem that we need to look at and deal with. Because if we give more responsibility to the county superintendent's office or to the Department of Education, we then need to make sure that their systems are properly updated, and that their staff is properly trained, and that they have sufficient staff then to live up to the responsibilities we applied.

One of the reasons why we can't get the information on the Abbott districts, honestly -- and I only suspect this, I have no idea if this is true -- is that the Department hasn't been able to put together what they should be putting together, because the staff hasn't been able to get the job done. That would be my suspicion. Whether it's true or not, I can't say, and we'd have to talk to the Department. But that's the problem in almost every area that I've dealt with in most recent history -- is that we establish the criteria, we give job responsibilities, but we don't give, then, the type of resources necessary to make sure the job gets done. And that's part of the problem that the Legislature has, and we should take the blame for not having necessarily provided the resources that we should to get the job done that we require.

ASSEMBLYMAN CONAWAY: Ms. Peoples.

MS. PEOPLES: The issue that I'd like to address sort of goes the other way -- away from appointing a county superintendent and having that person have miraculous powers that makes everything come together beautifully. And that is a fact, and I'll use -- County Special Services districts is my illustration. There are eight districts, eight counties. Not one of them looks like any other one. So if you extrapolate that, across the

state into 21 counties, you don't have any two counties that have the same structure.

For instance, Mercer County has mostly K-12 districts, maybe now exclusively K-12 districts. But you have other counties that have different configurations. So no matter what you come up with, it has to be overlaid on what currently exists, which is-- I'm just illustrating why sometimes in the past when solutions have been proposed they don't always work out the way it's designed. Because what you're putting that on top of has been painfully built over a long period of time, and each structure is entirely different.

ASSEMBLYMAN CONAWAY: Well, some would argue those K-12, or K-8, or whatever, districts perhaps shouldn't exist.

Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Yes.

I think sometimes when we listen, we think we've heard it all before. But I've heard something today, which may have been said before, but it kind of hit me almost like a thunderbolt. What David Sciarra said, and what Mr. Galasso said, I think, is very important. We are charged with trying to come up with school funding based on what is -- the situation we have in New Jersey. What they're really saying is, is that what we really want? Should we do it -- not necessarily should we fund differently -- I know that's one of the things we're looking at -- but should the structure be different? And I don't know if that's something that a committee can recommend or get into, but I think that's very important. Because basically, what we're trying to -- fund a sinking ship, basically. Oh, maybe I shouldn't say that. (laughter) I'll put it a little differently.

ASSEMBLYMAN CONAWAY: Cheer up, David.

ASSEMBLYMAN WOLFE: Yes. (laughter)

No, no. Please, I'll take that--

I think that's important. We're looking at the existing structure. What can we do to keep the existing structure going as it has been going? But I think really what we need to look at is what you have just said -- is, where do we really want to go?

Thank you very much for my confusion. (laughter)

Thank you.

ASSEMBLYMAN CONAWAY: Oh, Senator Cardinale.

SENATOR CARDINALE: Thank you.

Assemblyman Wolfe started to get into this topic. I held off because I think this is a slightly different topic than the one that we've been discussing. One hundred and fifty years ago, if you asked someone -- and it's kind of analogous to our task here -- "some day you'll be able to go from California to New York in five hours," and they would laugh at you. They would say, "You can never find a horse that could run that fast." Well, today we all know that we can do that because there has been a change in how we do things.

I've often heard it said, in educational circles and in circles of people who are looking at what we do in education, that we are not doing things very much differently than we did 150 years ago. We're charged, and I think the public wants us to come up with, not this around-the-edges -- and that's what we're talking about -- around-the-edges refinement, but some basic way that we might do things differently, that would dramatically

change what we need to tax property at, in order to continue to have a good educational system and take some of the strain off property taxpayers.

In one of these presentations -- I can't find which one it was now, I'm looking at it -- someone said something about distance education. And that made me think of something which I experienced personally. One of these Washington think tanks invited me to go to a two- or three-day presentation, and I went. They had a class size of about 850 -- I'm not kidding. It was about 850 in a big ballroom. And they had essentially four teachers with some of the best planned work I have ever seen anywhere. A coordination of videotapes, slides, lectures that, in that brief period of time, the 850 or so of us -- who were there were from all over the country -- got a course in geopolitics like I have never experienced in any kind of course that I have taken. Believe me, I have taken a lot of courses.

We've got some of the best educational minds in the state here today. Is there any way that any of you can envision we could change what we do in such a way that we could make a dramatic difference? Let me punctuate that a little bit more. When I was on a board of education, everyone wanted their first grader to be in Ms. So-and-So's -- I didn't give her name -- class. We had three, some years four, sections of first grade. But every parent was scheming so that their first grader would be in that particular teacher's class. And I made a suggestion that got shot down by everyone in the room: Why don't we videotape Ms. So and So's class and have all of the children -- all four sections -- have this one very gifted teacher, have the experience of this one?

Is there any practical thought, on the part of anyone here, that we could come up with such a system in New Jersey; that we could

dramatically change things so that we could be thinking a little bit out of the box?

SENATOR ADLER: All right. Next question? (laughter)

Anybody else? Any other members of the Committee here, questions? (no response)

I suspect we'll have many of you back, perhaps all of you back. And you're all welcome to come back, because you all collectively educate our children and help our communities in the most fundamental ways.

So thank you for today. For some of you, probably a difficult topic for some of you to talk about. But thank you. We're going to keep meeting privately and publicly until we get this right.

So thank you all.

ASSEMBLYMAN CONAWAY: Thank you.

**(MEETING CONCLUDED)**